

### **Corrigendum to Notice of the 26<sup>th</sup> Annual General Meeting and the Annual Report**

The Company had issued Notice on 1<sup>st</sup> August, 2020 (“AGM Notice”) to all the Shareholders of the Company for convening the 26<sup>th</sup> Annual General Meeting (“AGM”) of the Company, scheduled to be held on Monday, 24<sup>th</sup> August 2020 at 4:00 PM through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”).

The AGM Notice has already been circulated to all the Shareholders of the Company in due compliance with the provisions of the Companies Act 2013, read with the Rules made thereunder.

Following information is being rectified through this corrigendum:

On **page 6, point number 9** ---The Register of Members and Share Transfer Books of the Company will remain closed from **18<sup>th</sup> August, 2020 to 24<sup>th</sup>, August, 2020 (both days inclusive)** for taking record of the Members of the Company for the purpose of AGM.

On **page 7, point number 15**-- In case a person has become a Member of the Company after the dispatch of the AGM Notice but on or before the cut-off date i.e. **17<sup>th</sup> August, 2020**, he / she / it may write to R & TA viz, Bigshare Services Private Limited at the address mentioned above or on their email ID: [investor@bigshareonline.com](mailto:investor@bigshareonline.com) requesting for the User ID and Password.

On **page 7**- The cut-off date for the purpose of remote e-voting and voting at the AGM is **17<sup>th</sup>, August 2020**.

On **page 9 I(i)** -The voting period begins on 21<sup>st</sup>, August, 2020 at 9:00 a.m. (IST) and ends on 23<sup>rd</sup>, August, 2020 at 5:00 p.m. (IST). During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) i.e. **17<sup>th</sup> August, 2020** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

On **page 10** - Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as on the cut-off date i.e. **17<sup>th</sup> August, 2020** may obtain the login ID and password by sending a request to Bigshare Services Private Limited at [joyv@bigshareonline.com](mailto:joyv@bigshareonline.com).

On **page 11** The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e. **17<sup>th</sup>, August, 2020**.

The said Notice including the Resolutions and the Explanatory Statement remain unchanged.

This corrigendum to the AGM Notice shall form an integral part of the Notice circulated to the Shareholders of the Company. Accordingly, all the concerned shareholders, stock exchange, depositories, registrar and share transfer agent, agencies appointed for e-voting, other authorities, regulators and all other concerned persons are requested to take note of the aforesaid correction. This corrigendum is available on the website of the Company ([www.ecoreco.com](http://www.ecoreco.com)).

We request you to kindly take the aforesaid Corrigendum to Notice on your record.

Yours faithfully,

For Eco Recycling Limited

*Shashank*

Shashank Soni  
Director and CFO  
DIN: 06572759



Mumbai  
04<sup>th</sup> August, 2020

### Corrigendum to Notice of the 26<sup>th</sup> Annual General Meeting and the Annual Report

The Company has issued Notice on 1<sup>st</sup> August, 2020 (“AGM Notice”) to all the Shareholders of the Company for convening the 26<sup>th</sup> Annual General Meeting (“AGM”) of the Company, scheduled to be held on Monday, 24<sup>th</sup> August 2020 at 4:00 PM through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”).

Due to certain inadvertent errors, it is necessary to make certain corrections to the Explanatory Statement Item No 6: Issuance of fully convertible warrants on preferential basis.

Accordingly, a corrigendum is issued as under:

1. On **page number 17, point number 7** – pre- shareholding Pattern for Bunkim Finance & Investments Pvt. Ltd. (non-promoter holding) should be read as under:

Sr.no	Category	Pre-issue equity holdings		Allotment of convertible warrants		Post-Issue Equity holdings	
		No of shares	% of shareholding	No of warrants	% of warrant holding	*(Assuming full conversion of convertible warrants)	
						No of shares	% of shareholding
<b>A</b>	<b>Promoter Holding</b>						
1	Shashank Soni	-	-	10,00,000	25	10,00,000	4.292
2	Ecoreco Ventures Private Limited	99,91,203	51.777	15,00,000	37.5	1,14,91,203	49.325
	<b>Sub Total (A)</b>	<b>99,91,203</b>	<b>51.777</b>	<b>25,00,000</b>	<b>62.5</b>	<b>1,24,91,203</b>	<b>53.617</b>
<b>B</b>	<b>Non-Promoter Holding</b>						
1	Ushik Mahesh Gala	-	-	5,00,000	12.5	5,00,000	2.146
2	<b>Bunkim Finance &amp; Investments Pvt Ltd.**</b>	<b>3,21,970</b>	<b>1.668</b>	<b>10,00,000</b>	<b>25</b>	<b>13,21,970</b>	<b>5.674</b>
	<b>Subtotal (B)</b>	<b>3,21,970</b>	<b>1.668</b>	<b>15,00,000</b>	<b>37.5</b>	<b>18,21,970</b>	<b>7.82</b>
	<b>Grand total (A) + (B)</b>	<b>1,03,13,173</b>	<b>53.445</b>	<b>40,00,000</b>	<b>100</b>	<b>1,43,13,173</b>	<b>61.437</b>

2. On page 18, point number 8 – Identification of the natural persons who are the ultimate beneficial owners of the shares proposed to be allotted and / or who ultimately control the proposed allottees, the percentage of post preferential issue capital that may be held by them:

Sr. No	Name & Address of the proposed allottees	Category	PAN	Identity of ultimate beneficial owners	No. & % of Equity Shares held prior to the Preferential Allotment		No. & % of Warrants to be issued and allotted		No. & % of Post Issue Equity and Voting Share Capital *(Assuming full allotment of convertible warrants)	
					No of shares	%	No of warrants	%	No of shares	%
1	Ecoreco Ventures Private Limited	Promoter entity	AAACS 6078F	1) B K Soni (36.13%)-PAN: AALPS0885Q 2) Aruna Soni (52.36%) PAN:AALPS0886P 3) B K Soni HUF* - (11.51%) PAN:ADHB5379L	99,91,203	51.777	15,00,000	37.5	1,1,491,203	49.325
2	Bunkim Finance & Investments Pvt Ltd.**	Non-Promoter	AAAC B2974 K	1)Alka Gupta (50%)- PAN:AAGPG5491 B 2)Brijesh Khandelwal (50%)- PAN:AHIPK9254F	3,21,970	1.668	10,00,000	25	13,21,970	5.674
	<b>Total</b>				<b>1,03,13,173</b>	<b>53.445</b>	<b>2,500,000</b>	<b>62.5</b>	<b>1,28,13,173</b>	<b>54.999</b>

\*The Karta of HUF is Mr. B K Soni currently holds 13.32 % of shares of the Company.

3. On page 18, point number 9 – Change in control consequent to the preferential issue:

The shareholding of Ecoreco Ventures Private Limited would come down to 49.325% (post allotment on fully diluted basis i.e. all the warrants issued are converted into equity shares), from 51.777% (pre-allotment).

\*\*The shareholding of Bunkim Finance & Investments Pvt Ltd would increase to 5.674% (post allotment on fully diluted basis i.e. all the warrants issued are converted into equity shares), from 1.668% (pre-allotment).

This corrigendum to the AGM Notice shall form an integral part of the Notice circulated to the Shareholders of the Company. Accordingly, all the concerned shareholders, stock exchange, depositories, registrar and share transfer agent, agencies appointed for e-voting, other authorities, regulators, and all other concerned persons are requested to take note of the aforesaid correction. This corrigendum is available on the website of the Company ([www.ecoreco.com](http://www.ecoreco.com)).

We request you to kindly take the aforesaid Corrigendum to Notice on your record.

\*\*The pre-preferential shareholding of Bunkim Finance & Investments Pvt Ltd. is corrected to 3,91,270.

Accordingly, the corresponding % are corrected too.

Yours faithfully,

**For Eco Recycling Limited**

**Shashank Soni**

**Director and CFO**

**DIN: 06572759**

Place: Mumbai

Date: 08<sup>th</sup> August, 2020



**ECO RECYCLING LIMITED**  
ANNUAL REPORT 2019-2020



NOT  
FOR THE LAWS  
NOT FOR SPACE  
UTILIZATION  
NOT FOR CORPORATE  
COMPLIANCES  
NOT FOR THE GLOBAL GUIDELINES  
NOT FOR AUDITORS  
NOT FOR THE AWARDS  
NOT FOR THE  
PR BUZZ

**RECYCLE  
YOUR  
E-WASTE**

*Because we owe it  
to Mother Nature*

1800-102-1020 | [ewaste@ecoreco.com](mailto:ewaste@ecoreco.com) | [www.ecoreco.com](http://www.ecoreco.com)

## BOARD OF DIRECTORS

### DIRECTORS

B K Soni – CMD  
Srikrishna B. - Independent Director  
Aruna Soni - Executive Director  
Shashank Soni - Executive Director  
Dilip Boralkar - Independent Director - (Ex MS - MPCB) (Resigned w.e.f. 24-01-2020)  
D. T. Devale - Independent Director (Ex - Law Officer - MPCB)  
Ravi Varma - Independent Director (w.e.f. 16-05-2020)

### CFO

Shashank Soni (w.e.f. 16-05-2020)

### COMPANY SECRETARY

Anand Dubey (w.e.f. 11-10-2019)

### AUDITORS

Talati & Talati  
Chartered Accountants  
625, The Summit Business Bay, Near WEH Metro Station,  
Andheri (E), Mumbai – 400 093  
Tel. No.: 022 - 26833041

### BANKERS

HDFC Bank  
Kotak Mahindra Bank

### REGISTRARS & TRANSFER AGENTS

Bigshare Services Pvt. Ltd.  
Bharat Tin Works Building, 1st Floor, Opp. Vasant Oasis  
Next to Keys Hotel, Makwana Road, Andheri (E), Mumbai – 400059  
Tel. No.: 022-62638294 | Email: investor@bigshareonline.com

### REGISTERED OFFICE

422, The Summit Business Bay  
Opposite Cinemax Theatre, Andheri-Kurla Road, Andheri (E), Mumbai–400 093

### FACILITY ADDRESS

Eco House  
S. No. 22, H. No. 6 & 7  
Bhoidapada, Near Range Office, Vasai (E) - Palghar - 401208

### E-MAIL ADDRESS

info@ecoreco.com  
shareholders@ecoreco.com

### WEBSITE

www.ecoreco.com

## NOTICE OF 26<sup>th</sup> ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT THE TWENTY-SIXTH ANNUAL GENERAL MEETING OF ECO RECYCLING LIMITED WILL BE HELD ON MONDAY, 24TH AUGUST, 2020 AT 4.00 P.M. VIA VIDEO CONFERENCING TO TRANSACT THE FOLLOWING BUSINESS:**

### **Ordinary Business:**

1. To receive, consider and adopt:
  - a. the Audited Standalone Financial Statement of the Company for the Financial Year ended March 31, 2020 including the Audited Balance Sheet as at March 31, 2020, the Statement of Profit and Loss and Cash Flow Statement of the Company for the year ended on that date and notes related thereto together with the Board's Report and the Report of Auditors' thereon; and
  - b. the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2020 and the Report of the Auditors thereon;
2. To appoint a Director in the place of Mrs. Aruna Soni (DIN: 01502649), who retires by rotation pursuant to the provisions of Section 152 of the Companies Act, 2013 ('the Act') and who is not disqualified to become Director under the Act and, being eligible, offers herself for re-appointment;

### **SPECIAL BUSINESS:**

1. To approve the aggregate annual remuneration payable to Mr. Brijkishor Soni (DIN: 01274250) Promoter - Executive Managing Director/ Member of the Promoter Group exceeding 5% of the Net Profits of the Company calculated

as per Section 198 of the Companies Act, 2013:

**In this regard to consider and, if thought fit, to pass the following resolution as a Special Resolution:**

**"RESOLVED THAT**, pursuant to the Regulation 17(6)(e) and other applicable provisions of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, which has been inserted by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, to be effective from April 1, 2019 and other applicable regulations (including any statutory modifications, variation or re-enactment thereof for the time being in force) ('Listing Regulations'), approval of the Members of the Company be and is hereby accorded to pay an aggregate annual remuneration to Mr. Brijkishor Soni (DIN : 01274250) Promoter - Executive Managing Director/Member of the Promoter Group exceeding 5% of the Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013, as mentioned in the Explanatory Statement, for his remaining tenure as Executive Managing Director of the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, things and matters as may be required to give effect to the above resolution."

2. Reappointment of Managing Director:

**In this regard to consider and, if thought fit, to pass the following**

**resolution as a Special Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Sections 164 and 203 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 including any statutory modification or re-enactment thereof and subject to such approvals as may be necessary, approval of the members of the company be and is hereby accorded for the re-appointment of Mr. B K Soni as the Managing Director of the company for another term of five years with effect from 01/09/2020.

**RESOLVED FURTHER THAT** the Board of directors of the company be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments, and writings as may be required to give effect to the aforesaid resolution."

3. Re-appointment of Mr. Dattatraya Devale for second term as independent Director:

**In this regard to consider and, if thought fit, to pass the following resolution as a Special Resolution:**

**"RESOLVED THAT** in accordance with the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013("the Act") read with Schedule IV to the Act (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time, and pursuant to the recommendation of the Nomination & Remuneration Committee and the Board of Directors, Mr. Dattatraya Devale (DIN - 07186290) who holds



office of Independent Director up to 16th May, 2020 and who has submitted a declaration that he meets the criteria for independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the Securities Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act, from a Member, signifying his intention to propose Mr. Dattatraya Devale's candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, for a second term of five consecutive years commencing from 16th May, 2020 upto 15th May, 2025."

**RESOLVED FURTHER THAT** the Board of directors of the company be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments, and writings as may be required to give effect to the aforesaid resolution."

**4. Appointment of Mr. Ravi Varma (DIN: 08762549) as an Independent Non-Executive Director:**

**In this regard to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:**

**"RESOLVED THAT** Mr. Ravi Varma (DIN: 08762549), who was appointed by the Board of Directors as an Additional Director (Independent Non - Executive Director) of the Company with effect from May 16, 2020 and who holds office up to the date of this Annual General Meeting of the Company ('AGM') in terms of Section 161 and other applicable

provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) (hereinafter referred to as 'the Act') and who is not disqualified to become a director under the Act and who is eligible for appointment as a director and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing him candidature for the office of the Director of the Company, being so eligible, be and is hereby appointed as the Independent Director of the Company;

**RESOLVED FURTHER THAT** based on the recommendation of the Nomination and Remuneration Committee, and pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Act and the Companies (Appointment and Qualifications of Directors) Rules, 2014 and other applicable rules made under the Act, read with Schedule IV to the Act and applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, (hereinafter referred to as 'the Listing Regulations'), Mr. Ravi Varma (DIN: 08762549), who meets the criteria for independence as provided in Section 149 of the Act and the Listing Regulations and who has submitted a declaration to that effect, and who is eligible for appointment as an Independent Director (Independent Non Executive Director) of the Company, be and is hereby appointed as the Independent Director (Independent Non - Executive Director) not liable to retire by rotation, for a term of

five consecutive years commencing from May 16, 2020 to May 15, 2025, as set out in the Statement pursuant to Section 102 of the Act annexed to this Notice;

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to delegate all or any of its powers to any of its committee(s) or any director or officer or person and to do all such acts, deeds, matters and things for giving effect to this resolution."

**5. To Approve the Expenses for Service of Documents to Members:**

**In this regard to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:**

**"RESOLVED THAT** pursuant to provisions of Section 20 and other applicable provisions, if any, of the Companies Act, 2013 and relevant rules prescribed there under, the consent of the Members be and are hereby accorded to charge from a member fee in advance, a sum equivalent to the estimated actual expenses of delivery of the documents through a particular mode, if any request has been made by such member for delivery of such document to him/ her through such mode of service provided that such request along with the requisite fee has been duly received by the Company at least one week in advance of the dispatch of the document by the Company.

**RESOLVED FURTHER THAT** Board of the Directors of the Company be and are hereby authorized to do all acts deeds and matters as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty,

doubt that may arise in respect of the matter aforesaid and further to do all acts, deeds, matters and things as may be necessary, proper or desirable or expedient to give effect to above resolution.”

**6. Issuance of fully convertible warrants on preferential basis:**

**In this regard to consider and, if thought fit, to pass the following resolution as a Special Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Section 42, 62(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013 read with Rule 14 of Companies (Prospectus and Allotment of Securities Rules, 2014 and Rule 13 of the Companies Share Capital and Debenture) Rules, 2014 and other relevant rules made there under (including any statutory modification) thereto or re-enactment thereof for the time being in force, enabling provisions of Memorandum of Association and Articles of Association of the Company, the guidelines, rules and regulations framed by the Securities and Exchange Board of India (“SEBI”) including the SEBI (issue of Capital And Disclosure Requirements) Regulations, 2009 “ICDR Regulations”. SEBI Listing Obligations and Disclosure requirements Regulations, 2015, SEBI (Substantial Acquisitions and Takeovers) Regulations, 2011 and subject to the approvals, consents, permissions and / or sanctions, as may be required from the SEBI, Stock Exchanges), FEMA and any other relevant statutory, government authorities or departments, institutions or bodies and subject to such terms, conditions, alterations, corrections, changes, variation and / or modifications, if any, as may be prescribed by any one or more or all of them in granting such approvals, consents, permissions and / or sanctions and which may be agreed by the Board of Directors of the Company (hereinafter referred to as the “Board” which terms shall be deemed to include any one or more or all of them in granting such approvals, consents, permissions and / or sanctions and which may be agreed by the Board of Directors of the Company (hereinafter referred to as the “Board” which terms shall be deemed to include any committee duly constituted by the Board or any committee, which the Board may hereafter constitute, to exercise one or more of its powers, including the powers conferred by this resolution), the consent of the members be and is hereby accorded to the Board to offer, issue and allot upto Rs. 40,00,000 (Rupees Forty Lakhs Only) Fully Convertible Warrants (“Warrants”) to be converted at an option of Warrant holders in one or more tranches, within 18 (eighteen) months from its allotment date into

equivalent number of equity shares of face value of Rs.10 (Rupees Ten Only) and premium Rs. 30 (Rupees Thirty Only) each for cash at an issue price of Rs.10 (Rupees Ten Only) and premium Rs. 30 (Rupees Thirty Only) per warrant or such other price as may be determined in accordance with the provisions of Chapter VII of SEBI (ICDR) Regulations and to issue fresh Equity Shares on the conversion of Warrants on such further terms and conditions as maybe finalized by the Board of Directors to the following persons (proposed Warrant Allottees) in the manner as follows:

SR. NO	NAME OF ALLOTTEE	CATEGORY	NO. OF WARRANTS
1.	Ecoreco Ventures Pvt Ltd	Promoter entity	15,00,000
2.	Shashank Soni	Promoter group	10,00,000
3.	Ushik Mahesh Gala	Non-Promoter	500,000
4.	Bunkim Finance & Investment Pvt Ltd	Non-Promoter	10,00,000
	TOTAL		40,00,000

**RESOLVED FURTHER THAT** the Relevant Date, as per the Regulation 161 and the explanation given therewith under SEBI (ICDR) Regulations, as amended up to date for the determination of issue price of Convertible Warrants is 24th July, 2020.

**RESOLVED FURTHER THAT** aforesaid issue of Convertible Warrants shall be subject to the following terms and conditions:

- (a) Each Warrant held by the Warrant Allottee, shall entitle each of them to apply for and obtain allotment of one Equity Share at any time after the date of allotment but on or before the expiry of 18 (eighteen) months from the date of allotment (the “Warrant Exercise Period”).
- (b) The Warrant Allottees shall, on the date of allotment of Warrants, pay an amount equivalent to at least 25% of the Warrant Issue Price fixed per Warrant in terms of the SEBI (ICDR) Regulations which will be kept by the Company to be adjusted and appropriated against the Issue Price of the Equity Shares determined as on the relevant date determined as per Regulation 161 and the explanation given therewith under SEBI (ICDR) Regulations, as amended up to date. The balance 75% of the amount payable for conversion of the warrants into equity shares shall be payable by the Warrant Holder at the time of exercising the Warrants.
- (c) Warrants, being allotted to the Warrant Allottees and the Equity Shares proposed to be allotted pursuant to

the conversion of these Warrants shall be under lock-in for such period as may be prescribed under SEBI (ICDR) Regulations.

- (d) Warrants so allotted under this resolution shall not be sold, transferred, hypothecated or encumbered in any manner during the period of lock-in provided under SEBI (ICDR) Regulations except to the extent and in the manner permitted there under.
- (e) Warrants shall be issued and allotted by the Company only in dematerialized form.
- (f) The consideration for allotment of Warrants and / or Equity Shares arising out of exercise of such Warrants shall be paid to the Company from the bank account of the respective Warrant Allottees.
- (g) In the event the Warrant Holder(s) does not exercise Warrants within the Warrant Exercise Period, the Warrants shall lapse and the amounts paid shall stand forfeited by the Company.
- (h) The issue of Warrants as well as Equity Shares arising from the exercise of the Warrants shall be governed by the regulations and guidelines issued by SEBI or any other statutory authority as the

case may be or any modifications thereof.

- (i) The Warrants by itself until converted into Equity Shares, do not give to the Warrant Allottee any voting rights in the Company in respect of such Warrants.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to make an offer to the Proposed Warrant Allottees through a private placement offer letter (in the format of Form PAS-4) immediately after passing of this resolution.

**RESOLVED FURTHER THAT** the Equity Shares proposed to be so allotted upon conversion of Warrants shall rank pari-passu in all respects including as to dividend, with the existing fully paid up Equity Shares of face value of Rs.10 (Rupees Ten Only) each of the Company, in accordance with the relevant provisions contained in the Memorandum of Association and Articles of Association of the Company.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution Mr. B K Soni Chairman & Managing Director, Mr. Shashank Soni, Director and CFO, and Company Secretary of the Company or any committee of Directors authorized in this behalf be and are hereby

authorized severally to do all such acts, deeds, matters and things as it may in its absolute discretion consider necessary, desirable or expedient including issue and allot such number of Equity Shares of the Company as may be required to be issued and allotted upon exercise of the option in the Warrants held by the holder(s) of the Warrants, application to Stock Exchanges for obtaining of in-principle approval, listing of shares, filing of requisite documents with the Registrar of Companies, National Securities Depository Limited (NSDL), Central Depository Services (India) Limited (CDSL) and/or such other authorities as may be necessary for the purpose, to resolve and settle any questions and difficulties that may arise in the proposed issue, offer and allotment of the said Warrants, utilization of issue proceeds, signing of all deeds and documents as may be required without being required to seek any further consent or approval of the shareholders,

**AND RESOLVED FURTHER THAT** all actions taken by the Board or Committee(s) duly constituted for this purpose in connection with any matter(s) referred or contemplated in any of the foregoing resolution be and are hereby approved, ratified and confirmed in all respects."

**Registered Office:**

422, The Summit Business Bay  
Opposite Cinemax Theatre, Andheri-Kurla Road,  
Andheri East  
Mumbai – 400 093  
CIN: L74120MH1994PLC079971

25<sup>th</sup> July 2020  
Mumbai

**By order of the Board of Directors**

**B. K. Soni**  
Chairman & Managing Director  
DIN: 01274250

**Address:**  
Juhu, Vileparle (W), Mumbai - 400049  
Maharashtra, India.

**NOTES:**

1. In view of the global outbreak of the Covid-19 pandemic, the Ministry of Corporate Affairs (MCA) has vide its General Circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as “MCA Circulars”) permitted the holding of the Annual General Meeting (“AGM” or “Meeting”) through Video Conferencing (“VC”) facility or other audio visual means (“OAVM”), without physical presence of the Members at a common venue. Further Securities and Exchange Board of India (“SEBI”) vide its circular dated May 12, 2020 (“SEBI Circular”) has also granted certain relaxations. In compliance with the provisions of the Companies Act, 2013 (“the Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and MCA Circulars, the 26th AGM of the Company is being held through VC/OAVM on Monday, August 24, 2020 at 4.00 p.m. The deemed venue for the 26th AGM will be the place from where the Chairman of the Company will conduct the meeting.
2. Further, pursuant to the MCA and SEBI Circulars, the Notice of the AGM along with the Annual Report for FY 2019-2020 is sent in electronic form only to those Members whose email addresses are registered with the Company/Depositories. The Notice calling the 26th Annual General Meeting has been uploaded on the website of the Company at [www.ecoreco.com](http://www.ecoreco.com). The Notice can also be accessed from the website of the Bombay Stock Exchange at [www.bseindia.com](http://www.bseindia.com) and CDSL (agency for providing the Remote e-voting facility) at [www.evoting.cdsl.com](http://www.evoting.cdsl.com). Members who would like to obtain soft copy on their email ID may write an email to [shareholders@.ecoreco.com](mailto:shareholders@.ecoreco.com). Pursuant to the Circulars mentioned above, the Company has not printed the Annual Report and hence no hard copies of the Annual Report will be provided.
3. Pursuant to the provisions of the Companies Act, 2013, a Member entitled to attend and vote at the general meeting is entitled to appoint a proxy, who need not be a Member, to attend and vote on poll on behalf of himself/herself. Since this AGM is being held pursuant to the MCA circulars through VC or OAVM, physical attendance of Members has been dispensed with. Accordingly, in terms of the above mentioned MCA and SEBI Circulars, the facility for appointment of proxies by Members will not be available for this AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
4. Corporate Members intending to send their authorized representative to attend the AGM through VC or OAVM or to vote through remote e-voting, pursuant to Section 112 and 113 of the Act, are requested to send a certified copy of the Board Resolution to the scrutinizer by email at [info@mehta-mehta.com](mailto:info@mehta-mehta.com) with a copy marked to [evoting@cdsl.co.in](mailto:evoting@cdsl.co.in) and [shareholders@.ecoreco.com](mailto:shareholders@.ecoreco.com) authorizing their representative to attend and vote on their behalf at the AGM.
5. If a joint holder is attending the Meeting, only such Joint Holder who is higher in the order of names will be entitled to vote.
6. All documents referred to in the accompanying Notice of the AGM and the Explanatory Statement and the Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 will be available electronically for inspection by the Members during the AGM.
7. The relevant statement pursuant to Section 102 of the Companies Act, 2013 (“the Act”), setting out the material facts relating to the special business as set out in the Notice is annexed hereto and forms part of the notice of this AGM.
8. The Company’s Registrar & Share Transfer Agents are Bigshare Services Private Limited (‘R & TA’), at Bharat Tin Works Building, First Floor, Opposite Vasant Oasis, Next to Keys Hotel, Marol Maroshi Road, Andheri (East), Mumbai – 400059 Tel No: 022-6263 8294, Email: [investor@bigshareonline.com](mailto:investor@bigshareonline.com).
9. The Register of Members and Share Transfer Books of the Company will remain closed from 18th, August, 2020 to 24th, August, 2020, both days inclusive, for taking record of the Members of the Company for the purpose of AGM.



10. Members are requested to:
- (i) send all share transfer lodgment (Physical mode)/ correspondence to the R & TA upto the date of book closure.
  - (ii) quote Registered Folio Number or DP ID/Client ID in all the correspondence.

11. As required under the Secretarial Standard - 2 issued by the Institute of Company Secretaries of India and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ['Listing Regulations'], the details in respect of the Director seeking re-appointment and Directors seeking approval for continuation of holding the office as the Non-Executive Directors at the AGM, inter alia, age, qualifications, experience, details of remuneration last drawn by such person, relationship with other Directors and Key Managerial Personnel of the Company, the number of Meetings of the Board attended during the year and other directorships, membership / chairmanship of the committees of other Boards, shareholding, etc. are annexed to the Notice and forms part of the Explanatory Statement.

Brief resume of all the Directors of the Company has also been furnished separately in the Annual Report. Mrs. Aruna Soni (DIN: 01502649) has furnished the relevant consent for her re-appointment.

12. As per Sections 101 and 136 read with the Companies (Accounts)

Rules, 2014 and all other applicable provisions of the Act, read with the Rules made under the Act, Companies can serve / send various reports, documents, communications, including but not limited to Annual Report comprising of the Report of the Board of Directors, Auditors' Report, Financial Statements, Notice of General Meetings, etc. (hereinafter referred to as 'the Documents') to its Members through electronic mode at their e-mail addresses.

The Company believes in green initiative and is concerned about the environment. The Company has e-mailed the Documents in electronic mode at your e-mail address obtained from the depositories / available with R & TA unless a Member has requested for a hard copy of the same.

Members are requested to furnish / update the details of their address, e-mail address, bank account details, relevant information for availing various approved / permissible modes of electronic funds transfer facilities viz. Electronic Clearing Services (ECS), National Electronic Funds Transfer (NEFT), Real Time Gross Settlement (RTGS), etc.:

- (i) to their Depository Participants in respect of their shareholdings in electronic (dematerialized) form;
- (ii) to R & TA, in respect of their shareholdings in physical form, quoting their folio numbers.

13. In case a person has become a

Member of the Company after the dispatch of the AGM Notice but on or before the cut-off date i.e. 17th, August, 2020, he / she / it may write to R & TA viz, Bigshare Services Private Limited at the address mentioned above or on their email ID: [investor@bigshareonline.com](mailto:investor@bigshareonline.com) requesting for the User ID and Password.

14. In terms of Section 72 of the Act read with the applicable Rules made under the Act, every holder of shares in the Company may at any time nominate, in the prescribed manner (Form No. SH-13), a person to whom his/her shares in the Company shall vest, in the event of his / her death. Nomination Form can be obtained from the R&TA. The duly filled in Nomination Form shall be sent to R&TA at the above-mentioned address by the Members holding shares in physical mode. Members holding shares in electronic form may contact their respective Depository Participants for availing this facility.

15. Members, who are holding Shares in identical order of names in more than one Folio, are requested to apply to the R & TA along with the relevant Share Certificates for consolidation of such Folios in one Folio.

16. Members desiring any information pertaining to the Financial Statement are requested to write to the Managing Director at the Registered Office of the Company at least 10 days prior to the date

of the meeting so as to enable the Management to reply at the AGM.

17. Statutory Registers and all other documents relevant to the business as stated in the Notice convening the AGM are open for inspection by the Members at the Registered Office and Corporate Office of the Company up to and including the date of the ensuing AGM of the Company during business hours on any working day of the Company without payment of fee and will also be available at the AGM.
18. The Securities and Exchange Board of India ('SEBI') vide its circular dated April 20, 2018 has mandated registration of Permanent Account Number (PAN) and Bank Account Details for all securities holders. Members holding shares in physical form are therefore, requested to submit their PAN and Bank Account Details to R&TA viz, Bigshare Services Private Limited /Company by sending a duly signed letter along with self-attested copy of PAN Card and original cancelled cheque. The original cancelled cheque should bear the name of the Member. In the alternative, Members are requested to submit a copy of bank passbook / statement attested by the bank. Members holding shares in demat form are, requested to submit the aforesaid information to their respective Depository Participant.
19. SEBI has decided that securities of Listed Companies can be transferred only in dematerialized form with effect from June 30, 2019. In view

of the above and to avail various benefits of dematerialization, Members are advised to dematerialize shares held by them in physical form.

20. Voting through Electronic Means:

- a) As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM will thus be held through video conferencing (VC) or other audio-visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
- b) Pursuant to Section 108 of the Act read with the Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, and all other relevant Rules made under the Act and Regulation 44 of the Listing Regulations, the Company is pleased to provide the facility to the Members to exercise their right to vote on the resolutions proposed to be considered at the AGM by electronic means and the business may be transacted through such

voting. The cut-off date for the purpose of remote e-voting and voting at the AGM is 17th, August 2020. Accordingly, the Members, whose names appear in the Register of Members/list of Beneficial Owners as on 17th, August 2020 are entitled to vote on the Resolutions set forth in this Notice. A person who is not a Member as on the cut-off date should treat this Notice for information purpose only. The Members may cast their votes on electronic voting system from place other than the venue of the meeting (remote e-voting). The Company has appointed Central Depository Services (India) Limited (CDSL) for facilitating remote e-voting.

- c) The Members can join the AGM in the VC/OAVM mode 30 minutes before and 15 minutes after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and

- Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
- d) The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
  - e) Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013 representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
  - f) In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at [www.ecoreco.com](http://www.ecoreco.com). The Notice can also be accessed from the website of the Stock Exchange i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com). The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM i.e. [www.evotingindia.com](http://www.evotingindia.com).
  - g) The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.
  - h) Subject to the applicable provisions of the Act read with the Rules made there under (as amended), the voting rights of the Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date for the purpose of remote e-voting, being 9th, August, 2020. Members are eligible to cast vote only if they are holding shares on 9th, August, 2020.
  - i) The remote e-voting period will commence at 9.00 a.m. (IST) on 21st August, 2020 and will end at 5.00 p.m. (IST) on 23rd August, 2020. During this period, the Members of the Company holding shares in physical form or in dematerialized form as on cut-off date may cast their vote through remote e-voting. The remote e-voting module shall be blocked/disabled for voting thereafter.
  - j) Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently or cast the vote again. The Members may participate in the AGM even after exercising his/her right to vote through remote e-voting but shall not be allowed to vote again.
  - k) The facility for voting, either through electronic voting system or ballot/polling paper, shall also be made available at the AGM and the Members attending the AGM and who have not already cast their vote by remote e-voting shall be able to exercise their right at the AGM.
  - l) A Member may avail of the facility at his/her/its discretion, as per the instructions provided herein:
    - i. The voting period begins on 21st August, 2020 at 9:00 a.m. (IST) and ends on 23rd August, 2020 at 5:00 p.m. (IST). During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) i.e. 17th, August, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
    - ii. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com);

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

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10-digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company / Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account / folio number in the PAN Field.</li> <li>• In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. e.g. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.</li> </ul>
Dividend Bank Details OR Date of Birth DOB	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records to login. If the details are not recorded with the depository or company, please enter the member id/folio number in the Dividend Bank details field as mentioned in instruction (v).

- ix. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as on the cut-off date i.e. 17th, August , 2020 may obtain the login ID and password by sending a request to Bigshare Services Private Limited at [joyv@bigshareonline.com](mailto:joyv@bigshareonline.com).
- x. However, if you are already registered with CDSL for remote e-voting then you can use your existing user ID and password for casting your vote. If demat account holder has forgotten the password, then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

- xi. After entering these details appropriately, click on “SUBMIT” tab.
- xii. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote if company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- xiii. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xiv. Click on the EVSN for the relevant **ECO RECYCLING LIMITED** on which you choose to vote.
- xv. On the voting page, you will see “**RESOLUTION DESCRIPTION**” and against the same the option “**YES/NO**” for voting. Select the option **YES** or **NO** as desired. The option **YES** implies that you assent to the



Resolution and option NO implies that you dissent to the Resolution.

- xvi. Click on the **“RESOLUTIONS FILE LINK”** if you wish to view the entire Resolution details.
- xvii. After selecting the resolution, you have decided to vote on, click on **“SUBMIT”**. A confirmation box will be displayed. If you wish to confirm your vote, click on **“OK”**, else to change your vote, click on **“CANCEL”** and accordingly modify your vote.
- xviii. Once you **“CONFIRM”** your vote on the resolution, you will not be allowed to modify your vote.
- xix. You can also take out print of the voting done by you by clicking on **“Click here to print”** option on the Voting page.
- xx. If Demat account holder has forgotten the changed password, then Enter the User ID and the image verification code and click on ‘Forgot Password’ & enter the details as prompted by the system.
- xxi. Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store, respectively.

Please follow the instructions as prompted by the mobile app while voting on your mobile.

**xxii. Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporate.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

xxiii. In case you have any queries or issues regarding e-voting, you may refer the Frequently

Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

21. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e. 17th, August, 2020.
22. Voting at AGM: The Members, who have not cast their vote through remote e-voting, can exercise their voting rights at the AGM. The Company will make necessary arrangements in this regard at the AGM Venue. The facility for voting through ballot paper shall be made available at the Meeting. Members who have already cast their votes by remote e-voting are eligible to attend the Meeting; however, these Members are not entitled to cast their vote again in the Meeting. A Member can opt for only single mode of voting i.e. through remote e-voting or voting at the AGM.
23. Ms. Meghna Shah (FCS: 9425 and CP: 9007), Partner in M/s. Mehta & Mehta, Practicing Company Secretaries, have been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
24. The Scrutinizers shall immediately, after the conclusion of voting at the general meeting, first count the votes cast at the meeting and thereafter unblock the votes cast through e-voting in the presence

of at least two (2) witnesses not in the employment of the Company and make, within 48 hours from the conclusion of the meeting, a Consolidated Scrutinizer's Report of the total votes cast in favor or against of the resolutions transacted in the AGM and submit forthwith the same to the Chairman of the Company or a person authorised by him in writing who shall countersign the same.

25. The Chairman or the authorised person shall declare the results of the voting forthwith and the results declared along with the report of the scrutinizer shall be placed on the website of the Company i.e. [www.ecoreco.com](http://www.ecoreco.com) and on the website of CDSL i.e. [www.evotingindia.com](http://www.evotingindia.com). The Company shall also simultaneously forward the results to BSE Ltd. (BSE), where the shares of the Company are listed.
26. Instructions for members for attending the AGM through VC/OAVM are as under:
- a) Members will be provided with a facility to attend the AGM through VC or OAVM through the CDSL e-voting system.

Members may access the same at <https://www.evoting.cdsl.com> under shareholders/members login where the EVSN of Company will be displayed. Please note that the Members who do not have the user ID and password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the Notice to avoid last minute rush. Further Members can also use the OTP based login for logging into the e-voting system of CDSL.

- b) Members are encouraged to join the Meeting through laptops for better experience.
- c) Further Members will be required to use camera and internet with a good speed to avoid any disturbance during the Meeting.
- d) Please note that the Participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video fluctuation in

their respective network. It is therefore recommended to use stable wi-fi or LAN connection to mitigate any kind of aforesaid glitches.

27. Video Conferencing Link of the Annual General Meeting shall be available in e-voting link.
28. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to have been passed on the date of the Twenty-Sixth AGM i.e. Monday, August 24, 2020.

**By order of the Board of Directors**

**B. K. Soni**

Chairman & Managing Director  
DIN: 01274250

Juhu, Vileparle (W),  
Mumbai - 400049  
25<sup>th</sup> July, 2020  
Mumbai

**Registered Office:**

422, The Summit Business Bay  
Opposite Cinemax Theatre,  
Andheri-Kurla Road,  
Andheri (E), Mumbai-400 093  
**CIN: L74120MH1994PLC079971**  
**[www.ecoreco.com](http://www.ecoreco.com)**

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 IN RESPECT OF THE SPECIAL BUSINESS TO BE TRANSACTED AT THE TWENTY-SIXTH ANNUAL GENERAL MEETING OF THE COMPANY

### Item No. 1:

**To approve the aggregate annual remuneration payable to Mr. Brijkishor Soni (DIN: 01274250) Promoter - Executive Managing Directors / Members of the Promoter Group exceeding 5% of the Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013:**

The Securities and Exchange Board of India ('SEBI') vide its Notification No. SEBI/LAD-NRO/GN/2018/10 dated May 9, 2018 issued the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 ('the Amendment Regulations') which brought amendments in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').

Vide the Amendment Regulations, after the existing Regulation 17(6)(d), the new sub-regulation 17(6)(e) has been inserted. As per the new amendment, if the aggregate annual remuneration payable to more than one Executive Director who is a Promoter or is a Member of the Promoter Group, exceeds 5% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013 ('the Act') then approval of the Members by way of a Special Resolution is required. Such approval of the Members under this provision shall be valid only till the expiry of the term of such Director. Further, the said amendment shall come into force with effect from April 1, 2019.

Mr. Brijkishor Soni (DIN: 01274250) are the Executive Directors and also the Promoters of the Company. The Board of Directors in their meeting held on 13th August, 2016 has re-appointed

Mr. Brijkishor Soni (DIN: 01274250) as Managing Director of the Company for a period of 5 (five) years w.e.f. September 1, 2015 till August 31, 2020 at a salary of Rs. 2,50,000/- p.m. and applicable perquisites and commission of 5% on the net profits of the Company subject to maximum of 5% on the net profits of the Company. The said re-appointment and payment of remuneration was also approved by the Members in the Annual General Meeting of the Company held on Friday, September 30, 2016.

Further, the Board of Directors in their meeting held on July 16, 2019 had further increased the remuneration of Mr. Brijkishor Soni (DIN:01274250) and the same was approved by the Members in the Annual General Meeting of the Company held on 14th August, 2019.

The annual remuneration payable to the Executive Directors i.e. Mr. Brijkishor Soni (DIN: 01274250) is within the limit of 5% and 10% as specified u/s 197(1) of the Act. However, as per the new Regulation 17(6)(e) of the Listing Regulations, which will be applicable w.e.f. April 1, 2019, the approval of the Members by way of a Special Resolution is required since the Company has more than one Promoter Executive Director and remuneration paid to them is in excess of 5% of the net profits of the Company calculated as per Section 198 of the Act.

In view of the above, the Board recommends the Special Resolution mentioned at Item No. 1 as set out in the accompanying notice for the approval of Members for payment of remuneration to Mr. Brijkishor Soni (DIN: 01274250) on existing scale for their remaining tenure

notwithstanding that it will be in excess of 5% of the net profits of the Company calculated as per Section 198 of the Act.

Pursuant to Section 102(1) of the Act, it is informed that, Mr. Brijkishor Soni (DIN: 01274250), Mrs. Aruna Soni DIN: (01502649) & Mr. Shashank Soni (DIN: 06572759), Managing Director and Director of the Company, being relatives within the meaning of Section 2(77) of the Act, are concerned or interested in the Resolution at Item No. 1 of the accompanying notice.

As on March 31, 2020, Mr. Brijkishor Soni (DIN: 01274250) was holding 25,70,112 equity shares of the Company constituting 13.32 % of total voting power and Mrs. Aruna Soni DIN: (01502649) was holding 9,65,247 equity shares of the Company constituting 5.00 % of total voting power. None of the Directors, Key Managerial Personnel of the Company or their relatives, other than those mentioned above, are concerned or interested, financially or otherwise, in the resolution set out at Item No. 1 of the accompanying Notice.

### **Item No. 2: Re-appointment of Managing Director:**

The Board of directors of the company at their meeting held on 18th July, 2020 re-appointed Mr. B.K Soni as the Managing Director of the Company for a period of five years effective from 1st September, 2020 on the terms of appointment.

Mr. B.K Soni is a Managing Director of the Company having over 25 years of industry experience in e waste management industry. His profile is been attached as Annexure to this Notice.

The MD shall devote his whole time and attention to the business of the Company and carry out such duties as may be entrusted to him by the Board from time to time and separately communicated to him and such powers as may be assigned to him, subject to superintendence, control and directions of the Board in connection with and in the best interests of the business of the Company and the business of any one or more of its associated companies and/or subsidiaries, including performing duties as assigned by the Board from time to time by serving on the boards of such associated companies and/or subsidiaries or any other executive body or any committee of such a company.

Pursuant to Section 102(1) of the Act, it is informed that, Mr. Brijkishor Soni (DIN: 01274250), Mrs. Aruna Soni DIN: (01502649) & Mr. Shashank Soni (DIN: 06572759), Managing Director and Director of the Company, being relatives within the meaning of Section 2(77) of the Act, are concerned or interested in the Resolution at Item No. 2 of the accompanying notice.

As on March 31, 2020, Mr. Brijkishor Soni (DIN: 01274250) was holding 25,70,112 equity shares of the Company constituting 13.32 % of total voting power and Mrs. Aruna Soni DIN: (01502649) was holding 9,65,247 equity shares of the Company constituting 5.00 % of total voting power. None of the Directors, Key Managerial Personnel of the Company or their relatives, other than those mentioned above, are concerned or interested, financially or otherwise, in the resolution set out at Item No. 2 of the accompanying Notice.

**Item No. 3: Re-appointment of Mr. Dattatraya Devale for second term as independent Director:**

The Board of Directors of the Company

at its meeting held on 16th May, 2020, recommended for the approval of the Members, the re-appointment of Mr. Dattatraya Devale (DIN - 07186290), as an Independent Director of the Company, in terms of Section 149 read with Schedule IV of the Companies Act, 2013.

Board considers that Mr. Dattatraya Devale's association with the Company as an Independent Director would benefit the Company. Declaration has been received that the criteria of Independence prescribed under Section 149 of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 is met by him. Board is also of the opinion that Mr. Dattatraya Devale fulfils the conditions specified in the Act along with performance evaluation and the Rules thereunder for his appointment as Independent Director and that he is independent of the management of the Company.

None of the Directors, Key Managerial Personnel of the Company, or their relatives, is interested in this resolution.

**Item No. 4: Appointment of Mr. Ravi Varma (DIN: 08762549) as an Independent Non-Executive Director:**

The Nomination & Remuneration Committee, at its meeting held on May 16, 2020, recommended to appoint Mr. Ravi Varma (DIN: 08762549) as an Additional Director (Independent Non-Executive Director) for a term of five consecutive years commencing from May 16, 2020 to May 15, 2025, not liable to retire by rotation. The Board of Directors, at its meeting held on May 16, 2020, accepted the recommendation of the Nomination & Remuneration Committee and appointed Mr. Ravi Varma (DIN: 08762549) as an Additional Director (Independent Non-Executive Director) on the Board of Directors of the Company, in terms of section 161 of the Companies

Act, 2013 ('the Act') (including any statutory modification(s) or re-enactment thereof for the time being in force), for a term of five consecutive years commencing from May 16, 2020, not liable to retire by rotation, subject to the approval of the Members. He holds office up to the date of this Annual General Meeting (AGM) pursuant to section 161 of the Act and is eligible to be appointed as the Director and he is not disqualified to become a director under the Act. The Company has received notice in writing from a Member under section 160 of the Act, proposing his candidature for the office of the Director of the Company. None of the Directors, Key Managerial Personnel, and their relatives, except Mr. Ravi Varma (DIN: 08762549), are in any way, concerned or interested in the said resolution. The Board recommends passing Ordinary Resolution as set out in Item No. 4 of the notice.

The Company has received from Mr. Ravi Varma (DIN: 08762549) consent in writing to act as Independent Director in form DIR-2 pursuant to Rule 8 of the Companies (Appointment and Qualifications of Directors) Rules, 2014 and intimation in Form DIR-8 in terms of Companies (Appointment and Qualifications of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of section 164 of the Companies Act, 2013.

In the opinion of the Board, Mr. Ravi Varma (DIN: 08762549) fulfils the conditions for his appointment as an Independent Director as specified in the Act and the Listing Regulations and he is independent of the management. Mr. Ravi Varma (DIN: 08762549) is not related to any other Director and Key Managerial Personnel of the Company. None of the Directors, Key Managerial Personnel, and their relatives, except Mr. Ravi Varma (DIN:



08762549), are in any way, concerned or interested in the said resolution. The Board recommends to pass Ordinary Resolution as set out in Item No. 4 of the notice.

**Item No 5: To Approve the Expenses for Service of Documents to Members:**

As per the provisions of section 20 of the Companies Act, 2013 a document may be served on any member by sending it to him by Post or by Registered post or by Speed post or by Courier or by delivering at his office or address or by such electronic or other mode as may be prescribed. It further provides that a member can request for delivery of any document to him through a particular mode for which he/she shall pay such fees as may be determined by the Company in its Annual General Meeting. Therefore, to enable the members to avail this facility, it is necessary for the Company to approve the fees to be charged for delivery of a document in a particular mode, as mentioned in the resolution.

Since the Companies Act, 2013 requires the fees to be approved in the Annual General Meeting, the Directors accordingly commend the Ordinary Resolution at item no. 5 of the accompanying notice, for the approval of the members of the Company.

None of the Directors and/or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at item no. 5 of the accompanying Notice.

**Item No 6: Issuance of fully convertible warrants on preferential basis:**

The Board of Directors in their meetings held on 18th July, 2020 and 25th July, 2020, subject to necessary approval(s), has approved the proposal for raising funds and to issue and allot Rs. 40,00,000 (Rupees Forty Lacs Only) convertible

warrants of face value Rs.10 (Rupees Ten Only) and premium Rs. 30 (Rupees Thirty Only) aggregating to Rs. 16,00,00,000 (Rupees Sixteen Crores Only) of the Company to:

1. Ecoreco Ventures Pvt Ltd,
2. Shashank Soni,
3. Ushik Mahesh Gala and
4. Bunkim Finance & Investment Pvt Ltd, on preferential basis.

The details of the issue and other particulars as required in terms of the Companies Act, 2013 read with the rules made thereunder and SEBI (ICDR) Regulations, 2018 in relation to the aforesaid Special Resolution are given as under:

1. Objects of the Preferential Issue:  
The object of raising equity share capital by issuing convertible warrants are:
  - i. To fund long term capital requirements for future growth of the Company.
  - ii. To meet working capital requirement and reducing debts; and
  - iii. To meet General Corporate Purpose.
2. The total number of securities to be issued:  
The Board intends to offer, issue and allot Rs. 40,00,000 (Rupees Forty Lacs Only) Warrants of face value Rs.10 (Rupees Ten Only) and premium Rs. 30 (Rupees Thirty Only) aggregating to Rs. 16,00,00,000 (Rupees Sixteen Crores only) on preferential basis in accordance with SEBI (ICDR) Regulations, 2018 and other applicable laws.
3. Pricing of preferential issue:  
The issue of Equity Shares pursuant

to conversion of warrants on preferential basis shall be at a price of Rs. 40 each (Rupees Forty only) aggregating to face value Rs.10 (Rupees Ten Only) and premium Rs. 30 (Rupees Thirty Only). The price is determined in compliance with SEBI (ICDR) Regulations, 2018 for the Preferential Issue. Currently SEBI (ICDR) Regulations 2018, provides that the issue of shares on preferential basis can be made at a price calculated as per regulation 164/165 of SEBI (ICDR) Regulations, 2018. Since shares of the company are infrequently traded on the Bombay Stock Exchange, the price of the shares of the Company to be allotted has been determined under Regulation 165 by taking into account valuation parameters including book value, comparable trading multiples and such other parameters as are customary for valuation of shares of such Companies. The Company has obtained a valuation report from an Independent Registered Valuer and the certificate in respect of the same has been submitted to Bombay Stock Exchange and put on website of the Company [www.ecoreco.com](http://www.ecoreco.com).

4. Relevant Date:  
The "Relevant Date "in terms of Regulation 161 of the SEBI (ICDR) Regulations, 2018 for determination of minimum price is 24th July, 2020. Since the 30 (Thirty) days prior to the date of proposed Annual General Meeting (24th August, 2020) falls on 25th July, 2020, which is a weekend, the Relevant Date for the purpose of this preferential issue is one day preceding 25th July, 2020 i.e. 24th July, 2020, as per Explanation to the said Regulation 161.

5. The proposal / intention of the Promoters, Directors or Key Managerial Personnel to subscribe to the Offer: Ecoreco Ventures Pvt Ltd, being the Promoter Company intend to subscribe to this preferential issue offer. Mr. Shashank Soni, being in the promoter group and Director and CFO in the Company, intend to subscribe to this preferential issue offer too. Apart from these, there are no other promoters / Directors / Key managerial Personnel who intend to subscribe to this preferential issue offer.

Mr. Ushik Mahesh Gala and Bunkim Finance & Investments Pvt Ltd are the non-promoters who intend to subscribe to this preferential issue offer. The preferential issue of warrants is being made to Promoters and non-promoters as set out at point No. 07/08 below.

The class or classes of persons to whom the allotment is proposed to be made:

The allotment is proposed to be made to the Promoters / Directors / non-promoters Allottees as mentioned at point no. 08 below.

7. Shareholding Pattern before and after the Preferential Issue:

Sr. no	Category	Pre-issue equity holdings		Allotment of convertible warrants		Post-Issue Equity holdings *(Assuming full conversion of convertible warrants)	
		No of shares	% of shareholding	No of warrants	% of warrant holding	No of shares	% of shareholding
<b>A</b>	<b>Promoter Holding</b>						
1.	Shashank Soni	-	-	1,000,000	25.000	1,000,000	4.292
2.	Ecoreco Ventures Private Limited	9,991,203	51.777	1,500,000	37.500	11,491,203	49.325
	<b>Sub Total(A)</b>	<b>9,991,203</b>	<b>51.777</b>	<b>2,500,000</b>	<b>62.500</b>	<b>12,491,203</b>	<b>53.618</b>
<b>B</b>	<b>Non-Promoter Holding</b>						
1.	Ushik Mahesh Gala	-	-	500,000	12.500	500,000	2.146
2.	Bunkim Finance & Investments Pvt Ltd**	321,970	1.668	1,000,000	25.000	1,321,970	5.674
	<b>Sub total(B)</b>	<b>321,970</b>	<b>1.668</b>	<b>1,500,000</b>	<b>37.500</b>	<b>1,821,970</b>	<b>7.820</b>
	<b>Grand total</b>	<b>10,313,173</b>	<b>53.445</b>	<b>4,000,000</b>	<b>100.000</b>	<b>14,313,173</b>	<b>61.437</b>



8. Identification of the natural persons who are the ultimate beneficial owners of the shares proposed to be allotted and / or who ultimately control the proposed allottees, the percentage of post preferential issue capital that may be held by them:

SR. No.	Name & Address of the proposed allottees	Category	PAN	Identity of ultimate beneficial owners	No. & % of Equity Shares held prior to the Preferential Allotment		No. & % of Warrants to be issued and allotted		No. & % of Post Issue Equity and Voting Share Capital *(Assuming full allotment of convertible warrants)	
					No of shares	%	No of warrants	%	No of shares	%
1	Ecoreco Ventures Private Limited	Promoter entity	AAACS6078F	1) B K Soni (36.13%) PAN: AALPS0885Q 2) Aruna Soni (52.36%) PAN: AALPS0886P 3) B K Soni HUF* -(11.51%) PAN: ADHB5379L	9,991,203	51.777	1,500,000	37.500	11,491,203	49.325
2	Bunkim Finance & Investments Pvt Ltd**	Non-Promoter	AAACB2974K	1) Alka Gupta (50%)- PAN: AAGPG5491B 2) Brijesh Khandelwal (50%)- PAN: AHIPK9254F	321,970	1.668	1,000,000	25.000	1,321,970	5.674
	<b>Total</b>				<b>10,313,173</b>	<b>53.445</b>	<b>2,500,000</b>	<b>62.500</b>	<b>12,813,173</b>	<b>54.999</b>

\*The Karta of HUF is Mr. B K Soni currently holds 13.32 % of shares of the Company.

\*\*The share holding of Bunkim Finance & Investments Pvt Ltd would increase to 5.674% (tost allotment on fully diluted basis i. e. all the warrants issued are converted into equity share), from 1.668% (Pre-allotment).

9. Change in control consequent to the preferential issue:

The shareholding of Ecoreco Ventures Private Limited would come down to 49.325% (post allotment on fully diluted basis i.e. all the warrants issued are converted into equity shares) from 51.777% (pre-allotment). Accordingly, post the allotment of the shares in the preferential issue, Ecoreco Ventures Private Limited will not be the Holding Company of this Company. Further, the shareholding % of ultimate beneficial owners namely, Mr. B K Soni and Mrs. Aruna Soni will decrease accordingly as a result of the proposed preferential issue.

10. Undertaking:

The Company hereby undertakes that:

- It would re-compute the price of the securities specified above in terms of the provisions of SEBI (ICDR) Regulations, where it is so required.
- If the amount payable, if any, on account of the re-computation of price is not paid within the time stipulated in SEBI (ICDR) Regulations the above warrants / shares shall continue to be locked-in till the time such amount is paid by the allottees.
- Save and except the Preferential Issue as proposed in the resolution as set in the accompanying Notice, the Company has made no other issue or allotment of securities on preferential basis during the year.

11. Practicing Chartered Accountant 'Certificate':

CA Anita Choudhari, a practicing Chartered Accountant (Firm Registration No.: 151914W), has certified that the preferential issue is being made in accordance with the requirements contained in SEBI (ICDR) Regulations, 2018. A copy of the certificate

is kept for inspection at the Registered Office of the Company during the business hours.

12. Lock-in Period:

The securities allotted to Proposed Allottees shall be locked in as per Regulation 167 and other applicable provisions of SEBI (ICDR) Regulations.

13. Interest of Promoters / Directors:

Out of the Promoters / Directors details of whom are given above, Mr. Shashank Soni and Ecoreco Ventures Pvt Ltd is interested in the Resolution because the convertible warrants are proposed to be issued to them.

No other Directors of the Company and their relatives are in any way, directly or indirectly concerned or interested in the resolution.

The Certificate of Registered Valuer for valuation of shares of the Company is on website available at [www.ecoreco.com](http://www.ecoreco.com).

The Board of Directors believes that the proposed preferential issue is in the best interest of the Company and its members. The Board recommends the resolution as set out in the accompanying notice for the approval of members as a Special Resolution.

### Annexure to item Nos. 2, 3 & 4 of the Notice:

(Details as required to be furnished under the secretarial standard–2–para 1.2.5 and regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015).

<b>Name of the Director</b>	Mr. B. K. Soni	Mr. Ravi Varma	Mr. Dattatraya Devale
<b>DIN</b>	<b>01274250</b>	<b>08762549</b>	<b>07186290</b>
<b>Date of Birth and Age</b>	17/03/1959	02/12/1956	25/02/1957
<b>Qualifications</b>	Cost Accountant	B. Sc (Mechanical Engg), PGDIE and MBA from IIM, Ahmedabad	Retired as a Legal head of Maharashtra Pollution Control Board. He worked as the head of legal department of MPCB for more than 30 years
<b>Nationality</b>	Indian	Indian	Indian
<b>Terms and conditions of appointment / re-appointment</b>	Re-Appointment as Managing Director w.e.f. September 1, 2020 whose term of office is not liable to retire by rotation and revision in terms and conditions of remuneration is considered subject to approval of members.	Appointed as Non-Executive - Independent Director of the Company w.e.f. 16 <sup>th</sup> May, 2020 for a period of five years.	Re-Appointed as Non-Executive - Independent Director of the Company w.e.f. 16 <sup>th</sup> May, 2020 for a period of five years.
<b>Details of remuneration sought to be paid</b>	Rs. 500,000	Nil	Nil
<b>Date of first appointment on the Board</b>	1st August, 2020	16 <sup>th</sup> May, 2020	16 <sup>th</sup> May, 2020
<b>Number of board meetings attended during the year</b>	6	2	5
<b>Relationship with Directors, Managers or other KMPs</b>	Father of Mr. Shashank Soni and husband of Mrs. Aruna Soni	None	None

<b>Brief Resume</b>	<p>B. K. Soni is the Chairman and Managing Director of Eco Recycling Ltd (Ecoreco) and the chief promoter of the group. He is responsible for the strategic growth initiatives of the company and building a professional team of leaders. After delivering market dominance in the B2B segment, Mr. Soni is driving Ecoreco's next phase of growth, building a B2C franchisee led retail model to share the benefits of alarming but unfolding opportunity of e-waste management with all the stakeholders in one or the other form.</p> <p>Mr. Soni is a qualified Cost Accountant from the Institute of Cost Accountants of India. He has been a part of several industry associations and a member of the Expert Group on E-waste Management constituted by the Maharashtra Pollution Control Board.</p>	<p>Mr. Ravi Varma, B. Sc (Mechanical Engg), PGDIE and MBA from IIM, Ahmedabad has served several reputed organizations in the country and outside the country for more than four decades. He was directly responsible to set up several projects. Ecoreco is proud to have him on the Board of the Company, which will certainly help the Company to implement its forthcoming projects more efficiently and effectively.</p>	<p>Mr. D. T. Devale retired as a Legal head of Maharashtra Pollution Control Board. He worked as the head of legal department of MPCB for more than 30 years, plus two more years post retirement. Mr. Devale has been actively practicing his own environmental consultancy since then. Mr. Devale has been one of the best legal advisors for infrastructure and development projects. He had interpreted all the environmental legislations in judicious way and in the interest of public at large. Mr. D. T. Devale is a highly experienced advocate in the field of environmental consultancy.</p>
<b>Expertise in specific functional area</b>	Strategic growth initiatives of the company.		
<b>Directorships (other than Eco Recycling Limited)</b>	<ol style="list-style-type: none"> <li>1. Ecoreco Park Private Limited</li> <li>2. Ecoreco Ventures Private Limited</li> <li>3. Ecoreco Enviro Education Private Limited</li> <li>4. Reverse Logistics &amp; Warehousing Private Limited</li> <li>5. EPR Compliance Private Limited</li> </ol>	None	<ol style="list-style-type: none"> <li>1. Australian Institute of Water Sciences India Private Limited</li> <li>2. Eco Equilibrium Services Llp</li> <li>3. Ecotantra Llp</li> </ol>
<b>Chairman / Member of Committees of the Board of Directors of other Companies in which he is a Director*</b>	None	None	None
<b>Shareholding in the Company</b>	2,570,112 shares	None	None

**By order of the Board of Directors**

**B. K. Soni**

Chairman & Managing Director

DIN: 01274250

Juhu, Vileparle (W),  
 Mumbai - 400049  
 25<sup>th</sup> July, 2020  
 Mumbai

**Registered Office:**

422, The Summit Business Bay,  
 Opposite Cinemax Theatre, Andheri - Kurla Road,  
 Andheri (E) Mumbai – 400 093  
**CIN: L74120MH1994PLC079971**  
[www.ecoreco.com](http://www.ecoreco.com)



## DIRECTORS' REPORT

### The Members of ECO RECYCLING LIMITED

The Directors are pleased to present the Twenty Sixth Annual Report along with the Audited Financial Statements of your Company for the Financial Year ended 31st March, 2020.

#### 1. THE STATE OF THE COMPANY'S AFFAIRS

The period under discussion was quite satisfactory in terms of overall performance of the Company. This year your Company focused on fee-based services and we are pleased to share that this approach has resulted into higher profits. With the implementation of E-waste Management Rules along with Extended Producers' Responsibility & Targets for the Producers, we envisage a quantum jump in the business of the Company in the coming years. It is very pleasant to inform that, during the period under review, your Company brought working capital facilities extended by Catholic Syrian Bank to nil and preferred to plough back its internal resources for working capital requirement. In view of the above, this year also, the Company would like to focus on value added services, data sanitization and remarketing of refurbished IT Equipment.

#### 1.1 KEY FINANCIAL HIGHLIGHTS (₹ in Lacs)

Particulars	Standalone		Consolidated	
	For the Financial Year ended 31st March, 2020	For the Financial Year ended 31st March, 2019	For the Financial Year ended 31st March, 2020	For the Financial Year ended 31st March, 2019
Income	1321.00	1303.00	1322.00	1303.00
Expenditure	1151.00	1156.00	1153.00	1177.00
Profit / (Loss) before Depreciation and Tax and exceptional Item	170.00	147.00	170.00	127.00
Exceptional Item	-	-	-	-
Depreciation	47.00	46.00	47.00	47.00
Profit / (Loss) before Tax	123.00	101.00	123.00	80.00
Deferred Tax/ Current Tax	11.00	(31.00)	11.00	(31.00)
Profit/ (Loss) after Tax	112.00	132.00	112.00	111.00

During the year under review, the Company has reported a total income of Rs. 1321 lakhs as against Rs. 1303 lakhs.

#### 1.2 Change in nature of Business

The Company is engaged in the business of e-waste management and recycling. There was no change in nature of business activity during the year.

#### 1.3 Change in Share Capital

During the Financial Year 2019-20 the share capital of the company has

increased from Rs. 1754 lakhs to Rs. 1930 lakhs because of issue of bonus shares in the ratio of 1 share for every 10 shares held.

#### 1.4 Revision of Annual Financial Statement

There was no case of revision in financial statement during the year.

#### 2. DIVIDEND

To conserve the resources for business expansion your Directors have not recommended any dividend for the financial year ended March 31, 2020.

#### 3. TRANSFERS TO RESERVES

During the year the Company has not transferred any amount to the reserves.

#### 4. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENT RELATE AND THE DATE OF THE REPORT

There are no material changes and commitments affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report.

#### 5. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

Since Recycling is the core activity of your Company, Section 134(3) of the Companies Act, 2013 read with the rules made thereunder, the clause relating to Conservation of Energy

and Technology absorption is not applicable to your Company.

#### 6. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo in terms of actual outflows during the year is as follows:

(₹ in Lacs)

Particulars	2019-20	2018-19
Earnings in Foreign Currency	8.10	90.86
Expenses in Foreign Currency	23.27	--

#### 7. EXTRACTS OF ANNUAL RETURN

In accordance with Section 134(3) (a) read with Section 92(3) of the

Act, an extract of the Annual Return in Form MGT-9 is placed on the website of the Company and same can be downloaded by clicking on the following link: <http://ecoreco.com/investor-annual-reports.aspx>

#### 8. DEPOSITS

During the year under review, your Company did not accept any deposits within the meaning of provisions of Chapter V – Acceptance of Deposits by Companies of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

#### 9. THE DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

The Company has adopted the policies and procedures for ensuring

the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

The Company has adequate internal financial controls with reference to financial statements. The Company's internal control systems, including internal financial controls, are commensurate with the nature of its business and the size and complexity of its operations and same are adequate and operating effectively. These systems are periodically tested and no reportable material weakness in the design or operation was



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observed. The Audit Committee reviews adequacy and effectiveness of the Company's internal control system including internal financial controls.

## 10. BOARD MEETINGS

The Board of Directors (herein after called as "the Board") met for 6 (Six) times during the Year under review:

Sr. No.	Date of Meetings	Venue and time of the meeting	Directors present	Directors to whom Leave of absence was granted
1	30.05.2019	422, The Summit Business Bay Opposite Cinemax Theatre, Andheri-Kurla Road, Andheri (E), Mumbai-400 093  Time: 2:00 P.M.	i) B K Soni ii) Dattatraya Devale iii) Srikrishna B. iv) Shashank Soni v) Aruna Soni	i) Dilip Boralkar
2	13.07.2019	422, The Summit Business Bay Opposite Cinemax Theatre, Andheri-Kurla Road, Andheri (E), Mumbai-400 093  Time: 11:30 A.M.	i) B K Soni ii) Aruna Soni iii) Srikrishna B. iv) Shashank Soni v) Dattatraya Devale vi) Dilip Boralkar	-
3	14.08.2019	422, The Summit Business Bay Opposite Cinemax Theatre, Andheri-Kurla Road, Andheri (E), Mumbai-400 093  Time: 3:00 P.M.	i) B K Soni ii) Srikrishna B. iii) Shashank Soni iv) Dattatraya Devale v) Dilip Boralkar	i) Aruna Soni
4	30.08.2019	422, The Summit Business Bay Opposite Cinemax Theatre, Andheri-Kurla Road, Andheri (E), Mumbai-400 093  Time: 2:00 P.M.	i) B K Soni ii) Srikrishna B. iii) Shashank Soni iv) Dattatraya Devale	i) Aruna Soni ii) Dilip Boralkar
5	14.11.2019	422, The Summit Business Bay Opposite Cinemax Theatre, Andheri-Kurla Road, Andheri (E), Mumbai-400 093  Time: 12:00 P.M.	i) B K Soni ii) Dattatraya Devale iii) Shashank Soni iv) Srikrishna B. v) Aruna Soni	i) Dilip Boralkar
5	24.01.2020	422, The Summit Business Bay Opposite Cinemax Theatre, Andheri-Kurla Road, Andheri (E), Mumbai-400 093  Time: 12:00 P.M.	i) B K Soni ii) Aruna Soni iii) Dattatraya Devale iv) Shashank Soni v) Srikrishna B.	i) Dilip Boralkar

## 11. CHANGE IN DIRECTORS AND KEY MANAGERIAL PERSONNEL:

As on the date of this Report, your Company has 6 (Six) Directors consisting of 3 (Three) Independent Directors and 3 (Three) Executive Directors including a Woman Director.

In pursuance of the provisions of Section 152(6) of the Act and Articles of Association of the Company, Mrs. Aruna Soni (DIN: 01502649) retires by rotation from the Board in the ensuing AGM and, being eligible for re-appointment, has offered herself for re-appointment. The Board of Directors recommends her re-appointment to the Members of the Company.

During the year under review, Mr. Dilip Boralkar (DIN: 02515249), Independent & Non-Executive Director, has resigned from the Board of Directors of the Company with effect from January 24, 2020 due to personal commitments and other pre-occupations. The Board of Directors places on record their appreciation for the valuable contributions made by Mr. Dilip Boralkar (DIN: 02515249).

Further, the Board of Directors of the Company in the Board Meeting held on May 16, 2020 has appointed Mr. Ravi Varma (DIN: 08762549) as an Additional Independent & Non-Executive Director. Pursuant to provisions of Section 160 and 161 of the Companies Act, 2013 his term as Director is valid till the ensuing Annual General Meeting of the Company. The Company has received notice from a Member of the Company u/s 160 of the Act proposing the candidature of Mr. Ravi Varma (DIN: 08762549) as an Independent & Non-Executive Director of the Company. The Board has considered the proposal and decided to recommend his name to the Members in ensuing Annual General Meeting to be appointed as an Independent & Non-Executive Director of the Company.

Mr. Anand Dubey has tendered his resignation as the Whole-time Company Secretary and Compliance Officer of the Company w.e.f. May 04, 2020.

Pursuant to the provisions of Section 149 of the Act, the independent directors have submitted declaration that each of them meet the criteria of independence as provided in Section 149(6) of the Act along

with Rules framed thereunder and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). There has been no change in the circumstances affecting their status as independent directors of the Company.

According to the Amendment Regulation 17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, if the aggregate annual remuneration payable to more than one Executive Director who is a Promoter or is a Member of the Promoter Group, exceeds 5% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013 then approval of the Members by way of a Special Resolution is required. Such approval of the Members under this provision shall be valid only till the expiry of the term of such Director. The approval of the Members by way of a Special Resolution is required since the Company has more than one Promoter Executive Director, and regards to Mr. Brijkishor Soni (DIN: 01274250), and remuneration paid to him is in excess of 5% of the net profits of the Company calculated as per Section 198 of the Act, even though the annual remuneration payable to the Executive Directors is within the limit as specified u/s 197(1) of the Act.

The Board recommends the approval for payment of aggregate annual remuneration to the Promoter-Executive Directors/Members of the Promoter Group exceeding 5% of the net profits of the Company.

Further, at the time of the appointment of an Independent Director, the Company issues a formal letter of appointment outlining his role, function, duties and responsibilities. The format of the letter of appointment is available on our website at <http://ecoreco.com/investor-overview.aspx>.

Brief resume and other details of the Director proposed to be re-appointed at the AGM, as stipulated under the Listing Regulations and Secretarial Standard-2, has been furnished separately in the Notice convening the AGM read with the Annexure thereto forming part of this Report.

Details of the number of meetings of the Board of Directors and Committees and attendance at the meetings have been furnished in the Report on Corporate Governance.

Following persons are designated as Key Managerial Personnel (KMP):

- Mr. Brijkishor Soni (DIN: 01274250), Chairman and Managing Director
- Mr. Shashank Soni, Executive Director and Chief Financial Officer
  - Company Secretary and Compliance officer Mr. Anand Dubey, resigned on May 04, 2020

## **12. STATEMENT ON DECLARATION GIVEN BY THE INDEPENDENT DIRECTORS UNDER SECTION 149(6) OF THE COMPANIES ACT, 2013**

All Independent Directors of your Company have given a declaration pursuant to Section 149(7) of the Companies Act, 2013 affirming

compliance to the criteria of Independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and that they are not disqualified to become Directors under the Act.

Based on the declaration(s) of Independent Directors, the Board of Directors recorded its opinion that all Independent Directors are independent of the Management and have fulfilled the conditions as specified in the Companies Act, 2013 and the Rules made thereunder.

### 13. Board Familiarization Program

At the time of appointment of a new Director, through the induction process, he/she is familiarized with the Company, the Director's roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. Detailed presentations are made before the Board Members at the Board and its Committee Meetings covering various areas including business, strategy, financial performance and forecast, compliances/regulatory updates, audit reports, risk assessment and mitigation, industry, roles, rights, responsibilities of Independent Directors, etc.

#### **Familiarization Program for Independent Directors:**

The Familiarization Program aims to provide insights into the Company to enable the Independent Directors to understand its business in depth and contribute significantly to the Company. All Independent Directors attended the orientation and

familiarization programs held during the financial year 2019-20.

The details of training and familiarization programs are available on our website at: [http://ecoreco.com/Uploads/Downloads/Familiarization\\_Programme.pdf](http://ecoreco.com/Uploads/Downloads/Familiarization_Programme.pdf)

### 14. CODE OF CONDUCT

The Company has laid down a code of conduct for all Board members and senior management and Independent Directors of the Company. All the Board members including independent directors and senior management personnel have affirmed compliance with the code of conduct.

### 15. NOMINATION & REMUNERATION COMMITTEE AND STAKEHOLDERS RELATIONSHIP COMMITTEE

As per the requirement of Section 178 of the Companies Act, 2013 and Regulation 19 and 20 of SEBI (LODR) Regulations, 2015 the Company has constituted Nomination and Remuneration Committee and Stakeholders Relationship Committee. The Composition of the above Committees, their terms of reference detailed in the Corporate Governance report.

### 16. AUDIT COMMITTEE

The Audit Committee comprises of Mr. Srikrishna Bhamidipati as Chairman, Mr. Dattatraya Devale and Mrs. Aruna Soni as members. The Internal Auditors of the Company report directly to the Audit Committee. All the recommendations made by the Audit Committee were accepted by the Board. The details of meetings of Audit Committee held during the year, its composition, terms of reference are given in the Report on Corporate Governance.

### 17. REMUNERATION POLICY

The Board on the recommendation of the Nomination and Remuneration Committee has approved and adopted a Remuneration Policy for selection and appointment of Directors, Senior Management personnel and their remuneration. The Remuneration Policy of the Company forms part of this report as **Annexure I**.

### 18. VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Company has a 'Whistle Blower Policy'/'Vigil Mechanism' in place. The objective of the Vigil Mechanism is to provide the employees, Directors, customers, contractors and other stakeholders of/in the Company an impartial and fair avenue to raise concerns and seek their redressal, in line with the Company's commitment to the highest possible standards of ethical, moral and legal business conduct and fair dealings with all its stakeholders and constituents and its commitment to open communication channels. The Company is also committed to provide requisite safeguards for the protection of the persons who raise such concerns from reprisals or victimization, for whistle blowing in good faith. The Board of Directors affirms and confirms that no personnel have been denied access to the Audit Committee. The Policy contains the provision for direct access to the Chairman of the Audit Committee in appropriate or exceptional cases. The Whistle Blower Policy has been disclosed on the Company's website [www.ecoreco.com](http://www.ecoreco.com) and circulated to all the Directors and employees.

### 19. DIRECTORS' RESPONSIBILITY STATEMENT

As stipulated under section 134(3) (c) read with Section 134(5) of the



Act, your Directors hereby state and confirm that:

- (a) in the preparation of the annual accounts for the financial year ended on March 31, 2020, the applicable accounting standards have been followed and that there are no material departures from the same;
- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended on March 31, 2020 and of the profit and loss of the Company for that period;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they have prepared the annual accounts on a going concern basis;
- (e) they have laid down internal financial controls for the Company and such internal financial controls are adequate and operating effectively during the financial year ended March 31, 2020; and
- (f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively during the financial year ended March 31, 2020.

## 20. COMMISSION RECEIVED BY DIRECTORS FROM HOLDING/ SUBSIDIARY COMPANY

None of director is in receipt of any commission from the company and commission from any holding company or subsidiary company of company. Hence, provisions of section 197 (14) of Companies Act, 2013 are not applicable to the Company.

## 21. RISK MANAGEMENT

The Company's Risk Management process focuses on ensuring that these risks are identified on a timely basis and addressed.

The Audit Committee oversees enterprise risk management framework to ensure execution of decided strategies with focus on action and monitoring risks arising out of unintended consequences of decisions or actions and related to performance, operations, compliance, incidents, processes, systems and transactions are managed appropriately. The Company believes that the overall risk exposure of present and future risks remains within risk capacity.

## 22. AUDITORS:

### 22.1 STATUTORY AUDITOR

On the recommendation of the Audit Committee and the Board, the Members in their Twenty-Third Annual General Meeting has appointed M/s. Talati & Talati, Chartered Accountants, (Firm Registration No.110758W) as the Statutory Auditors of the Company for a period of five consecutive years from the conclusion of the Twenty-Third AGM of the Company till the conclusion of the Twenty-Eighth AGM to be held for

the financial year 2021-22. In view of provisions of proviso to Section 139(1) of the Act, the said appointment was made subject to ratification of their appointment in subsequent AGMs. Pursuant to the Companies (Amendment) Act, 2017, the said proviso was omitted with effect from May 7, 2018. In view of the same, no ratification of appointment of Auditors will be required every year. However, as at the time of appointment, i.e. as at the Twenty-Third AGM, it was decided to ratify appointment of the Statutory Auditors in subsequent AGMs. Accordingly, it is recommended to ratify their appointment in this AGM for their remaining tenure and payment of remuneration.

M/s. Talati & Talati, Chartered Accountants, has furnished a certificate in terms of the Act and the Companies (Audit and Auditors) Rules, 2014 and confirmed their eligibility in terms of the provisions of Section 141 and all other applicable provisions of the Act, read with the applicable Rules thereto.

**Explanation to Auditor's Remark**  
The Board has duly reviewed the statutory Auditors Report on the Accounts. The notes forming part of the accounts referred to in the Auditors Report of the Company are self-explanatory and do not call for any further explanation.

### 22.2 SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial

Personnel) Rules, 2014, the Board had appointed M/s. Mehta & Mehta, Practicing Company Secretary, to conduct Secretarial Audit for the financial year 2019-20. The Secretarial Audit Report for the financial year ended March 31, 2020 is annexed herewith marked as **Annexure IV** to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

### 22.3 COST RECORD AND COST AUDIT

Your company does not fall within the provisions of Section 148 of Company's Act, 2013 read with the Companies (Cost records & Audit) Rules, 2014, therefore no such records required to be maintained.

### 22.4 INTERNAL AUDITORS

Pursuant to the provisions of Section 138 of the Act read with Rule 13 of Companies (Accounts) Rules, 2014 and on the basis of the recommendation of Audit Committee, the Board of Directors in their meeting held on July 18, 2020 had appointed M/s. Anita Choudhari & Company, Chartered Accountants, Mumbai (Membership Number: 102992) as the Internal Auditors of the Company for the financial year ended March 31, 2021.

### 23. REPORT ON PERFORMANCE OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:

Your Company has made investment in 849999 equity shares having face value of Rs. 10/- each in Ecoreco Enviro Education Private Limited which constitute 99.99% of total shareholding of the aforesaid Company. Pursuant to section 2(87)

(ii) of Companies Act, 2013 Ecoreco Enviro Education Private Limited is a Subsidiary Company. Further Company along with its Audited standalone financial statements have also produced Audited Consolidated Financial results for the year 2019-20 in order to enable its Shareholders to have insight in the working of its Subsidiary Company.

There has been no material change in the nature of the business of the subsidiary company. Pursuant to Rule 5(1) of the Companies (Accounts) Rules, 2014 the performance and financial position of the subsidiary company and associate company is included for the financial year ended March 31, 2020 as per Form AOC – 1 attached to the this report as **Annexure II**. Further, during the year of report, no Subsidiary/Joint Ventures/Associate were ceased to operate.

Sr. No.	Name of the Company	Subsidiary / Associate
1	Ecoreco Enviro Education Private Limited	Subsidiary

### 24. CONTRACT OR ARRANGEMENT WITH RELATED PARTIES:

During the financial year under review, the Company has not entered into any contracts/arrangements/transactions with related parties which could be considered material in accordance with the Company's Policy on materiality of related party transactions. All contracts/arrangements/transactions entered into by the Company during the financial year under review with related parties were in the ordinary course of business and on an arm's length basis. Accordingly, the disclosure of related party

transactions to be provided under section 134(3)(h) of the Act in Form AOC-2 is appended as **Annexure III**.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at <http://ecoreco.com/Uploads/Downloads/Materiality-Policies.pdf>

### 25. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

The Company has not given any loan or provided securities but given guarantee on behalf of its subsidiary as covered under section 186 of the Act. Further, the Company has not made any fresh investment falling within the meaning of Section 186 of the Act.

### 26. CORPORATE SOCIAL RESPONSIBILITY

Your company does not fall under the requirements of Section 135 of Companies Act, 2013 for establishing Corporate Social responsibility (CSR) committee; therefore no such committee was established by the Board.

### 27. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant or material orders passed by the Regulators / Courts which would impact the future operations / going concern status of the Company.

### 28. ANNUAL EVALUATION BY THE BOARD OF ITS OWN PERFORMANCE AND THAT OF ITS COMMITTEES AND INDIVIDUAL DIRECTORS

The Board of Directors is committed to continued improvement in its effectiveness. Accordingly, the Board

participated in the annual formal evaluation of its performance. This was designed to ensure, amongst other things, that the Board, its Committees and each Director continue to contribute effectively.

As per Section 134(3)(p) of the Act, a statement indicating the manner in which formal annual evaluation was made by the Board of their performance and that of its Committees and individual Directors, has to be furnished to the Members as part of the Board’s Report. Further, the Independent Directors as part of their mandate under Schedule IV of the Act need to make an evaluation of performance of the constituents of the Board apart from their self evaluation. Under this process, a structured questionnaire was prepared after taking into consideration inputs received from the Directors, setting out parameters of evaluation; the questionnaire for evaluation are to be filled in, consolidated and discussed with the Chairman. The evaluation by the Independent Directors has been undertaken at their meeting held on January 24 2020. The Board of Directors undertook evaluation of Independent Directors at their meeting held on January 24 2020 and placed on its record that the Independent Directors have the requisite qualification, expertise and track record for performing their duties as envisaged under the Law, and they add value in the decision making process of the Board.

The criteria for evaluation of performance of Directors, the Board as a whole and the Board’s Committee, are summarized in the table given below:

Evaluation of	Evaluation by	Criteria
Non-Independent Director (Executive)	Independent Directors	Transparency, Leadership (business and people), Corporate Governance and Communication
Non-Independent Director (Non-Executive)	Independent Directors	Preparedness, Participation, Value addition, Corporate Governance and Communication
Independent Director	All other Board Members	Preparedness, Participation, Value addition, Corporate Governance and Communication
Chairman	Independent Directors	Dynamics, Leadership (business and people), Corporate Governance and Communication, Strategy
Committees	Board Members	Composition, Process and Dynamics
Board as a whole	Independent Directors	Composition, Process and Dynamics

## 29. EQUITY SHARES WITH DIFFERENTIAL RIGHTS

The Company has not issued any equity shares with deferential voting rights.

## 30. DISCLOSURE OF REMUNERATION PAID TO DIRECTOR, KEY MANAGERIAL PERSONNEL AND EMPLOYEES

- a. None of the employees of the Company is drawing remuneration in excess of the limits prescribed under Rule (5)(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
- b. Details of remuneration of each Director to the median remuneration of the employees pursuant to Section 197 read with Rule 5 of the Companies Act, 2013 are attached to this report as **Annexure I**.

## 31. VOTING RIGHTS OF EMPLOYEES

During the year under review the company has not given loan to any employee for purchase of its own shares as per section 67(3)(c) of Companies Act, 2013.

## 32. DISCLOSURE REGARDING ISSUE OF EMPLOYEE STOCK OPTIONS

The Company has not issued shares under employee’s stock options scheme pursuant to provisions of Section 62 read with Rule 12(9) of Companies (Share Capital and Debenture) Rules, 2014.

## 33. DISCLOSURE REGARDING ISSUE OF SWEAT EQUITY SHARES

The Company has not issued sweat equity shares pursuant to provisions of Section 54 read with Rule 8 of Companies (Share Capital and Debenture) Rules, 2014 during the Financial Year.

#### 34. CORPORATE GOVERNANCE REPORT

Your Company and its Board has been complying with Corporate Governance practices as set out in a separate report in pursuance of requirement of para C of Schedule V SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as **Annexure V**. Practising Company Secretary M/s. Mehta & Mehta certificate confirming compliance of the Corporate Governance as stipulated under the said Regulations is also attached to this Report.

#### 35. MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis Report for the financial year under review as stipulated under regulation 34 of the Listing Regulations is set out in a separate Section forming part of this Report.

#### 36. LISTING AT STOCK EXCHANGE

The Equity shares of the Company are listed with BSE Ltd, Mumbai and the listing fee for the year 2019-20 has been duly paid.

#### 37. INSURANCE

The Company's assets are adequately insured against the loss of fire and other risks, as consider necessary by the Management from time to time.

#### 38. BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Reporting as required by Regulation 34(2) (f) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, is not applicable to your Company for the financial year ending March 31, 2020.

#### 39. DEPOSITORY SYSTEM

Your Company's shares are compulsorily tradable in electronic

form and your Company has connectivity with both the Depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Service (India) Limited (CDSL). In view of the numerous advantages offered by the Depository System, members are requested to avail the facility of Dematerialization of the Company's shares on either of the Depositories mentioned above.

#### 40. ENVIRONMENT AND SAFETY

The Company is conscious of the importance of environmentally clean and safe operations. The Company's policy requires conduct of operations in such a manner, so as to ensure safety of all concerned, compliances environmental regulations and preservation of natural resources.

#### 41. INDUSTRIAL RELATIONS

Industrial relations remained cordial throughout the year. Your Directors recognize and appreciate the sincere, hard work, loyal, dedicated efforts and contribution of all the employees in the growth and performance of the Company during the year.

#### 42. SEXUAL HARASSMENT

Your Company has always believed in providing a safe and harassment free workplace for every individual through various interventions and practices. The Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment. During the year ended March 31, 2020, no complaints have been received pertaining to sexual harassment.

#### 43. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL)

#### ACT, 2013

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at the Workplace, in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made there under. The Policy aims to provide protection to employees at the workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where employees feel secure. Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. It may be noted that during the year 2019-20 no grievance/ complaint from any women employee was reported.

#### 44. INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENT:

The Company has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

The Company has in place adequate internal financial controls with reference to financial statements. The Company's internal control systems, including internal financial controls, are commensurate with the nature of its business and the size and complexity of its operations and same are adequate and operating

effectively. These systems are periodically tested and no reportable material weakness in the design or operation was observed. The Audit Committee reviews adequacy and effectiveness of the Company's internal control system including internal financial controls.

#### 45. SECRETARIAL STANDARDS

The Company has complied with all the applicable secretarial standards issued by The Institute of Company Secretaries of India and notified by the Central Government.

#### 46. ACKNOWLEDGEMENTS

Your Directors place on record their special gratitude to all the Governments and Government Departments, Company's Bankers and all other stakeholders for extending their assistance and co-operation and encouragement to the Company. Your Directors also wish to place on record their sincere thanks and appreciation for the continuing support and unstinting efforts of Customer, Vendors, Employees and all other stakeholders in ensuring an excellent all round operational performance.

For and on behalf of the Board of Directors  
Eco Recycling Limited

B. K. Soni

Chairman & Managing Director

DIN: 01274250

25<sup>th</sup> July 2020  
Mumbai





## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. Industry structure and developments.

Prior to the entry of Eco Recycling Ltd (Ecoreco) as an organised recycling company, the entire collection & dismantling of e-waste was being carried out by the informal workers (Kabadies) in India. Ecoreco established the first Authorised & Certified Recycling facility in Mumbai, since then, gradually the dominance of unorganised collection started diminishing but still a lot is yet to be done to achieve the targets set by the Central Government as per the E-waste Management Rules.

The Ministry of Environment (MOEFCC) has incorporated the globally accepted principle of Extended Producers' Responsibility along with yearly targets of collection to be achieved by the Producers of electrical & electronic devices.

### 2. Opportunities and Threats.

With the increasing consumption of electrical & electronic equipment, there is a proportionate rise in the generation of e-waste. Ecoreco is enlarging its capacity & capabilities to participate in this growth but as mentioned above the journey of transformation from unorganised to organised will take its own time.

### 3. Segment-wise or product-wise performance.

Ecoreco is engaged in the business of recycling of e-waste and affiliated services only.

### 4. Outlook

The generation of e-waste is increasing globally including India. As per the recent publication, the industry is growing at 21% per annum and India is the third largest producer of e-waste in the World.

### 5. Risks and concerns.

We do not see any specific risks & concerns except whatever is applicable to any other industry.

### 6. Internal control systems and their adequacy.

The Company has an adequate checks & balances in place.

### 7. Discussion on financial performance with respect to operational performance.

The Company's financial performance for the year ended March 2020 was extremely satisfactory. The Company focused on fee based & high margin business and thereby achieved better profitability. This helped company to reduce its cash credit facility to almost nil and saved on interest.

### 8. Material developments in Human Resources / Industrial Relations front, including number of people employed.

The Company has a small team of less than 50 members put together and is proud of its team members from top to bottom. The inter personnel relation was absolutely satisfactory & productive.

To provide you a better outlook and potential of the industry we are pleased to share two important reports published by very reputed organisations in the World. One of them has been written by **Kiran Pandey** and published by **Down To Earth** in its recent publication and the other one by **Damian Carrington** Environment Editor of [www.theguardian.com](http://www.theguardian.com). Interestingly one report focuses on the quantum of problem and the other one talks more about the business opportunity available in the segment.

We invite you to kindly spare some time to go through the below publications and evaluate the opportunity unfolding before your Company. We are proud to share that your Company had visualised the similar scene 15 years before and started the journey of transformation, which was then completely dominated by the informal sector. We are further proud to share that your Company has set several milestones in its journey and also innovated several technologies to handle e-waste in **Safe & Secured** manner. In the light of the below reports, we see much brighter future for your Company.



# E-waste to increase 38% by 2030: Report

Most electronic waste around the world still not being collected and recycled properly:  
United Nations University

## DownToEarth

By Kiran Pandey Last Updated: Friday 03 July 2020



There was 53.6 million tonnes of electronic waste in 2019, according to a new United Nations University report. Photo: Flickr

“Global e-waste — discarded electrical and electronic equipment — will increase by 38 per cent in the decade between 2020 and 2030, according to a new United Nations University (UNU) report. There was 53.6 million tonnes (MT) e-waste in 2019, according to the report. That is a nearly 21 per cent increase in just five years.

Asia generated the greatest volume of e-waste in 2019 — some 24.9 MT, followed by the Americas (13.1 MT) and Europe (12 MT). Africa and Oceania generated 2.9 MT and 0.7 MT respectively, the report said.

Most E-waste in 2019 consisted of small equipment (17.4 MT), large

equipment (13.1 MT) and temperature exchange equipment (10.8 MT). Screens and monitors, lamps, small IT and telecommunication equipment represented 6.7 MT, 4.7 MT, and 0.9 MT respectively according to UNU estimates in the report. E-waste is a health and environmental hazard, containing toxic additives or hazardous substances such

as mercury, which damages the human brain and / or coordination system.

### No recycling

Less than 18 per cent of the e-waste generated in 2019 was collected and recycled, according to the report. This means that e-waste consisting gold, silver, copper, platinum and other high-value, recoverable materials worth at least \$57 billion was mostly dumped or burned

rather than being collected for treatment and reuse.

The number of countries that have adopted a national e-waste policy, legislation or regulation has increased from 61 to 78 and includes India. While this is certainly a positive trend, it is far from the target set by the International Telecommunication Union to raise the percentage of countries with an e-waste legislation to 50 per cent. There are 312 authorised recyclers of e-waste in India, with the capacity for

treating approximately 800 kilotonnes annually.

However, formal recycling capacity remains underutilised, as the large majority of the waste is still handled by the informal sector. About 90 per cent of the country's e-waste is recycled in the informal sector, according to the report. Hence, effective implementation of regulations is the way ahead to managing the e-waste that is yet to be regulated in at least 115 countries."

## \$10bn of precious metals dumped each year in electronic waste, says UN

A fast-growing mountain of toxic e-waste is polluting the planet and damaging health, says new report

Damian Carrington Environment editor

Thu 2 Jul 2020 15.01 BST Last modified on Thu 2 Jul 2020 15.23 BST



A worker at an electronic and electric equipment recycling and reuse plant, belonging to Ecolopolis Corporation, in Moscow. Photograph: Sergei Karpukhin/Tass



“At least \$10bn (£7.9bn) worth of gold, platinum and other precious metals are dumped every year in the growing mountain of electronic waste that is polluting the planet, according to a new UN report. A record 54m tonne of “e-waste” was generated worldwide in 2019, up 21% in five years, the UN’s Global E-waste Monitor report found. The 2019 figure is equivalent to 7.3kg for every man, woman and child on Earth, though use is concentrated in richer nations. The amount of e-waste is rising three times faster than the world’s population, and only 17% of it was recycled in 2019.

Electronic and electrical goods, from phones and computers to refrigerators and kettles, have become indispensable in modern societies and enhance lives. But they often contain toxic chemicals, and soaring production and waste damages human health and the environment, and fuels the climate crisis.

The report blames lack of regulation and the short lifespan of products that are hard or impossible to repair. Experts called the situation a “wholly preventable global scandal”.

People in northern Europe produced the most e-waste – 22.4kg per person in 2019. The amount was half as much in eastern Europe. Australians and New Zealanders disposed of 21.3kg per person, while in the US and Canada the figure was 20.9kg. Averages across Asia and Africa were much lower, at 5.6kg and 2.5kg per person respectively.

E-waste contains materials including copper, iron, gold, silver and platinum, which the report gives a conservative value of \$57bn. But most are dumped or burned rather than being collected for

recycling. Precious metals in waste are estimated to be worth \$14bn, but only \$4bn-worth is recovered at the moment.

Europe had the highest recycling rate in 2019, at 42%, with Asia second at 12%. But across North and South America, and Oceania, the rate was 9% and in Africa it was 0.9%.

In low- and middle-income countries, some e-waste is recycled but usually by unsafe practices, such as burning circuit boards to recover copper. This releases highly toxic metals such as mercury, lead and cadmium, “causing severe health effects to workers as well as to the children who often live and play near e-waste activities”, the report said.

It estimated that 50 tonnes of mercury from monitors, energy-saving light bulbs and other e-waste is dumped each year. Furthermore, gases released from discarded fridges and air-conditioning units were equivalent to 98m tonnes of atmospheric carbon dioxide in 2019, close to the national emissions of Belgium.

“E-waste is a very big problem because the amount is growing at a very rapid pace each year, and the level of recycling is just not keeping up pace,” said Kees Baldé at the UN University, based in Bonn, and an author of report. “It’s important to put a price on the pollution – at the moment it is simply free to pollute.”

“The biggest problem is that, in many countries, there are no collection systems,” said Mijke Hertoghs, at the UN’s International Telecommunication Union. “The companies that bring the equipment on the market are not being held accountable for the end-of-life disposal.”

But Hertoghs said the value of the metals being dumped presented an opportunity. Baldé agreed: “If [collection and recycling] were better organised, the economies of scale would go up and I think there are opportunities for creating a new economy and new jobs. There would be a huge income for many people.” Recycling would also cut the environmental impact of mining for new metal: “One gram of gold has a massive footprint.”

“Improper e-waste recycling is a major emerging hazard, silently affecting our health and that of future generations,” said Maria Neira at the World Health Organization. She said one in four childhood deaths resulted from pollution, including e-waste.”



## ANNEXURE TO DIRECTORS' REPORT

### ANNEXURE I

#### Nomination and Remuneration Policy

The Board of Directors of Eco Recycling Limited (“the Company”) constituted Remuneration Committee in the year 2007, which was renamed as Nomination and Remuneration Committee in the year 2014 pursuant to section 178 of Companies Act, 2013 consisting of three (3) Directors forming majority are Non-Executive Independent Directors. The same has been reconstituted on December 26, 2018 as per requirement of section 178 of the Companies Act, 2013 and Regulation 19 of LODR, 2015 constituting 3 Non-Executive Independent Directors as member of committee.

#### 1. Purpose of the Policy:

This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”) as amended from time to time. This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors.

#### The Policy is framed with the objective(s):

- 1.1 To ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the working potential of all the Directors and Key managerial Personnel (KMP) of the Company;
- 1.2 To ascertain that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- 1.3 To ensure that the remuneration to Directors and Key Managerial Personnel (KMP) of the Company involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals;

- 1.4 To lay down criteria with regard to identifying persons who are qualified to become Directors (Executive and Non-executive) and persons who may be appointed in Key Managerial positions and to determine their remuneration;
- 1.5 To determine remuneration based on the Company’s size and financial position and trends and practices on remuneration prevailing in peer companies, in the industry;
- 1.6 To carry out evaluation of the performance of Directors, as well as Key Managerial Personnel and to provide for reward(s) linked directly to their effort, performance, dedication and achievement relating to the Company’s operations; and
- 1.7 To lay down criteria for appointment, removal of directors and Key Managerial Personnel and evaluation of their performance.

#### 2. Definitions:

- 2.1 Act means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- 2.2 Board means Board of Directors of the Company.
- 2.3 Directors mean Directors of the Company
- 2.4 Policy or this Policy means, “Nomination and Remuneration Policy.”
- 2.5 Key Managerial Personnel means
  - 2.5.1. Chief Executive Officer or the Managing Director or the Manager;
  - 2.5.2. Whole-time director;
  - 2.5.3. Chief Financial Officer;
  - 2.5.4. Company Secretary; and
  - 2.5.5. Such other officer as may be prescribed.
- 2.6 Senior Management means personnel of the company who are members of its core management team excluding Board of Directors comprising all members



of management one level below the executive directors, including the functional heads.

- 2.7 Committee means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, from time to time.
- 2.8 Company means Eco Recycling Limited.
- 2.9 Remuneration means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income tax Act, 1961.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

### 3. Applicability:

The Policy is applicable to

- 3.1 Directors (Executive and Non-Executive)
- 3.2 Key Managerial Personnel
- 3.3 Senior Management Personnel

### 4. ROLE OF COMMITTEE

- 4.1. Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee.

#### The Committee shall:

- 4.1.1 Identify persons who are qualified to become Directors and Key Managerial Personnel (KMP) who may be appointed in accordance with the criteria laid down.
- 4.1.2 Recommend to the Board appointment and removal of Directors and KMP and shall carry out evaluation of every director's performance.
- 4.1.3 Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- 4.1.4 Recommend to the Board a policy, relating to the remuneration for the Directors and Key Managerial personnel and other employees.
- 4.1.5 To consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is

reasonable and sufficient to attract, retain and motivate members of the Board and Key Managerial Personnel and such other factors as the Committee shall deem appropriate.

- 4.1.6 Make independent / discreet references, where necessary, well in time to verify the accuracy of the information furnished by the applicant.
- 4.2. Policy for appointment and removal of Director and Key Managerial Personnel (KMP):
  - 4.2.1. Appointment criteria and qualifications
    - a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director and Key Managerial Personnel and recommend to the Board his / her appointment.
    - b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
    - c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.
  - 4.2.2. Criteria for Remuneration to Directors, Key Managerial Personnel and Senior Management
    - (a) Performance: The Committee shall while determining remuneration ensure that the performance of the Director and Key Managerial Personnel and their commitment and efficiency is constructive and beneficial in generating commercial for the Company.

- (b) Responsibilities and Accountability: The roles and responsibilities towards the organisation and the position of the Director and Key Managerial Personnel shall be formerly evaluated to fix the remuneration.
- (c) Transparency: The process of remuneration management shall be transparent, conducted in good faith and in accordance with appropriate levels of confidentiality.
- (d) Flexibility: The Remuneration payable shall be flexible to meet both the needs of individuals and those of the Company while complying with relevant tax and other legislation.
- (e) Affordability and Sustainability: The remuneration payable is affordable and on a sustainable basis.

#### 4.2.3. Remuneration to Directors and Key Managerial Personnel

The Committee shall ensure that the Remuneration payable to Directors and Key Managerial Personnel shall be paid after complying with the provisions of Section 197 and Schedule V and such other applicable provisions of the Companies Act, 2013.

#### 4.2.4. Term / Tenure

##### a) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

##### b) Independent Director:

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- No Independent Director shall hold

office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

#### 4.2.5. Evaluation

The Committee shall carry out evaluation of performance of every Director and KMP at regular interval (yearly).

#### 4.2.6. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director and Key Managerial Personnel subject to the provisions and compliance of the said Act, rules and regulations.

#### 4.2.7. Retirement

The Director and Key Managerial Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director and Key Managerial Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

### 4.3 Policy relating to the Remuneration for the Whole-time Director and Key Managerial Personnel:

#### 4.3.1. General

- a) The remuneration / compensation / commission etc. to the Whole-time Director, and Key Managerial Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company, wherever required.

b) In determining the remuneration of Whole-time Director and Key Managerial Personnel the Committee should consider among others:

- Conducting benchmarking with companies of similar type on the remuneration package;
- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- Clear linkage of remuneration and appropriate performance benchmarking; and
- Remuneration involves a balance between fixed and incentive pay reflecting short and long-term performance objectives to the working of the Company and its goals.

c) Increments including bonuses, incentive and other rewards to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be approved by the Shareholders of the Company and/or Central Government, wherever required.

#### 4.3.2. Remuneration to Non- Executive / Independent Director

The Non- Executive / Independent Director may receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof. Provided that amount of fees shall not exceed Rs. 10,000/- per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

### 5. Membership

- 5.1 Members of the Committee shall be appointed by the Board with a minimum of three Non-Executive Directors out of which not less than one-half shall be Independent Director.
- 5.2 The Chairman of the Committee shall be elected from members amongst themselves who shall be

an Independent Director. In the absence of the Committee's Chairman, the remaining members present shall elect one of themselves to chair the meeting.

- 5.3 Only members of the Committee have the right to attend and vote at the Committee meetings and any other person required to attend the meeting will have no right to vote.
- 5.4 The Chairperson of the Committee or, in his absence, any other member of the Committee authorised by him in this behalf shall attend the general meetings of the Company.

### 6. Frequency of the meetings

The Committee shall meet at such times so as to enable it to carry out its powers, functions, roles & responsibilities. However, the Committee shall meet at least once in a year.

### 7. Quorum for the meeting

The quorum for a meeting of the Nomination and Remuneration Committee shall be either two members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance.

### 8. Committee Members' Interests

- 8.1 A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- 8.2 The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

### 9. Minutes of Committee Meetings:

Proceedings of all the meetings are recorded and signed by the Chairman of the said meeting or by the Chairman of the next succeeding meeting. Minutes of the Committee meeting are tabled at the Meeting of the Board and entered in the Minutes binder.

### 10. Amendment

Any change in the Policy shall, on recommendation of Nominations and Remuneration Committee, be approved by the Board of Directors of the Company. The Board of Directors shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding.

## ANNEXURE - II

### Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

### Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

#### Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ` Lakh)

Sr. No.	Particulars	Details
1	Name of the subsidiary	Ecoreco Enviro Education Private Limited
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not Applicable
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Not Applicable
4	Share capital	85.00
5	Reserves & surplus	(159.77)
6	Total assets	79.49
7	Total Liabilities	79.49
8	Investments	Nil
9	Turnover	Nil
10	Profit before taxation	(1.45)
11	Provision for taxation	Nil
12	Profit after taxation	(1.45)
13	Proposed Dividend	Nil
14	% of shareholding	100

Note:-

1. Names of subsidiaries which are yet to commence operations:- NIL
2. Names of subsidiaries which have been liquidated or sold during the year:- NIL

## ANNEXURE - III

### Form AOC-2

*(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013  
and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

Form for disclosure of particulars of contracts or arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under fourth proviso thereto:

1. **Details of contracts or arrangements or transactions not at arm's length basis:** Eco Recycling Limited (the Company) has not entered into any contract/arrangement/transaction with its related parties, which is not in ordinary course of business or at arm's length during FY 2019 - 20. The Company has laid down policies and processes / procedures so as to ensure compliance to the subject section in the Companies Act, 2013 (Act) and the corresponding Rules. In addition, the process goes through internal and external checking, followed by quarterly reporting to the Audit Committee.
  - (a) Name(s) of the related party and nature of relationship: Not Applicable
  - (b) Nature of contracts/arrangements/transactions: Not Applicable
  - (c) Duration of the contracts/arrangements/transactions: Not Applicable
  - (d) Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
  - (e) Justification for entering into such contracts or arrangements or transactions: Not Applicable
  - (f) Date(s) of approval by the Board: Not Applicable
  - (g) Amount paid as advances, if any: Not Applicable
  - (h) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188: Not Applicable
2. **Details of material contracts or arrangement or transactions at arm's length basis:**
  - (a) Name(s) of the related party and nature of relationship: Not Applicable
  - (b) Nature of contracts/arrangements/transactions: Not Applicable
  - (c) Duration of the contracts/arrangements/transactions: Not Applicable
  - (d) Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
  - (e) Date(s) of approval by the Board, if any: Not Applicable
  - (f) Amount paid as advances, if any: None

Note: All related party transactions are bench marked for arm's length, approved by Audit Committee and reviewed by Statutory Auditors.



## FORM MR-3 SECRETARIAL AUDIT REPORT

Form No. MR-3

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,  
The Members,  
**Eco Recycling Limited**  
422, The Summit Business Bay,  
Opposite Cinemax Theatre,  
Andheri Kurla Road,  
Andheri (E) Mumbai 400093

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Eco Recycling Limited, (CIN: L74120MH1994PLC079971)** (here in after called "the Company").

Secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliance and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2020 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment as applicable;
- (v) Labour Laws, Factories Act, Pollution Laws and other applicable laws - Due to lockdown under COVID 19, we were unable to arrange the visit to the Factory; however, as per data/information provided, the Company has complied with all the Acts, Laws, Rules or Regulations applicable for operating Factory and its allied activities as applicable.
- (vi) The industry specific laws applicable:
  - E-waste (Management) Rules, 2016;
  - Hazardous Waste Management Rules, 2016.
- (vii) The following Regulations and

Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), as applicable:-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;(not applicable)
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (not applicable)
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.

We have also examined compliance with the applicable clauses of the following:

- a) Secretarial Standards issued by the Institute of Company Secretaries of India and the company has complied

with the Secretarial Standards to the extent possible;

- b) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (LODR) Regulations, 2015.

During the period under review the Company has complied with the provisions of Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above **except for the below mentioned observations:**

1. During the year 2018-19, the term of Mr. Srikrishna B, an independent Director had come to an end on 31.03.2019. but he was re-inducted on the Board of Director's on 13.07.2019, For this delay, BSE had levied a fine of Rs. 2,14,760/- for non-compliance of the provisions of SEBI (LODR) Regulations, 2015 with respect to composition of Board of Directors and their committees, which was paid by the Company after regularising the non-compliance.
2. Mr. Dilip Bhaskar Boralkar (DIN: 02515249), an independent Director had resigned from the Board of Director's on January 24, 2020 because of some personal reasons. To fill the vacancy, Mr. Ravi Varma was appointed as an Additional Director (Non-Executive-Independent) of the Company w.e.f. 16th May 2020 on the basis of recommendations made by the Nomination and Remuneration Committee (NRC). This delay was because of prevailing situation of Covid 19.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining

further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the Minutes.

**We further report that** based on compliance mechanism established by the Company, prima facie there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. Also, as informed, the Company has responded appropriately to notices received from various statutory authorities / regulatory authorities including initiating actions for corrective measures, where found necessary.

**We further report that** during the audit period following were the specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

1. Company made an issue of Bonus shares of Face value of Rs. 10/- each in ratio of 10:1 (i.e. one fully paid up equity share for every 10 fully paid up equity shares already held) to the members on 14th August, 2019;
2. The Annual Secretarial Compliance Report as required under Regulation 24(A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, was submitted to the BSE on 6th August 2019 with a delay of 66 days.
3. Newspaper advertisement under Regulation 47 of the Securities and Exchange Board of India

(Listing Obligations and Disclosure Requirements) for the fourth quarter of the financial year ended March 31, 2019 was published. However, disclosure of the publication of the advertisement was not made to the Stock Exchange.

4. There was a resignation of Company Secretary (Pooja Sharma) w.e.f 22/04/2019 and the appointment of Company Secretary (Anand Dubey) was made w.e.f 11/10/2019.
5. There was a resignation of Chief Financial Officer (Rashmin Raval) w.e.f 04/02/2020 and the appointment of Chief Financial Officer (Shashank Soni) was made w.e.f 16/05/2020.

*Note: Due to lockdown under COVID-19, Certification on this Form MR-3 is done on basis of the documents physically made available to us during our visit to the company and remaining documents were made available to us in electronic form (i.e. scanned documents sent through e-mail) by the Secretarial Team of the Company.*

For Mehta & Mehta,  
Company Secretaries  
(ICSI Unique Code P1996MH007500)

Meghna Shah  
Partner

PCS No: 9425  
CP No: 9007  
Mumbai  
25th July, 2020  
UDIN: F009425B000504579

*Note: This report is to be read with our letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.*

## Annexure A

To,  
The Members,  
**Eco Recycling Limited**  
422, The Summit Business Bay,  
Opposite Cinemax Theatre,  
Andheri Kurla Road,  
Andheri (E) Mumbai 400093

Our report of even date is to be read along with this letter.

- 1) Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- 2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.

- 3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- 4) Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- 5) The compliance of the provisions of corporate laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
- 6) As regard the books, papers, forms, reports and returns filed by the Company under the provisions referred to in points v and vi of our Secretarial Audit Report in Form No. MR-3 the adherence and compliance to the requirements of the said regulations is the responsibility of management. Our examination was limited to checking the execution and timeliness of the filing of various forms, reports,

returns and documents that need to be filed by the Company with various authorities under the said regulations. We have not verified the correctness and coverage of the contents of such forms, reports, returns and documents.

- 7) The secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Mehta & Mehta,**  
**Company Secretaries**  
(ICSI Unique Code P1996MH007500)

Meghna Shah  
Partner

Mumbai  
25th July, 2020  
FCS No: 9425  
CP No: 9007  
UDIN: F009425B000504579



## ANNEXURE - V

### CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR 2019 - 2020

(Forming part of the Board Report of Eco Recycling Limited)

Corporate Governance is a process to manage the business affairs of the Company towards enhancing business prosperity and accountability with the objective of realizing long term shareholder value. Corporate Governance is all about ethical conduct, openness, integrity and accountability of an enterprise. Corporate Governance enjoys a commitment of the Company to run the business in legal, ethical and transparent manner emanating from the top and permeating throughout the organization. It involves a set of relationships between the Company's Management, its Board, Shareholders and Stakeholders. It is one of the key elements in improving the economic efficiency of the enterprise. Credibility generated by sound Corporate Governance enables an enterprise in enhancing the confidence of the investors and in establishing productive and lasting business relationship with all stakeholders.

The Equity Shares of the Company are listed and admitted to dealings in BSE Limited, Bombay Stock Exchange of India.

Pursuant to the provisions of Regulation 34(3) read with Chapter IV and Schedule V and other applicable Regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), a report on Corporate Governance for the financial year ended March 31, 2020 is furnished below:

#### 1. COMPANIES PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company has a strong legacy of fair, transparent and ethical governance practices. The Board of Directors, by considering itself as trustee of its shareholders, aims at maximizing shareholders value and protecting the interest of all stakeholders.

Philosophy on Corporate Governance strives for attaining the optimum level of transparency and accountability in all phases of its operation and dealing with its shareholders, employees, lenders, creditors, customers and the government. Your company shall continue to follow the same with a desire for further development on continuous basis.

In India, Corporate Governance standards for listed companies are regulated by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Your Company is in compliance with the requirements of Corporate Governance stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). The Company has adopted best practices mandated in SEBI (LODR) Regulations, 2015.

#### 2. BOARD OF DIRECTORS:

The Company is fully compliant with the Corporate Governance norms in respect of constitution of the Board of Directors. The Company's Board represents an optimum mix of professionalism, knowledge and experience. The Board formulates strategy, regularly reviews the performance of the Company and ensures that the previously agreed objectives are met on a consistent basis. The Managing Directors are responsible for day-to-day operations of the Company.

Eco Recycling Board of Directors has an ideal composition of Executive and Non-Executive Directors with one Woman Director. Half of the Board consists of Independent Directors. The current policy is to have an appropriate mix of Executive, Non-Executive and Independent Directors (IDs) to maintain the independence of the Board and separate its functions of governance and management.

As per the declaration received from IDs, all IDs meets the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 ('the Act') and are abide by the obligations as laid down under Regulation 25 of the Listing Regulations and Schedule IV of the Act. None of the Directors on the Board are Independent Directors of more than seven Listed Companies.

Composition of the Board of Directors as on March 31, 2020 was in accordance with the requirements of Regulation 17 of the Listing Regulations. As per Regulation 26(1) of the Listing Regulations, none of the Directors on the Board is the Member of more than 10 Committees and Chairperson of more than 5 Committees across all the Companies in which they are Directors. The same is also evidenced from the table given below.

As on the date of this Report, in compliance with the Listing Regulations, Eco Recycling Board of Directors headed by its Chairman & Managing Director - Mr. Brijkishor Soni (DIN: 01274250), comprised of 5 (Five) other Directors, including a Woman Director, out of which 3 (three) Directors are Independent Non-Executive Directors. Detailed profile of our Directors is available on our website at [www.ecoreco.com](http://www.ecoreco.com) and also given in this Annual Report.

Details relating to the composition of the Board of Directors, number of Directorships, Memberships and Chairmanships of the Directors of the Company in other Public Limited Companies as on the date of this report are as follows:

**a. Composition of the Board of Directors:**

The name and category of Director on the Board, the number of Directorship held by them in other Company and numbers of the Committees in which they are the Member are given herein below:

Name of the Director(s) and their DIN	Designation	Category	Name of Listed Entity in which he is director & Category	No. of other Directorships <sup>#</sup>	Committee positions <sup>#</sup>	
					Chairperson	Member
<b>Executive Directors</b>						
Mr. Brijkishor Soni (DIN: 01274250)	Chairman & Managing Director	Promoter	-	5	-	-
Mrs. Aruna Soni (DIN: 01502649)	Executive Woman Director	Promoter	-	7	-	2
Mr. Shashank Soni (DIN: 02083384)	Director	-	-	3	-	-
<b>Non -Executive Directors</b>						
Mr. Dattatraya Trimbak Devale (DIN: 07186290)	Non-Executive Director	Independent	-	2	3	-
Mr. Srikrishna Bhamidipati (DIN: 02083384)	Non-Executive Director	Independent	Avance Technologies Limited - Executive	1	3	-
*Mr. Dilip Bhaskar Boralkar (DIN: 02515249)	Non-Executive Director	Independent	-	-	-	1
** Mr. Ravi Varma (DIN: 08762549)	Non-Executive Director	Independent	-	-	-	-

\*resigned from the Board of Directors of the Company with effect from January 24, 2020

\*\*Appointed as an Non-Executive Independent Director of the Company in the Board Meeting dated May 16 2020

<sup>#</sup>For the purpose of considering the number of other Directorships and Committee positions, all Public Limited Companies, whether listed or not, have been included and all other Companies including Private Limited Companies, Foreign Companies and Companies under section 8 of the Companies Act, 2013 have been excluded. Committee positions considered are only of Audit Committee and Stakeholders' Relationship Committee, including that of the Company.



**b. Attendance at Board Meeting and Annual General Meeting:**

During the Financial Year 2019-20, 6 Meetings of Board of Directors were held. The dates of Board meeting are as under: 30<sup>th</sup> May 2019; 13<sup>th</sup> July 2019; 14<sup>th</sup> August, 2019, 30<sup>th</sup> August 2019; 11<sup>th</sup> October 2019, 14<sup>th</sup> November, 2019 and 24<sup>th</sup> January 2020.

The last Annual General Meeting of the Company was held on 14<sup>th</sup> August, 2019.

Sr. No.	Date of Meeting	Attendance at the Board Meetings held on					
		Mr. B. K. Soni	Mrs. Aruna Soni	Mr. Srikrishna Bhamidipati	Mr. Shashank Soni	Mr. Dattatraya Trimbak Devale	Mr. Dilip Bhaskar Boralkar
1	30 <sup>th</sup> May 2019	Present	Present	Present	Present	Present	Absent
2	13 <sup>th</sup> July 2019	Present	Present	Present	Present	Present	Absent
3	14 <sup>th</sup> August 2019	Present	Absent	Present	Present	Present	Absent
4	30 <sup>th</sup> August 2019	Present	Absent	Present	Present	Absent	Present
5	14 <sup>th</sup> November 2019	Present	Present	Present	Present	Present	Present
6	24 <sup>th</sup> January 2020	Present	Present	Present	Present	Present	Absent

Sr. No.	Date of Meeting	Attendance at the Annual General Meeting held on Auhust 14, 2019					
		Mr. B. K. Soni	Mrs. Aruna Soni	Mr. Srikrishna Bhamidipati	Mr. Shashank Soni	Mr. Dilip Boralkar	Mr. Dattatraya Trimbak Devale
1	August 14, 2019	Present	Absent	Present	Present	Absent	Present

**c. Details of Directors seeking re-appointment at the forthcoming Annual General Meeting:**

Mrs. Aruna Soni (DIN: 01502649) is retiring by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

**d. Relationship between the Directors inter-se:**

Mr. Brijkishor Soni (DIN: 01274250), Mrs. Aruna Soni (DIN: 01502649) and Mr. Shashank Soni (DIN: 06572759), Directors of the Company, are related with each other (*inter-se*) within the meaning of the Listing Regulations.

None of the Independent/Non-Executive Directors of the Company has any material pecuniary relationships or transactions with the Company, its promoters, its Directors or its senior management which may affect their independence.

Besides the transactions reported in the Notes to the Accounts for the year, the Company has not entered into any materially significant transactions with its Promoters, Directors or their relatives or with the Management, etc. that may have potential conflict with the interest of the Company at large.

**e. Number of shares of the Company held by Non- Executive Directors as on the date of this Report:**

Sr. No.	Name of Director	No. of Shares held	% of Shareholding
1.	Mr. Ravi Varma (DIN: 08762549)*	-	-
2.	Mr. Dattatraya Trimbak Devale (DIN: 07186290)	-	-
3.	Mr. Srikrishna Bhamidipati (DIN: 02083384)	-	-
4.	Mr. Dilip Bhaskar Boralkar (DIN: 02515249) **	-	-

\* appointed as Director of the Company with effect from May 16, 2020.

\*\* ceased to be Director of the Company with effect from January 24, 2020.

**f. Weblink where details of familiarization programmes imparted to Independent Directors is disclosed:**

In compliance with the requirements of SEBI Regulations, the Company has put in place a familiarization programme for the Independent Directors to familiarize them with their role, rights and responsibility as Directors, the working

of the Company, nature of the industry in which the Company operates, business model etc.

The familiarisation programmes aims to provide insight to the Independent Directors to understand the business of the company. A familiarization programme was conducted for non-executive directors on areas such as the core functions of the Company, overview of the industry, financials and the performance of the Company. An overview of the familiarization programme is placed on the Company's website at [http://ecoreco.com/Uploads/Downloads/Familiarization\\_Programme.pdf](http://ecoreco.com/Uploads/Downloads/Familiarization_Programme.pdf)

**Core area under Familiarization Programme:**

- Nature of the Industry in which the Company operates;
- Business model of the Company;
- Risk and Challenges for the Company;
- Changes in Business Environment;
- Strategic discussion and future outlook

**g. Meeting of Independent Directors:**

In accordance with the provisions of Schedule IV of the Act, a separate meeting of the Independent Directors was held during the year on November 14, 2019 without the attendance of Non-Independent Directors and Members of the Management.

At this meeting, the IDs *inter-alia*:

- i. evaluated the performance of the Non-Independent Directors and the Board of Directors as a whole;
- ii. evaluated the performance of the Chairman of the Board taking into account the views of the Executive Director and Non-Executive Directors; and
- iii. assessed the aspects relating to the quality, quantity and timeliness of the flow of information between the Company, the Management and the Board which is considered necessary for the Board to effectively and reasonably perform their duties.

The meeting was attended by Mr. Srikrishna Bhamidipati (DIN: 02083384), Mr. Dattatraya Trimbak Devale (DIN: 07186290). Mr. Dilip Boralkar (DIN: 02515249) and Mr. Srikrishna Bhamidipati (DIN: 02083384) was the Chairman of the meeting. The Independent Directors discussed matters pertaining to the Company's affairs and functioning of the Board and the evaluation of the members of Board

**h. Board's Functioning & Procedures:**

Board members are informed well in advance about the schedule of the Meetings. The Company Secretary in consultation with the Chairman

of the Company drafts the agenda for each meeting, along with agenda notes and send the same coupled with the documents related to Agenda at least seven days in advance to all the Directors for facilitating fruitful and focused discussions at the meeting. Every Board member can suggest the inclusion of additional items in the agenda. In order to enable the Board to discharge its responsibilities effectively, the Board reviews the overall Company performance on the basis of functional report placed before it by the Chairman and Managing Director.

The functions performed by the Board, *inter-alia*, include review of:

- Strategy and business plans,
- Annual operating and capital expenditure budgets,
- Quarterly results of the Company,
- Minutes of the Meeting of Audit and other Committees of the Board,
- Information on recruitment and remuneration of senior officers,
- Investment and exposure limits,
- Business risk analysis and control,
- Compliance with statutory/regulatory requirements,
- Review of major legal issues,
- Transaction pertaining to

the purchase or disposal of property, major provisions and write offs.

The Board meets at least once in a quarter to review the quarterly results and other items on the agenda and also on the occasion of the Annual General Meeting. Additional meetings are held whenever deemed necessary. At the Board Meetings, the Directors are being provided information as stipulated in Regulation 17(7) of the Listing Regulations in addition to other business items.

**i. Board Evaluation:**

The Nomination and Remuneration Committee has approved a Policy for evaluation of the Board, its Committees and Directors and the same has been approved by the Board of Directors of the Company.

The performance evaluation of the Non-Independent Directors and the Board as a whole was carried out by the Independent Directors. The performance evaluation of the Chairman of the Company was also carried out by the Independent Directors, taking into account the views of the Executive Director and Non-Executive Directors and the performance evaluation of Independent Directors was done by the entire Board of Directors, excluding the Director being evaluated.

The Directors expressed their satisfaction with the evaluation process.

- j. Declaration by the Chairman & Managing Director under regulation 34(3) of the Listing Regulations regarding adherence to the Code of Conduct is forming part of the Report on Corporate Governance.
- k. A Certificate as stipulated under Regulation 17(8) of the Listing Regulations was placed before the Board of Directors and is also forming a part of the report on Corporate Governance.
- l. Detailed reason of resignation of Independent Director: Mr. Dilip Bhaskar Boralkar (DIN: 02515249) has tendered his resignation with effect from January 24, 2020 due to personal commitments and pre-occupation. Except this there are no other material reasons other than those provided above.

**3. STATUTORY COMMITTEES OF THE BOARD:**

The Company has developed all the necessary Committees of the Board namely:

- a. Audit Committee;
- b. Nomination and Remuneration Committee;
- c. Stakeholders Relationship Committee / Shareholders Grievances Committee.

The constitution, terms of reference and the functioning of the above mentioned Committees of the Board is explained herein.

The Board reviews the

functioning of these committees from time to time. The Chairman of these Committees conducts the Meetings and also informs the Board about the summary of discussions held in the Committee Meetings. The Minutes of the Committee Meetings are sent to all Directors and are tabled at the respective Board / Committee Meetings.

**I. AUDIT COMMITTEE:**

As a measure of good Corporate Governance and to provide assistance to the Board of directors and to meet the requirement of section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (LODR) Regulations, 2015 and in fulfilling the Board's overall responsibilities, an Audit Committee is functioning consisting of only Independent Directors.

**i. Composition of the Audit Committee:-**

The Composition of Audit Committee is in compliance with the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of Listing Regulation.

The composition of the Audit Committee as at March 31, 2020 and dates and details of the Members participation at the Meetings of the Committee are as under:

Sr. No.	Name of the Director	Designation & Category	Attendance at the Audit Committee Meetings held on			
			30.05.2019	14.08.2019	14.11.2019	24.01.2020
1	Mr. Srikrishna Bhamidipati (DIN: 02083384)	Chairman- Non-Executive Independent Director	NA	Present	Present	Present
2	Mrs. Aruna Soni (DIN: 01502649)	Member- Executive Director	Present	Absent	Present	Present
3	Mr. Dattatraya Trimbak Devale (DIN: 07186290)	Member -Independent Non-Executive Director	Present	Present	Present	Present

The Members of the Audit Committee met Four (4) times during the financial year 2019-20 on May 30, 2019, August 14, 2019, November 14, 2019, and January 24, 2020. The highlights of each of the Audit Committee Meetings were informed to the Board of Directors and discussed in the Board Meeting. All the recommendations made by the Audit Committee during the year were accepted by the Board.

Mr. Srikrishna Bhamidipati (DIN: 02083384), Chairman of the Audit Committee, was present at the last Annual General Meeting held on Wednesday, August 14, 2019 to answer the queries of the shareholders.

All the Members of the Audit Committee are financially literate and have relevant accounting and financial management expertise as required under the Act and Regulation 18 of the Listing Regulations. The Company Secretary acts as the Secretary of the Audit Committee.

The primary objective of the Committee is to monitor and provide an effective supervision of the Management's financial reporting process, to ensure accurate and timely disclosures, with the highest levels of transparency, integrity and quality of financial reporting and its compliance with the legal and regulatory requirements. The Committee oversees the work carried out in the financial reporting process by the Management, the Internal Auditors and the Statutory Auditors and notes the processes and safeguards employed by each of them.

As the tenure of Mr. Srikrishna Bhamidipati (DIN: 02083384) has been completed on March 31, 2019, the Company need to reconstitute the Audit Committee. During the first quarter i.e April- June of the FY 2019-20, composition of the Board of Directors was not in accordance with the requirements of Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Due to this, the Company had received a notice from Bombay Stock Exchange (BSE) on August 19, 2019 in relation to non-compliance with the provisions of Regulation 17(1), 18(1), 19(1), 19(2), 20(2), 21(2) of SEBI (LODR) Regulations, 2015. The Company was not fully compliant with the Corporate Governance norms in respect of constitution of the Board of Directors for the quarter ended June 2019 for which the company was liable to pay a fine amounting to Rs. 2,14,760/- (Rupees Two Lakh Fourteen Thousand Seven Hundred and Sixty).

In the second quarter i.e July – Sep 2019, the Company in its Board Meeting held on July 13, 2019 reconstituted the Audit Committee comprising of Mr. Srikrishna Bhamidipati (DIN: 02083384) Additional Independent & Non-Executive Director as the Chairperson of the committee, Mr. Dattatraya Trimbak Devale (DIN: 07186290), Independent Director as the Member of the committee, and Mrs. Aruna Soni (DIN: 01502649), Executive Director as the member of the committee.

**ii. Terms of Reference of the Audit Committee are as follows:**

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;

3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the Management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement forming part of the Board's Report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by Management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions;
  - g. Qualifications in the draft audit report;
5. Reviewing, with the Management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the Management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk Management systems;
12. Reviewing, with the Management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;



- a. Every listed company or such class or classes of companies, as may be prescribed, shall establish a vigil mechanism for directors and employees to report genuine concerns in such manner as may be prescribed;
  - b. The vigil mechanism under sub-section (9) of Section 177 of Companies Act, 2013, shall provide for adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases;
19. Approval of appointment of CFO (i.e., the Whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. The Audit Committee shall mandatorily review the following information:
- a. Management discussion and analysis of financial condition and results of operations;
  - b. Statement of significant related party transactions (as defined by the Audit Committee), submitted by Management;
  - c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
  - d. Internal audit reports relating to internal control weaknesses; and
  - e. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee;
21. The Audit Committee shall have powers, which should include the following:
- a. To investigate any activity within its terms of reference;
  - b. The Audit Committee shall have authority to investigate into any matter in relation to the items specified in sub-section (4) of Section 177 of Companies Act, 2013, or referred to it by the Board and for this purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the company;
  - c. To seek information from any employee;
  - d. To obtain outside legal or other professional advice;
  - e. To secure attendance of outsiders with relevant expertise, if it considers necessary;
22. The Audit Committee of the listed holding company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company;
23. All Related Party Transactions shall require prior approval of the Audit Committee.  
Approval or any subsequent modification of transactions of the company with related parties;
24. When money is raised through an issue (public issues, rights issues, preferential issues etc.), the company shall disclose the uses / applications of funds by major category (capital expenditure, sales and marketing, working capital, etc.), on a quarterly basis as a part of their quarterly declaration of financial results to the Audit Committee.  
Further, on an annual basis, the company shall prepare a statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and place it before the audit committee. Such disclosure shall be made only till such time that the full money raised through the issue has been fully spent. This statement shall be certified by the statutory auditors of the

company. Furthermore, where the company has appointed a monitoring agency to monitor the utilization of proceeds of a public or rights issue, it shall place before the Audit Committee the monitoring report of such agency, upon receipt, without any delay. The audit committee shall make appropriate recommendations to the Board to take up steps in this matter.

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

The Minutes of the Meetings of the Committee are circulated to all the Members and confirmed at the subsequent Meeting.

## II. NOMINATION AND REMUNERATION COMMITTEE:

In pursuance of the Company's policy to consider human resources as its invaluable assets, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the

provisions of the Act and the Listing Regulations, as amended from time to time, the scope and the terms of reference of the Nomination and Remuneration Committee have been expended. Its constitution, composition, quorum requirements, frequency of meetings, terms of reference, role, powers, rights, authority and obligations are in conformity with the applicable provisions of the Act and the Listing Regulations (including any statutory modification(s) or re-enactment(s) or amendment(s) thereof).

### i. Composition, Names of the Chairperson and Members of the Committee and their attendance details:-

Your company has formed this committee to consider and approve the remuneration payable to the directors. The Composition of Nomination and Remuneration Committee is in compliance with the requirements of Section 178 of the Companies Act, 2013 and Regulation 19 of Listing Regulation.

The composition of the Nomination and Remuneration Committee as at March 31, 2020 and dates and details of the Members participation at the Meetings of the Committee are as under:



Sr. No.	Name of the Director	Designation & Category	Attendance at the Nomination and Remuneration Committee Meeting held on		
			30.05.2019	13.07.2019	14.11.2019
1	Mr. Srikrishna Bhamidipati (DIN: 02083384)	<b>Chairman</b> - Non-Executive Independent Director	NA	Present	Present
2	Mr. Dattatraya Trimbak Devale (DIN: 07186290)	<b>Member</b> - Independent Non-Executive Director	Present	Present	Present
3	Mr. Dilip Bhaskar Boralkar* (DIN: 02515249)	<b>Member</b> - Independent Non-Executive Director	Absent	Absent	Present

*\*resign from the Board of Directors of the Company with effect from January 24, 2020. Thus, he ceased to be the Member of the Nomination and Remuneration Committee.*

During the year, Mr. Dilip Boralkar (DIN: 02515249) has tendered his resignation w.e.f. January 24, 2020. Due to resignation of Mr. Dilip Boralkar (DIN: 02515249) there was reconstitution of Nomination and Remuneration committee on board meeting held on May 16, 2020.

Mr. Srikrishna Bhamidipati (DIN: 02083384), the Chairman of the Nomination and Remuneration Committee, was present at the last Annual General Meeting held on Wednesday, August 14, 2019 to answer the queries of the shareholders.

The purpose of this Committee is to screen and to review individuals qualified to serve as Executive Directors, Non-executive Directors, Independent Directors and Key Managerial Personnel and remuneration to be paid to them in accordance with the Nomination and Remuneration Policy of the Company and recommend to the Board for its approval. The Committee makes recommendations to the Board on candidates for –

- (i) nomination for election or re-election by the shareholders; and
- (ii) any Board vacancies that are to be filled.

It may act on its own in identifying potential candidates, inside or outside the Company, or may act upon proposals submitted by the Management or the Chairman of the Company. It reviews and discusses all matters pertaining to candidates and evaluates the candidates as Director or Key Managerial Personnel. The Nomination and Remuneration Committee co-ordinates and oversees the annual evaluation of the Board and of individual Directors.

As Mr. Dilip Boralkar (DIN: 02515249) has tendered his resignation w.e.f. January 24, 2020, the Company needed to reconstitute the Nomination and Remuneration Committee. The Company in the Board Meeting held on May 16, 2020 reconstituted the Nomination and Remuneration Committee comprising of Mr. Dattatraya Trimbak Devale (DIN: 07186290), Independent Director as the Chairperson of the committee, Mr. Ravi Varma (DIN: 08762549), Additional Independent & Non-Executive Director and Mrs. Aruna Soni (DIN: 01502649), Executive Director as the member of the committee.

**ii. Terms of Reference of the Nomination and Remuneration Committee are as follows:**

- to identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board of Directors (Board) their appointment and removal and to carry out evaluation of every director's performance
- to formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees

- while formulating the policy as aforesaid, to ensure that:
    - a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
    - b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
    - c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals, : provided that such policy shall be disclosed in the Board's Report.
  - to approve the payment of remuneration as prescribed under Schedule V of the Act
  - to determine, review and recommend to the Board, the remuneration of the Company's Managing / Joint Managing/Deputy Managing/ Whole time/Executive Director(s), including all elements of remuneration package
  - to determine, review and recommend to the Board, the remuneration of the Company's top executives who are one level below the Managing/Joint Managing/Executive Director(s)
  - to formulate, implement, supervise and administer the terms and conditions of the Employee Stock Option Scheme, Employee Stock Purchase Scheme, whether present or prospective, pursuant to the applicable statutory/regulatory guidelines
  - formulation of criteria for evaluation of independent directors and the Board of Directors
  - devising a policy on diversity of the Board of Directors
  - identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal
  - whether to extend or continue the term of appointment of independent director, on the basis of the report of performance evaluation of independent director
  - aligning key executive and board remuneration with the longer term interests of the Company and its shareholders
  - ensuring a transparent board nomination process with the diversity of thought, experience, knowledge, perspective and gender
  - to carry out any other functions as authorized by the Board from time to time or as enforced by statutory/regulatory authorities
- iii. Performance evaluation criteria for Independent Directors:**
- The Nomination and Remuneration Policy of the Company showcase the appointment criteria and remuneration payable to the Directors of the Company. The remuneration paid to the Directors is broadly based on the criteria such as his/her qualification, experience, profile and his performance. Detailed procedure of performance evaluation is provided under point no. 28 of Board' Report.
- The criterion for evaluation of performance of Independent Directors *inter-alia* includes:
- highest Personal and Professional ethics, integrity and values,
  - inquisitive and objective perspective, practical wisdom and mature judgment,
  - demonstrated intelligence, maturity, wisdom and independent judgment,
  - Self-confidence to contribute to Board deliberations and stature such that other board members will respect his or her view,

- the willingness and commitment to devote the extensive time necessary to fulfill his/her duties,
- the ability to communicate effectively and collaborate with other Board members to contribute effectively to the diversity of perspectives that enhances Board and Committee deliberations, including willingness to listen and respect the views of others,
- the skills, knowledge and expertise relevant to the Company's business, with extensive experience at a senior leadership level in a comparable Company or organization, including but not limited to relevant experience in manufacturing, international operations, public service, finance, accounting, strategic planning, supply chain, technology and marketing,
- commitment, including guidance provided to the Senior Management outside of Board/Committee Meetings,
- effective deployment of knowledge and expertise,
- independence of behavior and judgment,
- maintenance of confidentiality of critical issues.

**iv. Nomination and Remuneration Policy:**

In terms of Section 178 of the Companies Act, 2013 and as per Listing Regulation, the policy on Nomination and Remuneration of Directors, Key Managerial Personnel, Senior Management

and other employees of the Company had been formulated by the Nomination and Remuneration Committee of the Company and approved by the Board of Directors. The policy act as guidelines for determining, inter-alia, qualification, positive attribute and Independence of Director, matters relating to remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees.

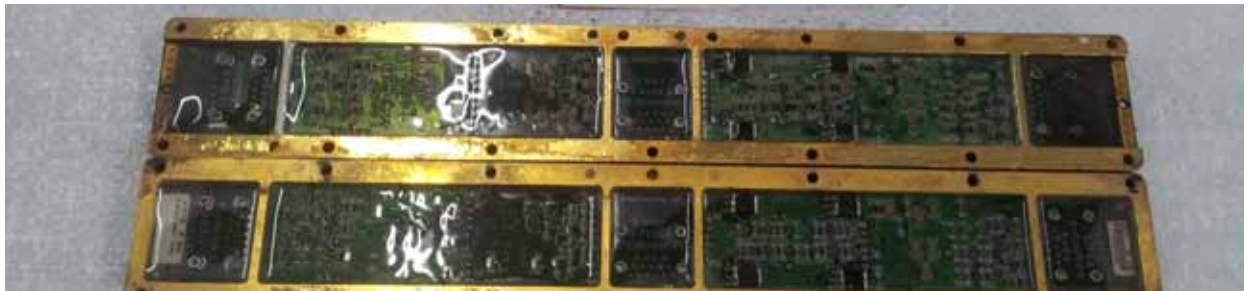
**III. STAKEHOLDERS RELATIONSHIP COMMITTEE / SHAREHOLDERS GRIEVANCE COMMITTEE:**

The Company has always valued its investors' and stakeholders' relationships. In order to ensure the proper and speedy redressal of stakeholders' grievances, the Stakeholders' Relationship Committee is constituted. Its constitution, composition, quorum requirements, frequency of meetings, terms of reference, role, powers, rights, authority and obligations are in conformity with the applicable provisions of the Companies Act, 2013 and the Listing Regulations (including any statutory modification(s) or re-enactment or amendments thereof).

**a. Composition, Names of the Chairperson and Members of the Committee and their attendance details:-**

The Company constituted Stakeholder Grievance Committee, to specifically look into the Redressal of the shareholder's grievances, share transfers and other investor related matters.

The composition of the Stakeholder Grievance Committee as at March 31, 2020 and dates and





details of the Members participation at the Meetings of the Committee are as under:

Sr. No.	Name of the Director	Designation & Category	Attendance at the Stakeholder Grievance Committee Meetings held on			
			30.05.2019	13.07.2019	14.11.2019	24.01.2020
1	Mr. Srikrishna Bhamidipati (DIN: 02083384)	Chairman- Non-Executive Independent Director	NA	Present	Absent	Present
2	Mrs. Aruna Soni (DIN: 01502649)	Member- Executive Director	Present	Present	Present	Present
3	Mr. Dattatraya Trimbak Devale (DIN: 07186290)	Member -Independent Non-Executive Director	Present	Present	Present	Present

The role of the Committee is to consider and resolve the grievances of the security holders of the Company, including complaints relating to transfer and transmission of securities, non-receipt of dividends, non-receipt of Annual Reports and such other grievances as may be raised by the security holders from time to time.

As the tenure of Mr. Srikrishna Bhamidipati (DIN: 02083384) has been completed on March 31, 2019, the Company need to reconstitute the Audit Committee. During the first quarter i.e April- June of the FY 2019-20, composition of the Board of Directors was not in accordance with the requirements of Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Due to this, the Company had received a notice from Bombay Stock Exchange (BSE) on August 19, 2019 in relation to non-compliance with the provisions of Regulation 17(1), 18(1), 19(1), 19(2), 20(2), 21(2) of SEBI (LODR) Regulations, 2015. The Company was not fully compliant with the Corporate Governance norms in respect of constitution of the Board of Directors for the quarter ended June 2019 for which the company was liable to pay a fine amounting to Rs. 2,14,760/- (Rupees Two Lakh Fourteen Thousand Seven Hundred and Sixty).

In the second quarter i.e July – Sep 2019, the Company in their Board Meeting held on July 13, 2019 reconstituted the Stakeholder Relationship Committee comprising of Mr. Srikrishna Bhamidipati (DIN: 02083384) Additional Independent & Non-Executive Director as the Chairperson of the committee, Mr. Dattatraya Trimbak Devale (DIN: 07186290), Independent Director as the Member of the committee, and Mrs. Aruna Soni (DIN: 01502649), Executive Director as the member of the committee.

**b. Name and designation of Compliance Officer:**

For the FY 2019-20, Mr. Anand Dubey, Company Secretary, is the Compliance Officer of the Company in terms of Regulation 6(1) of the Listing Regulations (*e-mail ID: shareholders@ecoreco.com*). He has been entrusted the task of overseeing the Share transfer, transmission, splitting and consolidation of shares and issue of duplicate share certificates done by the R & TA and attending to Grievances of the Shareholders/Investors intimated to the Company directly by the SEBI.

**c. The functions of the Stakeholder’s Relationship Committee / Shareholders’ Grievance Committee includes the following:-**

1. Transfer / Transmission of shares;
2. Issue of duplicate share certificates;
3. Review of shares dematerialized and all other related matters;
4. Monitors expeditious Redressal of investors’ grievances;
5. Non receipt of Annual Report and declared dividend,;
6. All other matters related to shares.

**d. Details of the Shareholders' Complaints:**

No. of pending complaints as on April 1, 2019	0
Number of shareholders' complaints received during the financial year 2019-20	3
Number of complaints not resolved to the satisfaction of shareholders as on March 31, 2020	0
No. of pending complaints as on March 31, 2020	0

The complaints have been resolved in consonance with the applicable provisions of the relevant rules/regulations and acts for the time being in force.

All Share transfers and correspondence thereon are handled by the Company's R & TA viz. M/s. Bigshare Services Private Limited having Registered Office at Bharat Tin Works Building, First Floor ,Opposite Vasant Oasis, Next to Keys Hotel, Marol Maroshi Road, Andheri (East), Mumbai – 400059.

**e. Brief description of terms of reference:**

The terms of reference of Committee *inter-alia* includes:

- to consider and resolve the grievances of security holders of the Company
- to specifically look into the redressal of grievances of shareholders, debenture holders and other security holders
- to consider and resolve the grievances of the security holders of the Company including complaints related to transfer of shares, non-receipt of annual report, non-receipt of declared dividends, etc.
- to supervise the process relating to transfer, transmission, transposition, split, consolidation of securities
- to issue the duplicate share certificate(s) and supervise the process
- to supervise the process relating to consider re-materialization/de-materialization requests
- to oversee the performance of the Company's registrar & share transfer agents
- to implement and monitor the Company's Code of Conduct for Prohibition of Insider Trading in conformity with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended
- to make recommendations to improve service levels for stakeholders
- to carry out any other functions as authorized by the Board of Directors from time to time or as enforced by statutory/ regulatory authorities



**f. Meetings during the year:**

During the financial year under review, the Committee met four (4) times, i.e. on May 30, 2019, July 13, 2019, November 14, 2019 and January 24, 2020.

**4. REMUNERATION PAID TO THE DIRECTORS OF THE COMPANY:**

**(a) Pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis the Company:**

During the year none of the Non-executive and Independent Directors was paid any remuneration except sitting fees for attending Board Meetings / Audit Committee Meetings / Nomination and Remuneration Committee Meetings. No Sitting fees are paid for the Stakeholders Relationship Committee / Shareholders' Grievance Committee Meetings.

**(b) Disclosures with respect to remuneration:**

(i) Details of remuneration paid to the Executive Directors & Non - Executive Directors for the financial year 2019-20 are as given below:

Name of the Director	Salary	Sitting fees	Total
Mr. B. K. Soni	42,00,000	-	42,00,000
Mrs.Aruna Soni	18,00,000	20,000	18,20,000
Mr. Srikrishna Bhamidipati	-	50,000	50,000
Mr.Shashank Soni	4,00,000	30,000	4,30,000
Mr. Ravi Varma*	-	-	-
Mr. Dattatraya Trimbak Devale	-	50,000	50,000
Mr. Dilip Boralkar **	-	20,000	20,000

\* appointed as Additional Director with effect from May 16, 2020.

\*\* resign from the Board of Directors of the Company with effect from January 24, 2020.

**5. GENERAL BODY MEETING:**

• The particulars of the last three Annual General Meetings are as under:

Financial Year	Date of the Annual General Meeting	Venue of the Annual General Meeting	Time of the Annual General Meeting	Details of Special Resolution Passed
2016-2017	4 <sup>th</sup> August, 2017	422, The Summit Business Bay Opposite Cinemax Theatre, Andheri-Kurla Road, Andheri (E), Mumbai-400 093	11.00 A.M.	To adopt new set of Articles of associations.
2017-2018	15 <sup>th</sup> September, 2018	422, The Summit Business Bay Opposite Cinemax Theatre, Andheri-Kurla Road, Andheri (E), Mumbai-400 093	11.00 A.M.	Revision of remuneration of Mr. Shashank Soni.
2018-2019	14 <sup>th</sup> August, 2019	422, The Summit Business Bay Opposite Cinemax Theatre, Andheri-Kurla Road, Andheri (E), Mumbai-400 093	12.00 P.M.	Revision of remuneration of Mr. B K Soni and Mrs. Aruna Soni.

• **Extra ordinary General Meeting:**

No Extra ordinary General Meeting of the members was held during the year under review.

- **Details of the Special Resolution passed through Postal Ballot:**

During the year under review, no resolution has been passed through the exercise of postal ballot.

## 6. MEANS OF COMMUNICATION:

The Company recognizes the importance of two way communication with shareholders and of giving a balanced reporting of results and progress and responds to questions and issue raised in a timely and consistent manner. Shareholders seeking information may contact the Company directly throughout the year. They also have an opportunity to ask questions in person at the Annual General Meeting.

Some of the modes of communication are mentioned below:

- **Quarterly results:**

Quarterly/Half yearly/Annual results are regularly submitted to the Stock Exchanges, where the securities of the Company are listed, immediately after the approval of the Board pursuant to the Listing Regulations requirements and are published in the newspapers.

The financial results are also displayed on the Company's website i.e. [www.ecoreco.com](http://www.ecoreco.com)

- **Newspapers wherein results normally published:**

The quarterly, half yearly and annual results are communicated to all the members of the Company by publishing the same in English and Marathi National dailies i.e Free Press Journal and Navshakti.

- **Any Website, where displayed**

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

- **Whether Website also displays official news releases:**

The Company has maintained a functional website [www.ecoreco.com](http://www.ecoreco.com) containing basic information about the Company e.g. details of its business, Directors and also other details as per the requirements

of the Listing Regulations and the Act like financial information, shareholding pattern, codes, compliance with corporate governance, contact information of the designated officials of the Company who are responsible for assisting and handling investor grievances, etc.

- **Presentations made to institutional investors or to the analysts:**

No presentations were made to any institutional investors or analysts during the financial year 2019-20.

## 7. GENERAL SHAREHOLDERS INFORMATION:

### I. Details of the Annual General Meeting for the financial year 2019-2020:

- **Date:** 24<sup>th</sup> August, 2020
- **Day:** Monday
- **Time:** 04:00 P.M.
- **Venue:** Through Video Conferencing.

The Company shall also provide facility of e-Voting and ballot voting for the ensuing Annual General Meeting of the Company.

### II. Financial Year 2019- 2020:

### III. Dividend:

During the year, Company has not declared any dividend.

### IV. Name and address of stock exchanges at which the Company's securities are listed and confirmation about payment of annual listing fees to each of stock exchanges:

The Company's equity shares are listed on the BSE Ltd. (BSE) - Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. The Company has paid the applicable annual listing fees to BSE.

### V. Stock code :

BSE Scrip Code	530643
ISIN Number for NSDL & CDSL	INE316A01038

**VI. Market Price Data: High / Low price during each Month of 2019-20 on The Bombay Stock Exchange Limited and BSE Sensex are as under:**

Month	Open Price	High Price	Low Price	Close Price	No. of Shares	No. of Trades	Total Turnover (Rs.)	Deliverable Quantity	% Deli. Qty. to Traded Qty.	Spread High-Low	Spread Close-Open
Apr-19	45.00	48.00	36.00	42.95	42888	572	1804041	28883	67.35	12.00	-2.05
May-19	43.00	47.20	30.25	37.15	86802	428	3326066	65256	75.18	16.95	-5.85
Jun-19	38.25	42.00	30.10	40.15	38553	374	1352218	30879	80.09	11.90	1.90
Jul-19	40.15	43.50	33.05	38.45	37819	653	1466975	29210	77.24	10.45	-1.70
Aug-19	39.40	49.90	31.00	33.60	77281	1556	3101482	54489	70.51	18.90	-5.80
Sep-19	35.00	42.80	31.05	33.10	54836	794	1958641	35136	64.07	11.75	-1.90
Oct-19	34.00	35.80	28.15	29.65	19574	375	623013	14115	72.11	7.65	-4.35
Nov-19	29.65	33.10	29.25	31.90	20572	291	646795	16863	81.97	3.85	2.25
Dec-19	30.00	36.90	25.05	31.40	139921	448	4210641	132703	94.84	11.85	1.40
Jan-20	33.80	39.30	28.00	36.00	196317	568	6549857	184300	93.92	11.30	2.20
Feb-20	33.80	37.50	30.60	35.95	49219	479	1687370	26849	54.55	6.90	2.15
Mar-20	35.05	36.75	21.45	23.85	60063	388	1853703	52324	87.12	15.30	-11.20

**VII. In case the securities are suspended from trading, reason thereof:**

Not applicable, since the securities of the Company have not been suspended from trading.

**VIII. Registrar to Issue and Share Transfer Agent :**

- Registrar and Share Transfer Agent:

**M/s. Bigshare Services Private Limited**

**Address:** Bharat Tin Works Building, First Floor, Opposite Vasant Oasis, Next to Keys Hotel, Marol Maroshi Road, Andheri (East), Mumbai - 400 059

**Tel No.:** 91 22 28470652/53

**Fax No.:** 91 22 28475207

**Email:** investor@bigshareonline.com

**Web:** www.bigshareonline.com

- Share Transfer System:**

The Board of Directors of the Company, in order to expedite the process, has delegated the power of approving transfer, transmission, etc. of the securities of the Company to the R & TA. Securities lodged for transfer, transmission, etc. are normally processed within the stipulated time as specified under the Listing Regulations and applicable provisions of the Act. The Company has obtained certificates on half yearly basis from the Practising Company Secretary, certifying due compliance with the formalities of share transfer as required under regulation 40 of the Listing Regulations and submitted a copy of the certificate to the Stock Exchanges where the securities of the Company are listed.



- **Distribution of Shareholding as on March 31, 2020:**

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of shares held	% of shareholding
0001 - 5000	3090	84.66%	4,150,950	2.15%
5001 - 10000	282	7.73%	1,826,010	0.95%
10001 - 20000	134	3.67%	1,712,920	0.89%
20001 - 30000	36	0.99%	880,150	0.46%
30001 - 40000	21	0.58%	692,440	0.36%
40001 - 50000	12	0.33%	536,310	0.28%
50001 - 100000	34	0.92%	2,469,850	1.28%
100001 and above	41	1.12%	180,698,870	93.63%
<b>TOTAL</b>	<b>3,605</b>	<b>100%</b>	<b>1,92,96,750</b>	<b>100%</b>

- **Dematerialization of shares and liquidity:**

The shares of the Company are available for dematerialisation (holding of shares in electronic form) on both the depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

As on March 31, 2020, 97.94% of the total Subscribed and Fully Paid-up equity share capital comprising of 18,899,632 equity shares of the Company are in dematerialized form. Trading in equity shares of the Company is permitted only in dematerialized form as per the notification issued by the Securities and Exchange Board of India.

- **Outstanding Global Depository Receipts or American Depository Receipts or warrants or any convertible instruments, conversion date and likely impact on Equity:**

Not Applicable as there were no outstanding ADRs or GDRs, Warrants or any Convertible instruments.

- **Commodity price risk or foreign exchange risk and hedging activities:**

Not applicable.

- **Location of Plant:**

Eco House, Near Range office, Bhoidapada, Sativali Road, Vasai (East), Palghar.

- **Address of the Company:**

**Eco Recycling Limited**

422, The Summit Business Bay,  
 Opposite Cinemax Theatre, Andheri - Kurla Road,  
 Andheri (East), Mumbai-400 093

**Tel. No.:** +91 22 4005 2951/52/53

**Fax No.:** 91 -22 40052954

**Email:** info@ecoreco.com

accounts@ecoreco.com

shareholders@ecoreco.com

**Web:** www.ecoreco.com

- **Nomination Facility for Shareholding:**

As per the provisions of the Companies Act, 2013, facility for making nominations is available for shareholders, in respect of the shares held by them. Nomination forms can be obtained from the Registrar and Share Transfer agent of the Company.

- **Payment of Dividend through Electronic Clearing Service:**

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

- **Correspondence regarding Change in Address:**

Members are requested to address all correspondences, including dividend matters, to the Registrar and Share Transfer Agents, M/s. Bigshare Services Private Limited, Bharat Tin Works Building, First Floor, Opposite Vasant Oasis, Next to Keys Hotel, Marol Maroshi Road, Andheri (East), Mumbai - 400 059, Tel No.: 91 22 28470652/53 Fax No.: 91 22 28475207

Email: investor@bigshareonline.com

- **List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the entity involving mobilization of funds, whether in India or abroad.:**

Not Applicable

## 8. OTHER DISCLOSURE:

- **Disclosures on materially significant related party transactions that may have potential conflict with the interests of the Company at large:**

During the financial year under review, there were no materially significant related party transactions with the Promoters, Directors, etc. that may have potential conflict with the interests of the Company at large. The related party transactions are entered into by the Company are based on business exigencies and are intended to further the Company's interests. The company has formulated a policy on Related

Party Transaction and the said policy is uploaded on website of company. (<http://ecoreco.com/download-policies.aspx>)

- **Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years**

There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years and hence no penalties, strictures have been imposed on the Company by Stock Exchanges or Securities and Exchange Board of India or any other statutory authority.

- **Details of establishment of vigil mechanism, whistle blower policy and affirmation that no personnel has been denied access to the Audit Committee:**

The Company has a Vigil Mechanism cum Whistle Blower Policy in place, details of which have been furnished in the Board's Report. The Board of Directors affirms and confirms that no personnel have been denied access to the Audit Committee.

- **Details of compliance with mandatory requirements and adoption of the non- mandatory requirements:**

The Company has complied with all the mandatory requirements of the Schedule V of the Listing Regulations. Though, the Company does not comply with some of the non-mandatory requirements on date, the Company is committed towards complying with as a whole and will take suitable measures as and when possible. The status of compliance with the non-mandatory requirements of this clause has been detailed below.

- **Disclosure of commodity price risks and commodity hedging activities:**

Not applicable

- **Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A):**

Not applicable since the Company has not raised funds through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).

- **Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part:**

Rs. 250000/-

- **Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

Number of complaints filed during the financial year	0
Number of complaints disposed of during the financial year	0
Number of complaints pending as on end of the financial year	0

**9. NON-COMPLIANCE OF ANY REQUIREMENT OF CORPORATE GOVERNANCE REPORT OF SUB-PARAS (2) TO (10) ABOVE, WITH REASONS THEREOF SHALL BE DISCLOSED:**

The Company has complied with the requirements of corporate governance report of sub paras (2) to (10) of Clause (C) of the Schedule V of the Listing Regulations.

**10. ADOPTION OF THE DISCRETIONARY REQUIREMENTS AS SPECIFIED IN PART E OF THE SCHEDULE II OF THE LISTING REGULATIONS:**

**a) The Board**

The Company has an Executive Chairman and hence, the requirement pertaining to reimbursement of expenses to a Non - Executive Chairman does not arise.

**b) Shareholder Rights**

The Company's quarterly/half-yearly/annual results are furnished to the Stock Exchanges, also published in the newspapers and also displayed on the website of the Company and therefore results were not separately sent to the Members. Quarterly/half-yearly/annual results of the Company are displayed on the website of the Company at the link <http://ecoreco.com/investor-financial-results.aspx>

**c) Modified opinion(s) in audit report**

The Company has not received a modified opinion in the Auditors' Report for the financial year 2019-20:

**d) Reporting of Internal Auditor**

The Internal Auditor reports directly to the Audit Committee.

**11. Disclosures of the compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46:**

The Company has complied with the corporate governance requirements specified in Regulation 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations. The details of the compliance of Regulations 17 to 27 of the Listing Regulations are given in this Corporate Governance Report. Further, the Company has uploaded the documents/details mentioned in the clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations on its website at [www.ecoreco.com](http://www.ecoreco.com)

**By Order of the Board of Director**

**B. K. Soni**

**Chairman & Managing Director**

**DIN: 01274250**

Juhu, Vileparle (W),

Mumbai - 400 049

25<sup>th</sup> July, 2020

Mumbai

**ANNEXURE - A**  
**CFO CERTIFICATION**  
**Under Regulation 17(8) of (Listing Obligations and Disclosure Requirements)**  
**Regulations, 2015 for Financial Year Ended 31st March, 2020**

The Board of Directors  
Eco Recycling Limited  
Mumbai

**Dear Members of the Board,**

I Mr. Shashank Soni, Chief Financial Officer of Eco Recycling Limited, to the best of my knowledge and belief, certify that:

- (a) I have reviewed the audited Financial Statements and the cash flow statement for the financial year ended 31st March 2020 and that to the best of their knowledge and belief:
- i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) I further certify that, to the best of my knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violate the Company's code of conduct.
- (c) I accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.
- (d) I have indicated to the Auditors and the Audit Committee that there is
- i. No significant change in internal control over financial reporting during the year.
  - ii. No significant change in accounting policies during the year under review and same have been disclosed in the notes to the financial statements.
  - iii. No instance of any fraud in the company in which the management has any role in the Company's internal control system over financial reporting.
- (e) We further declare that all Board members and senior management personnel have affirmed compliance with the Code of Conduct and Ethics for the year covered by this report.

**For Eco Recycling Limited**

**Shashank Soni**  
**Chief Financial Officer and Director**

## CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members,  
Eco Recycling Limited

We have examined the compliance of conditions of Corporate Governance by **Eco Recycling Limited** (hereinafter referred as “Company”) for the Financial year ended March 31, 2020 as prescribed under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and paras C, D and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as “Listing Regulations”).

We state that compliance of conditions of Corporate Governance is the responsibility of the management, and our examination was limited to procedures and implementation thereof adopted by the Company for ensuring compliance with 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 our examination of the relevant records and the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as prescribed under Listing Regulations except as mentioned herein:

1. During the year 2018-19, the term of Mr. Srikrishna B, an independent Director had come to an end on 31.03.2019. but he was re-inducted on the Board of Director’s on 13.07.2019, For this delay, BSE had levied a fine of Rs. 2,14,760/- for non-compliance of the provisions of SEBI (LODR) Regulations, 2015 with respect to composition of Board of Directors and their committees, which was paid by the Company after regularising the non-compliance.
2. Mr. Dilip Bhaskar Boralkar (DIN: 02515249), an independent Director had resigned from the Board of Director’s on January 24, 2020 because of some personal reasons. To fill the vacancy, Mr. Ravi Varma was appointed as an Additional Director (Non-Executive-Independent) of the Company w.e.f. 16th May 2020 on the basis of recommendations made by the Nomination and Remuneration Committee (NRC). This delay was because of prevailing situation of Covid 19.
3. We further state that during the audit period following were the specific events / actions having a major bearing on the Company’s affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

**1. Compliance with regard to submission of Annual Secretarial Compliance Report:**

The Annual Secretarial Compliance Report as required under Regulation 24(A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, was submitted to the BSE on 6th August 2019 with a delay of 66 days.

**2. Compliance with regard to the appointment of Company Secretary:**

There was a resignation of Company Secretary (Pooja Sharma) w.e.f. 22/04/2019 and the appointment of Company Secretary (Anand Dubey) was made w.e.f. 11/10/2019.

**3. Compliance with regard to the appointment of Chief Financial Officer:**

There was a resignation of Chief Financial Officer (Rashmin Raval) w.e.f. 04/02/2020 and the appointment of Chief Financial Officer (Shashank Soni) was made w.e.f. 16/05/2020.

*We state that, due to lockdown under COVID-19, Certification of compliance of Corporate Governance is done on the*



*basis of documents physically made available to us during our visit to the company and remaining documents were made available to us in electronic form (i.e. scanned documents sent through e-mail) by the Secretarial Team of the Company.*

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

This certificate is issued solely for the purposes of complying with Listing Regulations and may not be suitable for any other purpose.

**For Mehta & Mehta,  
Company Secretaries  
(ICSI Unique Code P1996MH007500)**

**Meghna Shah**

Partner

FCS No: 9425

CP No.: 9007

Mumbai

25th July, 2020

UDIN: F009425B000504691



## INDEPENDENT AUDITOR'S REPORT

**To**  
**The Members of**  
**Eco Recycling Limited**  
**Report on the Standalone Ind AS**  
**Financial Statements**  
**Auditor's Opinion:**

We have audited the accompanying standalone Ind AS financial statements of **M/s Eco Recycling Limited** ("the Company"), which comprises of the Balance Sheet as at March 31st, 2020, Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity, the Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs (financial position) of the Company as at March 31st, 2020 and its financial performance (including other comprehensive income), its cash flows and changes in equity for the year ended on that date

### **Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of

Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. Except for the matter described in the Emphasis of Matter Paragraph we have determined that there are no key audit matters to communicate in our report.

### **Emphasis of Matter**

We draw attention to the following notes in the standalone Ind AS financial statements annexed to the auditor's report

- 1 Note No. 6 to the financial statements, Non Current Security Deposits.

The company has not done any fair valuation of its financial assets and financial liabilities as it believes that the carrying amounts of these financial assets and financial liabilities approximate their fair values and that the impact of change, if any, on account of fair valuation these financial assets and financial liabilities, will be insignificant.

2. Note No. 8 to the financial statements, Capital advances. The company has a pending legal

dispute with M/s KUD Realtors Pvt. Ltd relating to the transfer of assets purchased in favour of the company. As at 31st March 2020, the company has paid amount of Rs.2,10,95,615 as advance for purchase of the assets. As at the date of the report, the final outcome of the legal proceedings is pending.

3. Note No. 14 to the financial statements, unsecured borrowings from DSIR

As on the date of this report, the said matter is still pending before the Delhi High Court , In the event of uncertainty over the commercialisation of the project and on the outcome of the Delhi High court proceedings, the grant received from the DSIR is presented in the financial statements as at 31st March 2020, at its original transaction amount.

4. Note No. 32 to the financial statements, Receivables from Keynote Capital Limited

An amount of Rs 2,35,16,348/- is receivable from M/s Keynote Capital Limited (Keynote), by the company, on account of misappropriation of shares by the Keynote. As on the date of this report, the matter is pending for its final outcome before the Bombay High Court.

**Our opinion is however not qualified in respect of the above matters.**

### **Information other than the Financial Statements and Auditor's Report thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the

information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

#### **Management's Responsibility for the Standalone Ind AS Financial Statements:**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, **including Indian Accounting Standards prescribed under section 133 of the Act.**

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and

prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the financial statements:**

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism

throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for explaining our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if

such disclosures are inadequate, to modify our opinion, our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### Report on other Legal and Regulatory Requirements:

1. As required by Section 143 (3) of the Act, we report that
  - a) We have sought and 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 it appears from our examination of those books;
- c) The Balance Sheet, the Statement of Profit and Loss including other Comprehensive income, the statement of cash flow dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards prescribed under section 133 of the Act read with relevant rules thereunder;
- e) On the basis of the written representations received from the directors as on March 31st, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and

according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements. Refer Note No. to the financial statements.
  - ii. The Company did not have any long-term contracts including derivative contract having material foreseeable losses for which provision was required to be made under the applicable law or the accounting standards.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government in terms of Section 143 (11) of the Companies Act 2013, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For Talati and Talati LLP**  
Chartered Accountants  
Firm Registration No.: 110758W/  
W100377

**Bhaskar R. Iyer**  
Partner  
Membership No.: 127863

Mumbai  
18<sup>th</sup> July, 2020  
**UDIN:** 20127863AAAACX4527

## “ANNEXURE A” TO THE INDEPENDENT AUDITOR'S REPORT

Referred to paragraph 3 of our “Reporting on Other legal and Regulatory Environment” on even date, we report that:

- (i) In respect of fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
  - (b) As explained to us the fixed assets are being physically verified by the management at regular intervals and no material discrepancies were noticed on such verification.
  - (c) As explained to us, the title deeds of immovable properties were held in the name of the company
- (ii) As reported to us, the inventories are physically verified by the management at regular intervals and no discrepancies are observed in that aspect.
- (iii) The Company has not granted loans secured or unsecured to entities covered in the Register maintained under section 189 of the Companies Act, 2013. Accordingly paragraph 3(iii) of the Order is not applicable to the company
- (iv) In respect of loans, investments etc. the company has complied with Sections 185 and 186 of the Companies Act 2013.
- (v) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act 2013 and the rules framed there under with regard to acceptance of deposits are not applicable to the company. Accordingly, paragraph 3(v) of the Order is not applicable to the company.
- (vi) The cost records are not required to be maintained under section 148(1) of the Companies Act 2013, as prescribed by the Central Government. Accordingly paragraph 3(vi) of the Order is not applicable to the company.
- (vii) In respect to payment of statutory dues:
  - (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Income-Tax, Service Tax, Cess, Professional Tax and any other statutory dues with the appropriate authorities and details of default on payment of statutory dues are as follows:

Name of statute	Nature of Dues	Amount in Rs.	Period to which amount relates	Due date	Date of Payment
Maharashtra State Tax	Profession Tax	58,325/-	F.Y. 2019 - 20	End of Year	-

- (b) According to the information and explanation given to us, the following income tax dues have not been deposited as on 31st March 2020 on account of dispute.

Assessment Year	Tax amount as per the IT Department	Refund Adjusted by the Income Tax Department	Balance Liability / (Refund)	Remarks
1998-1999	448,807	1,012,601	(563,794)	The Company decided to avail Vivaad se Vishwas Scheme under which the company will be liable to pay Rs.4,48,807/- As against the same, the IT Department has withheld Rs.10,12,601/-. The Company expects to receive back Rs.5,63,794/- as soon as the formalities gets over.



2018-2019			(430,601)	The Assessing Officer is expected to rectify short credit of TDS amount and post that the Company will get refund of Rs 4,30,601/-.
2008-2009			571,900	The Company has a liability to pay Rs 5,71,900/-, for which Company would request to the I T Department to adjust the same against refunds pending in favour of the company.
2011-2012	-		-	The Company is opting to get the Assessment completed under Vivad se Vishwas Scheme, although in this year there is no liability but because of some common issues.
2012-2013	665,018	116,300	548,718	The Company is opting to get the Assessment completed under Vivad se Vishwas Scheme.
2014-2015	562,949		562,949	The Company is opting to get the Assessment completed under Vivad se Vishwas Scheme.
2016-2017				The Assessing Officer is expected to rectify short credit of TDS amount and post that the demand will get nullified.
Total			<b>689,172</b>	Overall Liability towards Income Tax

- (viii) Based on our audit procedures and according to the information and explanations given to us, the Company has not delayed in the repayment of dues to banks and financial institutions.
- (ix) The company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). The term loans have been applied by the company for the purposes for which they were raised.
- (x) Based on our audit procedures and according to the information and explanations given to us, neither there has been any fraud on the company by its officers or employees, noticed during the year nor have we been informed of such cases by the Management.
- (xi) The company has paid the managerial remuneration during the year in accordance with the requisite approvals for payment of managerial remuneration mandated by Section 197 read with Schedule V of the Companies Act 2013.
- (xii) The Company is not a Nidhi Company and hence paragraph 3(xii) of the Order is not applicable to the company.
- (xiii) According to the information and explanation given to us and based on our examination of the records of the company, the transaction with the related party are in compliance with section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in Note no.37 to the standalone Ind AS financial statements as required by the applicable Indian accounting standards.
- (xiv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or other persons connected with the directors. Accordingly, the paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) The company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

## **“ANNEXURE B” TO THE INDEPENDENT AUDITOR'S REPORT**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of **M/s Eco Recycling Limited** (“the Company”) as of March 31, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s Management is responsible for establishing and maintaining internal financial controls based on, the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over Financial reporting based on our audit conducted in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance

Note”) and the Standards on Auditing issued by ICAI, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the Institute of Chartered Accountants of India. Those standards and Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls**

#### **over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the standalone Ind AS Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the stand alone Ind AS financial statements.

#### **Inherent Limitations of Internal Financial Controls over financial reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or

fraud may occur and not be detected. Also projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, and on the basis of discussions with and information received from management on the various aspects of Internal Financial

Controls over Financial reporting, the Company has, in all material respects, an adequate internal financial controls system over financial reporting, which however is yet to be documented in the form of a Risk Control Matrix (RCM) for the period covered by this audit report, the company has, in all material respects and adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal

control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Talati and Talati LLP**  
Chartered Accountants  
Firm Registration No.: 110758W/  
W100377

**Bhaskar R. Iyer**  
Partner  
Mumbai  
18<sup>th</sup> July 2020  
Membership No.:  
127863  
**UDIN:** 20127863AAAACX4527





ISO 9001 : 2008  
EMS 14001 : 2004  
OHSAS 18001 : 2007  
ISMS 27001 : 2013



## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2020

Particulars	Note	As At March 31, 2020	As At March 31, 2019
<b>A ASSETS</b>			
<b>(1) Non Current Assets</b>			
(a) Property, Plant and Equipment	4	218,607,864	218,118,302
(b) Intangible assets		-	-
(c) Capital Work in Progress		-	-
<b>(d) Financial Assets</b>			
(i) Investments	5	20,982,633	38,811,171
(ii) Trade Receivables	10	-	-
(iii) Loans	6	46,500,000	46,500,000
(iv) Other financial assets	7	3,994,969	3,768,839
(e) Deferred Tax assets (net)		-	-
(f) Other Non Current assets	8	50,047,432	48,898,835
<b>Total non-current assets</b>		<u>340,132,897</u>	<u>356,097,147</u>
<b>(2) Current Assets</b>			
(a) Inventories	9	26,881,165	28,734,626
<b>(b) Financial Assets</b>			
(i) Investments	5	17,952,813	-
(ii) Trade receivables	10	24,150,759	42,454,219
(iii) Cash and cash equivalents	11	219,406	203,603
(iv) Bank balances other than (iii) above		-	-
(v) Loans	12	3,394,258	-
(vi) Other financial assets		-	-
[c] Other current assets	13	27,171,023	27,660,641
<b>Total current assets</b>		<u>99,769,424</u>	<u>99,053,089</u>
<b>Total assets</b>		<u>439,902,321</u>	<u>455,150,236</u>
<b>B EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
[a] Equity Share Capital	1	192,967,500	175,425,000
[b] Instruments entirely equity in nature		-	-
[b] Other Equity	1	60,436,316	79,404,007
<b>Total equity</b>		<u>253,403,816</u>	<u>254,829,007</u>
<b>LIABILITIES</b>			
<b>(1) Non Current Liabilities</b>			
<b>[a] Financial liabilities</b>			
(i) Borrowings	14	136,384,285	147,356,012
(ii) Trade Payables		-	-
(iii) Other financial liabilities		-	-
[b] Provisions		-	-
[c] Deferred tax liabilities (Net)	15	8,352,924	13,531,794
[d] Other non current liabilities		-	-
<b>Total non-current liabilities</b>		<u>144,737,209</u>	<u>160,887,806</u>
<b>(2) Current Liabilities</b>			
<b>[a] Financial liabilities</b>			
(i) Borrowings	16	19,350,596	28,075,341
(ii) Trade payables	17	2,315,947	2,023,697
(iii) Other financial liabilities	18	9,595,208	2,857,958
[b] other current liabilities	19	4,499,344	2,705,619
[c] Provisions	20	6,000,201	3,770,807
<b>Total equity and liabilities</b>		<u>439,902,321</u>	<u>455,150,236</u>
See accompanying notes forming part of the financial statements			

For Talati & Talati LLP

Chartered Accountants

Firm Registration No. 110758W / W100377

**Bhaskar R Iyer**  
Partner

Membership No.: 127863

B. K. Soni  
Managing Director  
DIN: 01274250

Mumbai | 18<sup>th</sup> July, 2020

For and behalf of the Board

**Aruna Soni**  
Director  
DIN: 01502649

**D. T. Devale**  
Director  
DIN: 07186290



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

PARTICULARS	Note No.	Year Ended March 31 2020	Year Ended March 31 2019
<b>I INCOME</b>			
(a) Revenue from operations	21	121,947,745	124,398,958
(b) Other income	22	10,128,037	5,901,682
<b>Total Income</b>		<u>132,075,782</u>	<u>130,300,640</u>
<b>II EXPENSES</b>			
(a) Cost of materials consumed		-	-
(b) Purchases of stock-in-trade	23	40,124,438	25,923,710
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	1,853,462	35,939,462
(d) Employee benefits expense	25	14,182,258	11,873,275
(e) Finance costs	26	8,032,299	10,140,490
(f) Depreciation, amortisation, impairment expense	4	4,654,527	4,598,109
(g) Other expenses	27	50,901,072	31,741,371
<b>Total expenses</b>		<u>119,748,057</u>	<u>120,216,417</u>
<b>III Profit / (Loss) before exceptional items</b>		<u>12,327,726</u>	<u>10,084,223</u>
<b>IV Exceptional items</b>		-	-
<b>V Profit / (Loss) before tax</b>		<u>12,327,726</u>	<u>10,084,223</u>
<b>VI Tax expense:</b>			
(a) Current tax		1,825,250	-
(b) Deferred tax		-731,171	-3,101,276
		<u>1,094,079</u>	<u>-3,101,276</u>
<b>VII Profit / (Loss) for the year</b>		<u>11,233,647</u>	<u>13,185,499</u>
<b>VIII Other Comprehensive Income</b>			
(a) <b>Items that will not be reclassified to Profit or loss</b>			
(i) Measurement of employment defined benefit plans		-393,288	135,970
(ii) Fair value changes of equity instruments		-16,713,248	-13,829,789
(iii) Revaluation of property, plant and equipment		-	-
(b) <b>Income tax relating to items in (a) above</b>		<u>4,447,699</u>	<u>5,315,397</u>
<b>Total Other Comprehensive Income (Net of Tax)</b>		<u>-12,658,837</u>	<u>-8,378,422</u>
<b>IX Total Comprehensive Income for the period</b>		<u>-1,425,190</u>	<u>4,807,077</u>
<b>X Earnings Per Share (Rs 10 per share fully paid up)</b>			
(a) Basic		0.61	0.75
(b) Diluted		0.61	0.75

See accompanying notes forming part of the financial statements

**For Talati & Talati LLP**

**Chartered Accountants**

Firm Registration No. 110758W / W100377

**Bhaskar R Iyer**

Partner

Membership No.: 127863

**For and behalf of the Board**

**B. K. Soni**  
Managing Director

DIN: 01274250

Mumbai | 18<sup>th</sup> July, 2020

**Aruna Soni**  
Director

DIN: 01502649

**D. T. Devale**  
Director

DIN: 07186290

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>Cash Flow from Operating Activities</b>		
<b>Net Profit before tax</b>		
<u>Non cash and other items :</u>		
Depreciation and amortisation	12,327,726	10,084,223
Dividend	4,654,527	4,598,110
Finance Cost	-534,544	-152,023
Sundry balances written back	8,032,299	10,140,489
Loss on sale of investments	-2,587,413	-2,258,302
Provision for Gratuity	13,907,220	1,408,928
Profit on sale of investments	324,245	-1,533,883
<b>Total</b>	<u>23,796,335</u>	<u>12,203,319</u>
<b>Operating profit before working capital changes</b>	<u>22,287,541</u>	<u>(1,605,835)</u>
<u>Adjustments for:</u>		
(Increase) / Decrease in inventories	-	35,939,264
(Increase) / Decrease in trade receivables	18,010,783	-20,377,727
(Increase) / Decrease in loans and other financial assets	-3,620,388	
(Increase) / Decrease in other current and non assets	-7,959,883	26,081,963
Increase / (Decrease) in other non current liabilities	-	-
Increase / (Decrease) in other Trade Payables	376,963	1,726,142
Increase / (Decrease) in other financial liabilities	1,145,052	-
Increase / (Decrease) in other current liabilities	12,077,687	1,910,021
	<u>56,154,274</u>	<u>67,567,205</u>
Less: Income tax paid (net of refunds)	-1,148,597	-857,486
<b>Cash generated from Operating Activities (I)</b>	<u>55,005,677</u>	<u>66,709,719</u>



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>Cash Flow from Investment Activities</b>		
<b>Inflows</b>		
Sale of assets		-
Sale of investments		-
Dividend	534,544	152,023
<b>Outflows</b>		
Purchase of fixed assets	-5,144,090	-919,184
Purchase of equity investments	-30,744,743	-9,376,992
Capital advances	-	-21,095,615
<b>Cash generated from Operating Activities (II)</b>	<u><b>-35,354,288</b></u>	<u><b>-31,239,768</b></u>
 <b>Cash Flow from Financing Activities</b>		
<b>Inflows</b>		
Borrowings	19,351,584	-
<b>Outflows</b>		
Finance cost	-8,032,299	-10,140,489
Repayment of borrowings	-30,954,870	-26,486,891
<b>Cash generated from Financing Activities (III)</b>	<u><b>-19,635,586</b></u>	<u><b>-36,627,380</b></u>
 <b>Net Increase / (Decrease) Cash and Cash Equivalents (I + II + III)</b>	15,802	-1,157,430
Add: Cash and cash equivalent at the beginning of the year	203,603	1,361,033
<b>Cash and Cash Equivalent at the End of the Year</b>	<u><b>219,406</b></u>	<u><b>203,603</b></u>
 <b>Cash and Cash Equivalent as above comprises of:</b>		
Cash on Hand	10,904	29,112
Balances with banks	184,752	153,741
Bank deposits	23,750	20,750
	<u><b>219,406</b></u>	<u><b>203,603</b></u>

**For Talati & Talati LLP**  
**Chartered Accountants**

Firm Registration No. 110758W / W100377

**Bhaskar R Iyer**  
Partner

Membership No.: 127863

**B. K. Soni**  
Managing Director  
DIN: 01274250

Mumbai | 18<sup>th</sup> July, 2020

**For and behalf of the Board**

**Aruna Soni**  
Director  
DIN: 01502649

**D. T. Devale**  
Director  
DIN: 07186290

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2020

### Note No.1: Equity Share capital

(A) Equity Share Capital	2019-20		2018-19	
	No. of Shares	Amount	No. of shares	Amount
Opening Equity Share Capital	17,542,500	175,425,000	17,542,500	175,425,000
Add: Increase during the year	1,754,250	17,542,500	-	-
Less: Reduction during the year			-	
<b>As at March 31, 2020</b>	<b>19,296,750</b>	<b>192,967,500</b>	<b>17,542,500</b>	<b>175,425,000</b>

### (B) Other Equity

Particulars	Reserves and Surplus				Other Comprehensive Income				Total
	Capital Reserves	Securities Premium	General Reserves	Retained Earnings	Equity Instruments FVTOCI	Revaluation of Fixed assets	Remeasurement of Employee benefits	Other OCI items	
<b>Balance as at April 01, 2018</b>	<b>35,115,495</b>	<b>98,400,000</b>	<b>157,130</b>	<b>-92,425,480</b>	<b>-8,921,114</b>	<b>61,589,573</b>	<b>-300,213</b>	<b>-19,018,459</b>	<b>74,596,932</b>
Profit for the year	-	-	-	13,185,497	-	-	-	-	13,185,497
Other Comprehensive income for the year	-	-	-	-	-13,829,789	-	135,970	5,315,397	-8,378,422
<b>Total Comprehensive for the year</b>	<b>35,115,495</b>	<b>98,400,000</b>	<b>157,130</b>	<b>-79,239,983</b>	<b>-22,750,903</b>	<b>61,589,573</b>	<b>-164,243</b>	<b>-13,703,062</b>	<b>79,404,007</b>
<b>Balance as at March 31, 2019</b>	<b>35,115,495</b>	<b>98,400,000</b>	<b>157,130</b>	<b>-79,239,983</b>	<b>-22,750,903</b>	<b>61,589,573</b>	<b>-164,243</b>	<b>-13,703,062</b>	<b>79,404,007</b>
<b>Balance as at April 01, 2019</b>	<b>35,115,495</b>	<b>98,400,000</b>	<b>157,130</b>	<b>-79,239,983</b>	<b>-22,750,903</b>	<b>61,589,573</b>	<b>-164,243</b>	<b>-13,703,062</b>	<b>79,404,007</b>
Profit for the year	-	-	-	11,233,647	-	-	-	-	11,233,647
Other Comprehensive income for the year	-	-	-	-	-12,367,804	-	-291,033	-	-12,658,837
<b>Total Comprehensive for the year</b>	<b>35,115,495</b>	<b>98,400,000</b>	<b>157,130</b>	<b>-68,006,337</b>	<b>-35,118,707</b>	<b>61,589,573</b>	<b>-455,276</b>	<b>-13,703,062</b>	<b>77,978,816</b>
Bonus Shares issued during the year	-	-17,542,500	-	-	-	-	-	-	-17,440,498
Dividends	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-10,984,827	10,984,827	-	-	-	-
<b>Balance as at March 31, 2020</b>	<b>35,115,495</b>	<b>80,857,500</b>	<b>157,130</b>	<b>-78,991,164</b>	<b>-24,133,880</b>	<b>61,589,573</b>	<b>-455,276</b>	<b>-13,703,062</b>	<b>60,436,316</b>



## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

### 2 Corporate Information

The Company was incorporated on August 01, 1994 having CIN No. L74120MH1994PLC079971, at Mumbai under the Companies Act, 1956. The Company is engaged in the e-waste recycling business in an organised manner, with the help of superior technology, complying norms set by the Pollution Control Board for the environmental safety.

### 3 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. The policies have been consistently applied to all the years presented, unless otherwise stated.

#### a. Basis of preparation

##### i. Compliance with Ind AS

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('Act') read with of the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act. The accounting policies are applied consistently to all the periods presented in the financial statements.

The Financial Statements are presented in INR and all values are rounded off to the nearest lakhs (INR 00,000), unless otherwise stated.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- Land and buildings classified as property, plant and equipment
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).
- Defined Benefit Plans - Plan assets measured at fair value.

#### **Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

#### b. Operating segment

As the Company is operating only in one business segment i.e. operation of e-waste recycling business in organised manner, the requirement to give segment reporting as per Ind-AS Accounting Standard 108 on Operating Segment issued by the Institute of Chartered Accountants is not applicable.

#### **Use of Accounting Estimates**

The preparation of the financial statements requires management to make estimates, assumptions and judgments that affect the reported balances of assets and liabilities and disclosures as at the date of the financial statements and the reported amounts of incomes and expenses for the periods presented.



## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

### Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the

use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

External valuers are involved for valuation of significant assets, such as property, plant & equipment.

This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

### c. Revenue recognition

The Company derives revenues primarily from purchase of e-waste Scraps, seggregates and accordingly

sell it to the concerned customers. The Company also provides Data Destruction Services as a part of the services. The Company also receives minor income from Share trading, Membership Fees and Interest Income apart from above key goods and services rendered.

Revenue is recognized on satisfaction of performance obligation upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. As the nature of the business, The Company does not have a policy of Sales Return and hence, does not have any accountability for products to be returned or defective services.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, it does not adjust any of the transaction prices for the time value of money.

The specific recognition criteria described below must also be met before revenue is recognised.

Revenue from sale of products and services are recognised at a time on which the performance obligation is satisfied. Dividend is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

For all debt instruments measured either at amortised cost or at fair value through other comprehensive

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

### d. Income tax:

#### **Current tax:**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted, by the end of the reporting period.

#### **Deferred tax:**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable

profit. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

#### **Current and deferred tax for the year**

Current and deferred tax are recognised in profit or loss, except

when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

### e. Non-current assets held for sale/ distribution to owners and discontinued operations

The Company classifies non-current assets and disposal Company as held for sale/ distribution to owners if their carrying amounts will be recovered principally through a sale/ distribution rather than through continuing use. Actions required to complete the sale/ distribution should indicate that it is unlikely that significant changes to the sale/ distribution will be made or that the decision to sell/ distribute will be withdrawn. Management must be committed to the sale/ distribution expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale/ distribution classification is regarded met only when the assets or disposal Company is available for immediate sale/ distribution in its present condition, subject only to terms that are usual and customary for sales/ distribution of such assets (or disposal Company), its sale/ distribution is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale/ distribution of the asset or disposal Company to

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal Company),
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The asset (or disposal Company) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale/ for distribution to owners and disposal Company are measured at the lower of their carrying amount and the fair value less costs to sell/ distribute. Assets and liabilities classified as held for sale/ distribution are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale/ distribution to owners are not depreciated or amortised.

A disposal Company qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations,
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations Or
- Is a subsidiary acquired exclusively with a view to resale  
Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss.

**f. Property, plant and equipment**

The Company had applied for the one time transition exemption of considering the carrying cost on the transition date i.e. 1st April, 2015 as the deemed cost under IND AS. Hence regarded thereafter as historical cost.

Freehold land is carried at cost. All other items of property, plant and equipment are stated at cost less depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and

maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

**Depreciation methods, estimated useful lives and Residual Value**

Depreciation is calculated using straight-line method over the estimated useful life of the assets as given below. These estimated useful lives are in accordance with those prescribed under Schedule II to the Companies Act, 2013.

Asset Class	Useful life
Plant & Equipment	15 years
Furniture & fixtures	10 years
Office equipment	5 years
Vehicles	8 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The residual values are not more than 5% of the original cost of the asset. The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/ (losses).

**g. Investment properties**

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

transaction costs.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

**h. Impairment of non-financial assets**

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**i. Provisions and contingent liability**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate

can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present

Value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made.

**j. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to

an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**k. Employee benefits**

**Defined Contribution plans**

For certain group of employees, employee benefit in the form of Provident fund, Superannuation, Employees State Insurance Contribution and Labour Welfare fund are defined contribution plans. The Company has no obligation, other than the contribution payable to the respective fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

**Defined benefit plans**

The Company provides for retirement benefit in the form of gratuity. The

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

Company's liability towards this benefit is determined on the basis of actuarial valuation using Projected Unit Credit Method at the date of balance sheet.

In respect of certain employees, provident fund contributions are made to a trust administered by the Company. Periodic contributions to the Fund are charged to the Statement of profit and loss. The Company has an obligation to make good the shortfall, if any, between the return from the investment of the trust and interest rate notified by the Government of India. Such shortfall is recognized in the Statement of profit and loss. The Company's liability is determined on the basis of an actuarial valuation using the projected unit credit method.

Remeasurement, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurement is not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment and
- The date that the Company recognises related restructuring costs.

Net interest is calculated by

applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

### Compensated absences

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit and this is shown under current provision in the Balance Sheet. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes and this is shown under long term provisions in the Balance Sheet. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months

after the reporting date. Where the Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

### I. Foreign currencies

The Company's financial statements are presented in INR, which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded by the Company at INR spot rate at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

### m. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### n. Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.



## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial Assets at amortised cost
- Financial Assets at fair value through other comprehensive income (FVTOCI)
- Financial Assets including derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

### o. Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit

or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables, loans and other financial assets.

### p. Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. For all equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. The Company has made such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and

rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

### Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- b) Financial assets that are equity instruments and are measured as at FVTOCI
- c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the

instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale

of collateral held or other credit enhancements that are integral to the contractual terms As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

criteria, the Company does not reduce impairment allowance from the gross carrying amount.

- Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.
- Equity instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/origination.

### q. **Financial liabilities**

#### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit

or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

#### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss Gains or losses on liabilities held for trading are recognised in the profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

### r. **Loans and borrowings**

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and

loss.

#### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### s. **Earnings per share**

Basic Earnings per share (EPS) amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders adjusted for the effects of potential equity shares by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

### t. Inventories

Inventories are valued at lower of cost and net realisable value. Cost of work in progress and finished goods comprise of purchase cost, conversion costs and other costs incurred in bringing the inventories to their present location and condition.

Cost is determined using the weighted average basis.

Net realisable is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

### u. Finance cost

Finance cost includes interest expense on borrowings calculated using the effective interest rate (EIR) method.

The entity capitalises borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset. All other borrowing costs is recognised as an expense in the period in which incurred.

### **Recent Accounting Pronouncement**

On 30<sup>th</sup> March 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 Leases, under Companies (Indian Accounting Standards) Amendment Rules, 2019 which is applicable with effect from 1<sup>st</sup> April, 2019.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lease accounting model for lessee and requires the

lessee to recognize right of use assets and lease liabilities for all leases with a term of more than twelve months, unless the underlying asset is low value in nature. Currently, operating lease expenses are charged to the statement of profit and loss. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

As per Ind AS 116, the lessee needs to recognise depreciation on rights of use assets and finance costs on lease liabilities in the statement of profit and loss. The lease payments made by the lessee under the lease arrangement will be adjusted against the lease liabilities.

The Company is currently evaluating the impact on account of implementation of Ind AS 116 which might have significant impact on key profit & loss and balance sheet ratio i.e. Earnings before interest, tax, depreciation and amortisation (EBITDA), Asset coverage, debt equity, interest coverage, etc.

### **Standards issued but not yet effective**

There are no standards that are issued but not yet effective on 31st March, 2020.

### **Critical estimates and judgements**

The preparation of financial statements requires the use of accounting estimates which by definition will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial Statements.



## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

### Note No. 4: Property, Plant and Equipment

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At April 01 2019	Additions During the Year	Deductions During the Year	As At March 31 2020	As At April 01 2019	Additions During the Year	Deductions During the Year	As At March 31 2020	As At March 31 2020	As At March 31 2019
Land and Building	44,624,920	-	-	44,624,920	-	-	-	-	44,624,920	44,624,920
Plant and Machinery	179,272,587	2,857,469	-	182,130,056	11,449,929	2,352,932	-	13,802,861	168,327,196	167,822,658
Furniture and Fixtures	4,177,533	-	-	4,177,533	1,275,630	242,813	-	1,518,444	2,659,089	2,901,903
Vehicles	12,291,123	2,184,925	-	14,476,048	9,947,648	1,870,873	-	11,818,521	2,657,526	2,343,474
Office Equipment	4,510,833	101,696	-	4,612,530	4,085,487	187,909	-	4,273,397	339,133	425,346
<b>TOTAL</b>	<b>244,876,996</b>	<b>5,144,091</b>	<b>-</b>	<b>250,021,086</b>	<b>26,758,695</b>	<b>4,654,527</b>	<b>-</b>	<b>31,413,222</b>	<b>218,607,864</b>	<b>218,118,302</b>
Previous Year	243,957,812	919,184	-	244,876,996	22,160,585	4,598,109	-	26,758,694	218,118,302	221,797,227





## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

### Note No. 5: Investments - Non Current

	Particulars	As at 31 March, 2020		As at 31 March, 2019	
		No. of Shares	Amount (₹)	No. of Shares	Amount (₹)
<b>I</b>	<b>Investments in Equity Instruments</b>				
	Unquoted, fully paid up				
	<b>At Cost</b>				
	<b>Investment in a Subsidiary</b>				
	(i) Ecoreco Enviro Education Private Limited	849,999	8,499,990	849,999	8,499,990
	<b>At Fair Value Through Other Comprehensive Income</b>				
	DNS Bank Limited	-	100,000	-	100,000
	Bharat Heavy Electricals Limited	344	7,155	20,000	1,496,876
	IDFC First Bank Limited	30,000	633,000	10,000	552,000
	Punjab National Bank Limited	10,000	323,500	4,000	381,600
	Reliance Communications Limited	2,000,000	1,320,000	1,000,000	4,140,000
	Reliance Power Limited	400,000	488,000	200,000	2,272,000
	Ruchi Infrastructure Limited	425,000	790,500	425,000	1,235,400
	Ruchi Soya Industries Limited	2,000	341,400	421,198	2,863,155
	Sintex Industries Limited	100,000	66,000	20,000	169,400
	Subex Limited	230,000	706,100	230,000	1,327,100
	Tata Tele Services (Mah) Limited	4,000,000	7,200,000	3,500,000	10,745,000
	Zenlab Ethica Limited	11,500	418,600	11,000	634,150
	Sical Logistics Limited	12,163	76,749	-	-
	Shree Krishna Devcon Limited	488	11,639	-	-
	Hindustan Copper Limited	-	-	2,000	97,900
	Jai Corp Limited	-	-	3,000	346,350
	NMDC Limited	-	-	4,000	416,600
	Spice Jet Limited	-	-	2,000	195,500
	Stresscrete Limited	-	-	20,000	110,000
	Vakrangee Limited	-	-	10,000	503,500
	Zodiac Clothing Limited	-	-	1,000	224,650
<b>II</b>	<b>Investments in Preference Shares</b>				
	Unquoted, fully paid up				
	<b>At Fair Value Through Profit and Loss</b>				
	MGI Investments Private Limited	-	-	10,000	2,500,000
	<b>Total</b>		<b>20,982,633</b>	<b>6,743,197</b>	<b>38,811,171</b>
	Aggregate amount of Unquoted Investments at Cost		8,499,990		10,999,990
	Aggregate amount of Quoted Investments at market Value		20,982,633		38,811,171

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

### Note No. 5: Investments - Current

Particulars	As at 31 March, 2020		As at 31 March, 2019	
	No. of Shares	Amount (₹)	No. of Shares	Amount (₹)
<b>I Investments in Equity Instruments</b>				
<b>Quoted, Fully Paid Up</b>				
<b>At Fair Value Through Profit and Loss</b>				
Bharat Heavy Electricals Limited	99,656	2,072,845	-	-
Coffee Day Enterprises Limited	4,959	114,553	-	-
Dhanlaxmi Bank Limited	1,900	15,314	-	-
Eveready Industries Limited	7,000	349,300	-	-
Hindustan Copper Limited	50,000	1,065,000	-	-
Hindustan Zinc Limited	7,000	1,086,050	-	-
IDFC First Bank Limited	70,000	1,477,000	-	-
IFCI Limited	25,000	101,750	-	-
Jai Corp Limited	10,000	505,500	-	-
MMTC Limited	100,000	1,235,000	-	-
MSTC Limited	5,000	395,000	-	-
NLC Limited	13,000	572,000	-	-
NMDC Limited	20,500	1,640,000	-	-
PNB Gilts Limited	20,000	480,000	-	-
Shipping Corporation of India Limited	6,000	225,300	-	-
Sical Logistics Limited	47,837	301,851	-	-
Spicejet Limited	42,000	1,549,800	-	-
Srei Infra Limited	5,000	17,900	-	-
The Jammu & Kashmir Bank Limited	10,000	124,000	-	-
Vedanta Limited	6,000	388,500	-	-
Yes Bank Limited	35,000	785,750	-	-
Ashoka Buildcon Limited	4,000	165,200	-	-
Dwarikesh Sugar Industries Limited	5,000	82,500	-	-
Jamuna Auto Industries Limited	10,000	238,000	-	-
Jindal Saw Limited	20,000	916,000	-	-
Jindal Stainless Steel Limited	5,000	120,000	-	-
Kamath Hotels Limited	15,000	259,500	-	-
Navabharat Ventures Limited	5,000	172,000	-	-
Punjab National Bank Limited	10,000	323,500	-	-
Rico Industries Limited	4,000	80,000	-	-
Tata Motors Limited	14,000	994,700	-	-
Vakrangee Limited	5,000	99,000	-	-
<b>Total</b>		<b>17,952,813</b>		
Aggregate amount of Quoted Investments at market Value		<b>17,952,813</b>		

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

### Note No. 6: Non current financial assets - Loans

Particulars	As at 31 March, 2020	As at 31 March, 2019
Security Deposits	46,500,000	46,500,000
<b>Total</b>	<b>46,500,000</b>	<b>46,500,000</b>
Secured, considered good	-	-
Unsecured, considered good	46,500,000	46,500,000
Trade Receivables with significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-

### Note No. 7: Other non current financial assets

Particulars	As at 31 March, 2020	As at 31 March, 2019
Margin Money With Bank	3,994,969	3,768,839
<b>Total</b>	<b>3,994,969</b>	<b>3,768,839</b>

### Note No. 8: Other Non Current Assets

Particulars	As at 31 March, 2020	As at 31 March, 2019
Capital advances for fixed assets	21,095,615	21,095,615
Security deposits	90,710	90,710
Advance income tax	5,344,758	4,196,162
Receivable from Keynote Capitals Limited	23,516,348	23,516,348
<b>Total</b>	<b>50,047,432</b>	<b>48,898,835</b>

### Note No.9: Inventories

(At lower of cost and net realisable value)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Finished Goods	26,881,165	28,734,626
<b>Total</b>	<b>26,881,165</b>	<b>28,734,626</b>



## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

### Note No. 10: Trade Receivables

Particulars	As at 31 March, 2020	As at 31 March, 2019
Trade Receivables	24,150,759	13,651,062
Less: Provision for loss allowance	-	-
<b>Total</b>	<b>24,150,759</b>	<b>13,651,062</b>
Secured, considered good	-	-
Unsecured, considered good	24,150,759	42,454,219
Trade Receivables with significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
	<b>24,150,759</b>	<b>42,454,219</b>
Less: Provision for Loss allowance	-	-
<b>Total</b>	<b>24,150,759</b>	<b>42,454,219</b>

### Note No.11: Cash and cash equivalents

Particulars	As at 31 March, 2020	As at 31 March, 2019
Cash on hand	10,904	29,112
<b>Balance with banks</b>		
In current accounts	184,752	153,741
In term deposits with banks (less than 3 months)	23,750	20,750
<b>Total</b>	<b>219,406</b>	<b>203,603</b>

### Note No.12: Current financial assets - Loans

Particulars	As at 31 March, 2020	As at 31 March, 2019
Security deposits	3,258,258	-
Loans and advances to employees	136,000	-
	<b>3,394,258</b>	-
Less: Provision for loss allowance	-	-
<b>Total</b>	<b>3,394,258</b>	-
Secured, considered good	-	-
Unsecured, considered good	3,394,258	-
Loans which have a significant increase in credit risk	-	-
Loans which are credit impaired	-	-
	<b>3,394,258</b>	-
<b>Total</b>	<b>3,394,258</b>	-

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

### Note No.13: Other current assets

Particulars	As at 31 March, 2020	As at 31 March, 2019
Advances to Suppliers	4,402,330	279,725
Prepaid Expenses	1,359,105	624,930
Advances recoverable in kind or value to be received	21,409,588	26,755,986
<b>Total</b>	<b>27,171,023</b>	<b>27,660,641</b>

### Note No.14: Non-current borrowings

Particulars	As at 31 March, 2020	As at 31 March, 2019
<b>Unsecured loans</b>		
Other	46,384,285	57,356,012
DSIR*	90,000,000	90,000,000
<b>Total</b>	<b>136,384,285</b>	<b>147,356,012</b>
<b>Secured</b>	-	-
<b>Unsecured</b>	<b>136,384,285</b>	<b>147,356,012</b>
<b>Total</b>	<b>136,384,285</b>	<b>147,356,012</b>

\*Note: As per the TDDP Scheme of the DSIR, the financial support so provided is to be repaid on successful commercialisation of the technology but instead of waiting for the same, DSIR invoked Arbitration Clause, as against their own admission of pending commercialisation vide their letter dated 14th Feb 2014. The sole Arbitrator preferred to ignore Commercialisation of the Project, a precondition of the repayment of the grant given by the DSIR for Development, Demonstration & Commercialisation of the above Project. As against the order of the Arbitrator, the Company has appealed in the Delhi High Court, awaiting the date of hearing.

### Note No.15: Deferred Tax Liabilities

Particulars	As at 31 March, 2020	As at 31 March, 2019
Opening Balance	13,531,794	21,948,467
<b>Adjustments during the year</b>		
Profit and Loss	-731,171	-3,101,276
Other Comprehensive Income	-4,447,699	-5,315,397
<b>Total</b>	<b>8,352,924</b>	<b>13,531,794</b>



## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

### Note No.16: Current Borrowings

Particulars	As at 31 March, 2020	As at 31 March, 2019
<b>Loans from</b>		
Banks	-	22,481,711
Other	-	5,593,630
Loans and advances from related parties	17,850,596	-
Deposits	1,500,000	-
<b>Total</b>	<b>19,350,596</b>	<b>28,075,341</b>
Secured	-	22,481,711
Unsecured	19,350,596	5,593,630
	<b>19,350,596</b>	<b>28,075,341</b>

### Note No. 17: Trade Payables - Current

Particulars	As at 31 March, 2020	As at 31 March, 2019
<b>Trade Payables:</b>		
-For Goods	132,506	-
-For Services	1,551,255	2,023,697
Due to related parties	632,186	-
<b>Total</b>	<b>2,315,947</b>	<b>2,023,697</b>

### Note No. 18: Other current financial liabilities

Particulars	As at 31 March, 2020	As at 31 March, 2019
Current maturities of long-term debt	7,572,468	1,980,270
Salary payable	949,906	732,786
Other payables	1,072,834	144,902
<b>Total</b>	<b>9,595,208</b>	<b>2,857,958</b>

### Note No. 19: Other current liabilities

Particulars	As at 31 March, 2020	As at 31 March, 2019
Statutory dues payable	58,589	61,975
GST payable	2,772,786	2,395,413
Provident Fund payable	60,725	82,781
Income tax (TDS payable)	241,056	165,451
Advances from customers	1,366,188	-
<b>Total</b>	<b>4,499,344</b>	<b>2,705,619</b>



## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

### Note No. 20: Current provisions

Particulars	As at 31 March, 2020	As at 31 March, 2019
<b>Provision for employee benefits</b>		
Gratuity	2,639,951	1,922,418
Other employee benefits	-	348,389
Income tax	3,360,250	1,500,000
<b>Total</b>	<b>6,000,201</b>	<b>3,770,807</b>

### Note No. 21: Revenue from operations

PARTICULARS	Year Ended March 31 2020	Year Ended March 31 2019
<b>Sale of goods</b>		
Electrical waste and refurbished electronic equipment	111,828,721	105,094,493
<b>Sale of services</b>		
Data destruction charges	10,119,024	19,304,465
<b>Total</b>	<b>121,947,745</b>	<b>124,398,958</b>

### Note No. 22: Other Income

PARTICULARS	Year Ended March 31 2020	Year Ended March 31 2019
Profit on sale of share	5,883,875	-
Sundry balances written back	2,584,713	3,527,671
Dividend	294,670	152,023
Profit on account of fair value of share	-	1,533,883
Client agreement charges	40,000	485,000
Other non operating income	1,084,905	203,105
Interest income	239,874	-
<b>Total</b>	<b>10,128,037</b>	<b>5,901,682</b>

### Note No. 23: Purchase of goods

PARTICULARS	Year Ended March 31 2020	Year Ended March 31 2019
Purchases of waste electrical and electrical equipment	40,124,438	25,923,710
<b>Total</b>	<b>40,124,438</b>	<b>25,923,710</b>



## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

### Note No. 24: Changes in inventories of finished goods, stock in trade, work in progress

PARTICULARS	Year Ended March 31 2020	Year Ended March 31 2019
<b>Opening inventories</b>		
Finished goods	28,734,627	64,674,089
	28,734,627	64,674,089
<b>Closing Inventories</b>		
Finished goods	26,881,165	28,734,627
	26,881,165	28,734,627
<b>Total</b>	<b>1,853,462</b>	<b>35,939,462</b>

### Note No. 25: Employee Benefit expenses

PARTICULARS	Year Ended March 31 2020	Year Ended March 31 2019
Salaries, Bonus and Other Allowances to staff	6,799,725	7,713,435
Remuneration to Directors	6,395,704	3,000,000
Contribution to Provident and Other Funds	427,316	863,365
Gratuity and other long term employee benefits	324,245	-
Employee Welfare expenses	235,268	296,475
<b>Total</b>	<b>14,182,258</b>	<b>11,873,275</b>

### Note No. 26: Finance cost

PARTICULARS	Year Ended March 31 2020	Year Ended March 31 2019
Interest expenses	8,032,299	9,840,737
Processing fees	-	299,753
<b>Total</b>	<b>8,032,299</b>	<b>10,140,490</b>

### Note No. 27: Other Expenses

PARTICULARS	Year Ended March 31 2020	Year Ended March 31 2019
Rent, Rates and Taxes	7,726,483	7,840,083
Freight and Transportation	1,797,053	2,071,091
Travelling and Conveyance	2,597,230	5,166,699
Legal and Professional fees	3,423,233	4,677,560
Service tax	1,027,744	5,200
Advertisement	5,185,562	3,304,826
Insurance	649,657	775,850
Printing and Stationery	422,357	245,845
Repairs and Maintenance	52,984	69,616
Electricity	363,700	355,250
Security	914,795	912,264
Payment to Audit fees	250,000	259,000

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

Listing fees (stock exchange)	300,000	367,518
Loss on sale of shares	10,568,020	1,408,928
Loss on account of fair value of share	9,223,076	-
Miscellaneous Expenses	3,152,287	2,615,019
Sundry balances written off	292,677	1,269,369
Communication	349,086	397,253
Data destruction charges	2,605,129	-
<b>Total</b>	<b>50,901,072</b>	<b>31,741,371</b>

### Note No. 28: Disclosure in Respect of Leases:

#### Operating Lease: Company as Lessee

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

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

Particulars	2019-2020	2018-2019
i) Not later than one year	7,475,880	8,057,688
ii) Later than one year and not later than five years	-	-
b) Lease payments recognized in the Statement of Profit and Loss for the period.	7,625,880	7,840,083

### Note No. 29: Contingent Liabilities

Particulars	2019-2020	2018-2019
Guarantee given by Bank on behalf of the Company Secured against equal fixed deposits		
Standing Bank Guarantee in favour of The Customs, JNPT	1,810,000	1,810,000
Corporate Guarantee to National Skills development Corporation on behalf of its 100% subsidiary Ecoreco Enviro Education Pvt. Ltd.	125,993,806	125,993,806

### Note No. 30: Payment to Auditors

Particulars	2019-2020	2018-2019
Audit Fees	200,000	200,000
Tax Audit Fees	50,000	50,000
<b>Total</b>	<b>250,000</b>	<b>250,000</b>

### Note No. 31: Earnings in Foreign Currency

Particulars	2019-2020	2018-2019
Service Charges	810,074	9,086,687
<b>Total</b>	<b>810,074</b>	<b>9,086,687</b>

**Note No. 32:** The Company was maintaining a demat and a trading account with Keynote Capital Limited for its investment in equity shares in the secondary market. In the year 2013-14 Keynote misappropriated 20,56,234 Nos. of shares worth Rs. 4,48,55,092 from its demat account and sold in the market under the pretext of an alleged recovery of debit balance in the derivative segment. The company filed a complaint against Keynote with SEBI & NSE. The matter was referred to Arbitration and your company won at both the levels of the Arbitration. Now the matter is pending before The High Court of Mumbai and we are waiting for an early hearing and the decision in the matter at the earliest.

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

**Note No. 33:** The Company had entered in to an agreement with KUD Realtors Pvt. Ltd, Mumbai for purchase of 10 acres of land for a consideration of Rs. 650 lacs for setting up its e-waste recycling project at Kharbao, Bhiwandi and paid Rs.615 lacs against the above. As of now, M/s KUD Realtors Pvt Ltd, could convey 5.78 acres of land in favor of the company and for the remaining amount they have offered some warehouses and incomplete construction at the same site. All the above land, warehouses and incomplete building are yet to be physically received because of incomplete documents for which the company has taken appropriate steps with the concerned authorities.

**Note No. 34:** Income Tax Liability as on 31st March, 2020.

Assessment Year	Tax amount as per the IT Department	Refund Adjusted by the Income Tax Department	Balance Liability / (Refund)	Remarks
1998-1999	448,807	1,012,601	(563,794)	The Company decided to avail Vivaad se Vishwas Scheme under which the company will be liable to pay Rs.4,48,807/-. As against the same, the IT Department has withheld Rs.10,12,601/-. The Company expects to receive back Rs.5,63,794/- as soon as the formalities gets over.
2018-2019	-	-	(430,601)	The Assessing Officer is expected to rectify short credit of TDS amount and post that the Company will get refund of Rs 4,30,601/-.
2008-2009	-	-	571,900	The Company has a liability to pay Rs 5,71,900/-, for which Company would request to the I T Department to adjust the same against refunds pending in favour of the company.
2011-2012	-	-	-	The Company is opting to get the Assessment completed under Vivad se Vishwas Scheme, although in this year there is no liability but because of some common issues.
2012-2013	665,018	116,300	548,718	The Company is opting to get the Assessment completed under Vivad se Vishwas Scheme.
2014-2015	562,949	-	562,949	The Company is opting to get the Assessment completed under Vivad se Vishwas Scheme.
2016-2017	-	-	-	The Assessing Officer is expected to rectify short credit of TDS amount and post that the demand will get nullified.
Total	-	-	689,172	Overall Liability towards Income Tax

**Note No. 35:** Balances of some of the trade receivables, trade payables and creditor of expenses, loans and advances (given and taken) and loans, are subject to confirmation from the respective parties and consequential adjustments arising from reconciliation, if any. The management, however is of the view that there will be no material adjustments in this regards.

**Note No. 36:** The company is in the business of E-waste Recycling and Asset Management.

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

**Note Related Party Transactions**

**No. 37:** Related party disclosures as required by AS - 18, "Related Party Disclosures", are given below "

**i) Relationships :**

**(a) Holding Company :-**

Ecoreco Ventures Private Limited

**(b) Entities controlled by Directors:-**

Reverse Logistics & Warehousing Private Limited

Ecoreco Park Private Limited

Eco Remarketing Pvt Ltd

Data De-End Private Limited

Reverse E-Commerce Private Limited

EPR Compliance Private Limited

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

Mr. Brijkishor Soni - C.M.D.

Mrs. Aruna Soni - Executive Director

Mr. Srikrishna B. - Independent Director

Mr. Shashank Soni - Executive Director

Mr. Dilip Boralkar - Independent Director

Mr. Dattatraya Devele - Independent Director

Mr. Ravi Varma - Independent Director

Mr. Dilip Boralkar - Independent Director

Mr. Dattatraya Devele - Independent Director

Mr. Ravi Varma - Independent Director

**ii) Transaction With Related Parties :-**

(Amount in Rs.)

Particulars	Key management personnel	Holding/ Subsidiary	Associates
Remuneration	4,200,000	-	-
Previous Year	(3,000,000)	-	-
Salary	2,200,000	-	-
Previous Year	(3,271,595)	-	-
Sitting Fees	170,000	-	-
Previous Year	(120,000)	-	-
Rent	1,950,000	-	-
Previous Year	(2,400,000)	-	-
Loan Repaid	-	28,313,000	-
Previous Year	-	(41,768,475)	-
Loan Taken	-	41,919,919	-
Previous Year	-	(7,777,547)	-
Expenses on behalf of Subsidiary	-	-	-
Previous Year	-	(1,476,120)	-
Sales	-	-	15,189,773
Previous Year	-	-	(19,371,814)
<b>Closing Balance at the Year End</b>			
Loan Taken	-	13,606,919	-
Previous Year	-	(19,371,814)	-
Deposit Given	45,000,000	-	-
Previous Year	(45,000,000)	-	-
Trade Receivables	-	-	7,329,365
Previous Year	-	-	(21,117,711)

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

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

### Note No. 38: Earnings Per Share

		Units	2019-2020	2018-2019
i)	Profit after tax	Rs.	11,233,647	13,185,497
ii)	Weighted average number of equity shares outstanding	Nos.	18,565,813	17,542,500
iii)	Basic Earnings Per Share	Rs.	0.61	0.75
iv)	Diluted Earning Per Share	Rs.	0.61	0.75
v)	Face Value of Shares	Rs.	10.00	10.00

### Note No. 39: Fair value measurements

The carrying value and fair values of financial assets and financial liabilities by categories as at March 31, 2020 is as follows:

(A) Financial instruments by category						
Particulars	31-Mar-20			31-Mar-19		
	Amortised Cost	FVTOCI	FVTPL	Amortised Cost	FVTOCI	FVTPL
<b>Financial assets</b>						
Investments	8,499,990	12,482,643	17,952,813	8,499,990	27,811,181	2,500,000
Trade receivables	24,150,759	-	-	42,454,219	-	-
Loans	49,894,258	-	-	46,500,000	-	-
Other Financial Assets	3,994,969	-	-	3,768,839	-	-
Cash and cash equivalents	219,406	-	-	203,603	-	-
<b>Total financial assets</b>	<b>86,759,382</b>	<b>12,482,643</b>		<b>101,426,651</b>	<b>27,811,181</b>	<b>2,500,000</b>
<b>Financial liabilities</b>						
Borrowings	163,307,349	-	-	177,411,623	-	-
Trade Payables	2,315,947	-	-	2,023,697	-	-
Other financial liabilities	2,022,740	-	-	877,688	-	-
<b>Total Financial liabilities</b>	<b>167,646,036</b>	<b>-</b>	<b>-</b>	<b>180,313,008</b>	<b>-</b>	<b>-</b>

### (B) Fair value hierarchy

**Level 1:** Quoted prices in active markets for identical assets and liabilities

**Level 2:** Inputs other than quoted prices included in Level 1 that are observable for the assets and liabilities either directly (i.e. as prices) or indirectly (i.e. derived from prices)

**Level 3:** Inputs for assets and liabilities that are not based on observable market data (unobservable inputs)

The Fair value hierarchy of assets and liabilities as at March 31, 2020 are as follows:

Financial Assets	Note No.	Level 1	Level 2	Level 3	Total
Investments in Equity instruments		30,435,456	-	-	30,435,456
Investment in preference shares		-	-	-	-
<b>Total financial assets</b>		<b>30,435,456</b>	<b>-</b>	<b>-</b>	<b>30,435,456</b>



## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

The Fair value hierarchy of assets and liabilities as at March 31, 2019 are as follows:					
Financial Assets		Level 1	Level 2	Level 3	Total
Investments in Equity instruments		27,811,191	-	-	27,811,191
Investment in preference shares			-	2,500,000	2,500,000
<b>Total financial assets</b>		<b>27,811,191</b>	<b>-</b>	<b>2,500,000</b>	<b>30,311,191</b>

### Note No. 40: Financial risk management

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk.	
Risk	Exposure arising from
Credit Risk	Trade receivables, financial assets measured at amortised cost
Liquidity Risk	Borrowings and other liabilities
Market risk – interest rate	Long-term borrowings at variable rates

#### a. Credit risk

The Company is exposed to credit risk, which is the risk that counterparty will default on its contractual obligation resulting in a financial loss.

Credit risk arises from financial assets carried at amortized cost and, as well as credit exposures categorised under trade receivables

#### Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

The Company's credit risk arises from accounts receivable balances. Major customers of the Companies include clients who the Company regularly deals with having high credit quality. Accordingly, the Company's customer credit risk is very low.

The Company is making provision for trade receivables based on Expected Credit Loss (ECL) model. The reconciliation of ECL is as below:

Particulars	31-Mar-20	31-Mar-19
Opening balance (provision for bad debts)	Nil	Nil
Changes in loss allowance (Provision for doubtful debts):	-	-
Loss allowance based on ECL	-	-
Additional Provision	-	-
Bad-debts	-	-
<b>Closing balance</b>	<b>Nil</b>	<b>Nil</b>



## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

**b. Liquidity risk**

Liquidity risk is defined as risk that the company will not be able to settle or meet its obligations on time.

In respect of its existing operations, the Company funds its activities primarily through long-term loans (secured) from banks / financial institutions and intra group loans

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows.

<b>i. Maturities of financial liabilities</b>				
The amounts disclosed below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant				
As at 31st March,2020	Less than 1 year	Between 2 year and 5 years	More than 5 years	Total
<b>Financial liabilities</b>				
Borrowings from financial institutions	-	-	-	-
Trade payables	1,683,761	-	-	1,683,761
Other financial liabilities	2,022,740	-	-	-
Others	-	-	-	-
<b>Total financial liabilities</b>	<b>3,706,501</b>	-	-	<b>1,683,761</b>

**c. Market risk**

Market risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of volatility of prices in the financial markets. Market risk can be further segregated as: a) Foreign currency risk and b) Interest rate risk.

**i. Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Company does not have any foreign currency loans, receivables or payables, hence the risk towards foreign currency risk is not applicable to the Company.

**ii. Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk.

The Company's fixed rate borrowings are carried at amortized cost. They are therefore not subject to interest rate risk as defined in Ind AS-107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.



## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

### Capital Management

<b>I.</b>	<b>Risk Management</b>	
	The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.	
	The Company monitors capital on basis of total equity and debt on a periodic basis. Equity comprises all components of equity. Debt includes term loan and short term loans. The following table summarizes the capital of the Company:	
	<b>Particulars</b>	<b>31-Mar-20</b>
	Equity (excluding other reserves)	175,425,000
	Debt (current maturities and interest due)	-
	<b>Total</b>	<b>175,425,000</b>

#### Note No. 41:

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

#### Signature to Notes 1 to 41

**For Talati & Talati LLP**  
Chartered Accountants  
Firm Registration No. 110758W / W100377

**Bhaskar R Iyer**  
Partner  
Membership No.: 127863

**B. K. Soni**  
Managing Director  
DIN: 01274250

Mumbai | 18<sup>th</sup> July, 2020

**For and behalf of the Board**

**Aruna Soni**  
Director  
DIN: 01502649

**D. T. Devale**  
Director  
DIN: 07186290



## INDEPENDENT AUDITOR'S REPORT

**To**  
**The members of**  
**Eco Recycling Limited**  
**Report on the Consolidated Ind AS**  
**Financial Statements**

### **Auditor's Opinion:**

We have audited the accompanying consolidated Ind AS financial statements of **M/s Eco Recycling Limited** ("the Holding Company"), and its subsidiaries (the holding company and its subsidiaries together referred to as "Group") which comprises of the Consolidated Balance Sheet as at March 31st, 2020, Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Companies Act with relevant rules thereunder and other accounting principles generally accepted in India, of the consolidated state of affairs (financial position) of the Company as at March 31st, 2020 and its consolidated financial performance (including other comprehensive income), its consolidated cash flows and consolidated changes in equity for the year ended on that date.

### **Basis for Opinion**

We conducted our audit in accordance

with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. Except for the matter described in the Emphasis of Matter Paragraph we have determined that there are no key audit matters to communicate in our report.

### **Emphasis of Matter**

We draw attention to the following notes in the consolidated Ind AS financial statements annexed to the auditor's report

1 Note no 6 to the consolidated financial statements, Security Deposits. The holding company has not done any fair valuation of its financial assets and financial liabilities as it believes that the carrying amounts of these financial assets and financial liabilities

approximate their fair values and that the impact of change, if any, on account of fair valuation these financial assets and financial liabilities, will be insignificant.

2. Note no 8 to the consolidated financial statements, Capital advances. The holding company has a pending legal dispute with M/s KUD Realtors Pvt. Ltd relating to the transfer of assets purchased in favour of the company. As at 31st March 2020, the company has paid amount of Rs.2,10,95,615 as advance for purchase of the assets. As at the date of the report, the final outcome of the legal proceedings is pending.
3. Note no 14 to the consolidated financial statements, unsecured borrowings from DSIR As on the date of this report, the said matter is still pending before the Delhi High Court , In the event of uncertainty over the commercialisation of the project and on the outcome of the Delhi High Court proceedings, the grant received from the DSIR is presented in the financial statements as at 31st March 2020, at its original transaction amount.
4. Note No 32 to the consolidated financial statements, Receivables from Keynote Capital Limited. An amount of Rs 2,35,16,348/- is receivable from M/s Keynote Capital Limited (Keynote), by the holding company, on account of misappropriation of shares. As on the date of this report, the matter is pending for its final outcome before the Bombay High Court.

Our opinion is however not qualified in respect of the above matters.

**Information other than the Financial**

## Statements and Auditor's Report thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

## Management's Responsibility for the Consolidated Ind AS Financial Statements:

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions

of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors of all the companies within the Group is responsible for assessing their respective Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors are also responsible for overseeing the company's financial reporting process.

## Auditor's Responsibilities for the Audit of the financial statements:

Our objectives are to obtain reasonable assurance on whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if,

individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for explaining our opinion on whether the Group has adequate internal financial controls system in place and the operating effectiveness of such controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or



conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion, our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance of the holding company and other entities included in the Group, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance of the holding company and other entities included in the Group, with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Report on other Legal and Regulatory Requirements:**

1. As required by Section 143 (3) of the Act, we report that
  - a) We have sought and 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 it appears from our examination of those books;
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including other Comprehensive income, the Consolidated statement of cash flow dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards prescribed under section 133 of the Act read with relevant rules thereunder;
  - e) On the basis of the written representations received from the directors of the Holding Company as on March 31st, 2020 taken on record by the Board of Directors, none of the directors of the entities included in the Group is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls,

refer to our separate Report in "Annexure B".

- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Group has disclosed the impact of pending litigations on its financial position in its consolidated Ind AS financial statements. Refer Note No. to the financial statements.
  - ii. The Group did not have any long-term contracts including derivative contract having material foreseeable losses for which provision was required to be made under the applicable law or the accounting standards.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.

**For Talati and Talati LLP**  
Chartered Accountants  
Firm Registration No.: 110758W/  
W100377

**Bhaskar R. Iyer**  
Partner  
Membership No.: 127863

Mumbai  
18<sup>th</sup> July 2020  
**UDIN: 20127863AAAACY6769**



## ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF ECO RECYCLING LIMITED

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of M/s Eco Recycling Limited ("the Holding Company") and its subsidiaries (the holding company and its subsidiaries together referred to as "Group") as of March 31, 2020 in conjunction with our audit of the consolidated Ind AS financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls:

The Holding Company's Management is responsible for establishing and maintaining internal financial controls based on, the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditors' Responsibility

Our responsibility is to express an opinion on the Group's internal financial controls over Financial reporting based on our audit conducted in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing issued by ICAI, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the Institute of Chartered Accountants of India. Those standards and Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements,

whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Group's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated Ind AS Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the consolidated Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated Ind AS financial statements.

## Inherent Limitations of Internal Financial Controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be deducted. Also projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, and on the basis of discussions with and information received from management of the Holding Company, on the various aspects of Internal Financial Controls over Financial reporting, which however is yet to be documented in the form of a Risk Control Matrix (RCM), for the period covered by this audit report, the Group has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Talati and Talati LLP**  
Chartered Accountants  
Firm Registration No.: 110758W/W100377

**Bhaskar R. Iyer**  
Partner  
Membership No.: 127863

Mumbai  
18<sup>th</sup> July 2020  
UDIN: 20127863AAAACY6769



## CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2020

Particulars	Note	As At March 31, 2020	As At March 31, 2019
<b>A ASSETS</b>			
<b>(1) Non Current Assets</b>			
(a) Property, Plant and Equipment	4	218,899,504	218,510,261
(b) Intangible assets	4	253,000	284,625
(c) Capital Work in Progress		-	-
<b>(d) Financial Assets</b>			
(i) Investments	5	12,482,633	30,311,181
(ii) Trade Receivables		-	-
(iii) Loans	6	46,500,000	46,500,000
(iv) Other Financial assets	9	3,994,969	3,768,839
(e) Deferred Tax assets (net)		-	-
(f) Other Non Current assets	8	50,047,432	48,898,835
<b>Total non-current assets</b>		<u>332,177,538</u>	<u>348,273,741</u>
<b>(2) Current Assets</b>			
(a) Inventories	9	26,881,165	28,734,626
<b>(b) Financial Assets</b>			
(i) Investments	5	17,952,813	-
(ii) Trade receivables	10	24,150,759	42,454,219
(iii) Cash and cash equivalents	11	226,086	17,521,605
(iv) Bank balances other than (iii) above		-	-
(v) Loans	12	3,394,258	-
(vi) Other financial assets		-	-
(c) Other Current assets	13	27,171,023	27,660,641
<b>Total current assets</b>		<u>99,776,103</u>	<u>116,371,091</u>
<b>Total assets</b>		<u>431,953,641</u>	<u>464,644,832</u>
<b>B EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity share capital	1	192,967,500	175,425,000
(b) Instruments entirely equity in nature		-	-
(c) Other Equity	1	44,459,039	63,572,118
<b>Total equity</b>		<u>237,426,539</u>	<u>238,997,118</u>
<b>LIABILITIES</b>			
<b>(1) Non Current Liabilities</b>			
<b>(a) Financial liabilities</b>			
(i) Borrowings	14	154,347,897	147,356,012
(ii) Trade Payables		-	-
(iii) Other financial liabilities		-	-
(b) Provisions		-	-
(c) Deferred tax liabilities (net)	16	8,352,924	13,531,794
(d) Other non-current liabilities		-	-
<b>Total non-current liabilities</b>		<u>162,700,821</u>	<u>160,887,806</u>
<b>(2) Current Liabilities</b>			
<b>(a) Financial liabilities</b>			
(i) Borrowings	15	9,336,401	53,039,480
(ii) Trade payables	17	2,315,947	2,023,697
(iii) Other financial liabilities	18	9,645,208	3,029,206
(b) Other current liabilities	19	4,528,524	2,896,717
(c) Provisions	20	6,000,201	3,770,807
<b>Total current liabilities</b>		<u>31,826,280</u>	<u>64,012,124</u>
<b>Total equity and liabilities</b>		<u>431,953,641</u>	<u>464,644,832</u>

Notes forming part of financial statements In terms of our report attached

**For Talati & Talati LLP**  
**Chartered Accountants**

Firm Registration No. 110758W / W100377

**Bhaskar R Iyer**  
Partner

Membership No.: 127863

**For and behalf of the Board**

**B. K. Soni**  
Managing Director  
DIN: 01274250

**Aruna Soni**  
Director  
DIN: 01502649

**D. T. Devale**  
Director  
DIN: 07186290

Mumbai | 18<sup>th</sup> July, 2020

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

PARTICULARS	Note No.	Year Ended March 31 2020 ₹	Year Ended March 31 2019 ₹
<b>I INCOME</b>			
(a) Revenue from operations	21	121,947,745	124,398,958
(b) Other income	22	10,283,557	5,901,682
<b>Total Income</b>		<b>132,231,302</b>	<b>130,300,640</b>
<b>II EXPENSES</b>			
(a) Cost of materials consumed		-	-
(b) Purchases of stock-in-trade	23	40,124,438	25,923,710
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	1,853,462	35,939,462
(d) Employee benefits expense	25	14,301,609	13,779,527
(e) Finance costs	26	8,032,299	10,140,490
(f) Depreciation, amortisation, impairment expense	4	4,786,472	4,730,054
(g) Other expenses	27	50,950,683	31,889,640
<b>Total expenses</b>		<b>120,048,964</b>	<b>122,402,883</b>
<b>III Profit / (Loss) before exceptional items</b>		<b>12,182,339</b>	<b>7,897,757</b>
<b>IV Exceptional items</b>		-	-
<b>V Profit / (Loss) before tax</b>		<b>12,182,339</b>	<b>7,897,757</b>
<b>VI Tax expense:</b>			
(a) Current tax		1,825,250	-
(b) Deferred tax		-731,171	-3,101,276
<b>VII Profit / (Loss) for the year</b>		<b>1,094,079</b>	<b>-3,101,276</b>
<b>VIII Other Comprehensive Income</b>			
(a) <b>Items that will not be reclassified to Profit or loss</b>			
(i) Measurement of employment defined benefit plans		-393,288	135,970
(ii) Fair value changes of equity instruments		-16,713,248	-13,829,789
(iii) Revaluation of property, plant and equipment		-	-
(b) <b>Income tax relating to items in (a) above</b>		<b>4,447,699</b>	<b>5,315,397</b>
<b>Total Other Comprehensive Income (Net of Tax)</b>		<b>-12,658,837</b>	<b>-8,378,422</b>
<b>IX Total Comprehensive Income for the period</b>		<b>-1,570,577</b>	<b>2,620,611</b>
<b>X Earnings Per Share (Rs 10 per share fully paid up)</b>			
(a) Basic		0.60	0.63
(b) Diluted		0.60	0.63
See accompanying notes forming part of the financial statements			

In terms of our report attached.

**For Talati & Talati LLP**

**Chartered Accountants**

Firm Registration No. 110758W / W100377

**Bhaskar R Iyer**

Partner

Membership No.: 127863

**For and behalf of the Board**

**B. K. Soni**  
Managing Director

DIN: 01274250

**Aruna Soni**

Director

DIN: 01502649

**D. T. Devale**

Director

DIN: 07186290

Mumbai | 18<sup>th</sup> July, 2020

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

Particulars	Year Ended 31st March, 2020	Year Ended 31st March, 2019
<b>Cash Flow from Operating Activities</b>		
<b>Net Profit before tax</b>	12,182,339	7,897,757
<b><u>Adjustments for Non cash and other items:</u></b>		
Depreciation and amortisation	4,786,472	4,730,055
Dividend	-534,544	-152,023
Finance cost	8,032,299	10,140,489
Sundry balances written back	-2,740,233	-2,258,302
Loss on sale of shares	13,907,220	1,408,928
Provision for gratuity	324,245	-
Profit on sale of shares	-	-1,533,883
Inventory written off	23,775,460	12,335,264
<b>Total</b>	<b>12,335,265</b>	<b>82,908,943</b>
<b>Operating Profit before working capital changes</b>	<b>20,233,020</b>	<b>(3,832,483)</b>
<b><u>Adjustments for:</u></b>		
(Increase) / Decrease in inventories	-	35,939,264
(Increase) / Decrease in trade receivables	18,010,783	-20,377,727
(Increase) / Decrease in loans and other financial assets	-3,620,388	
(Increase) / Decrease in other current and non assets	-7,944,205	26,405,535
Increase / (Decrease) in other non current liabilities	-	-
Increase / (Decrease) in other Trade Payables	376,963	1,726,142
Increase / (Decrease) in other financial liabilities	1,023,804	19,371,814
Increase / (Decrease) in other current liabilities	12,055,611	1,839,825
<b>Total</b>	<b>55,860,366</b>	<b>85,137,874</b>
Less: Income Taxes Paid (Net of refunds)	-1,148,597	-857,486
<b>Cash generated from Operating Activities (I)</b>	<b>54,711,770</b>	<b>84,280,388</b>

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

<b>Cash Flow from Investing Activities</b>		
<b>Inflows</b>	-	-
Dividend	534,544	152,023
<b>Outflows</b>	-5,144,090	-1,235,434
Purchase of shares	-30,744,743	-9,376,992
Purchase of equity investments (NET)	-	-21,095,615
Capital advances	-35,354,290	-31,556,018
<b>Cash generated from Operating Activities (II)</b>	<b>(31,416,991)</b>	<b>(2,821,421)</b>
<b>Cash Flow from Financing Activities</b>		
<b>Inflows</b>		
Borrowings	5,742,975	-
<b>Outflows</b>		
Finance cost	-8,032,299	-10,140,489
Repayment of borrowings	-34,362,673	-26,486,891
<b>Cash generated from Financing Activities (III)</b>	<b>-36,651,998</b>	<b>-36,627,380</b>
<b>Net Increase / (Decrease) Cash and Cash Equivalents (I + II + III)</b>	<b>-17,294,519</b>	<b>16,096,989</b>
Add: Cash and cash equivalent at the beginning of the year	17,520,605	1,424,616
<b>Cash and Cash Equivalent at the End of the Year</b>	<b>226,086</b>	<b>17,521,605</b>
<b>Cash and Cash Equivalent as above comprises of:</b>		
<b>Cash on Hand</b>	<b>10,904</b>	<b>29,112</b>
<b>Balances with banks</b>	<b>191,432</b>	<b>17,471,743</b>
<b>Bank deposits</b>	<b>23,750</b>	<b>20,750</b>
	<b>226,086</b>	<b>17,521,605</b>

For Talati & Talati LLP

Chartered Accountants

Firm Registration No. 110758W / W100377

**Bhaskar R Iyer**

Partner

Membership No.: 127863

For and behalf of the Board

B. K. Soni

Managing Director

DIN: 01274250

Aruna Soni

Director

DIN: 01502649

D. T. Devale

Director

DIN: 07186290

Mumbai | 18<sup>th</sup> July, 2020



## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2020

### Note No. 1

A	Particulars	2019-2020		2018-2019	
		No. of shares	Amount	No. of shares	Amount
	<b>(A) Equity Share Capital</b>				
	Opening Equity Share Capital	17,542,500	175,425,000	17,542,500	175,425,000
	Add: Increase during the year	1,754,250	17,542,500	-	-
	Less: Reduction during the year	-	-	-	-
	<b>As at March 31, 2020</b>	<b>19,296,750</b>	<b>192,967,500</b>	<b>17,542,500</b>	<b>175,425,000</b>

B	Particulars	Reserves and Surplus				Items of OCI				Total
		Capital Reserves	Securities premium reserves	General Reserves	Retained Earnings	Equity instruments through OCI	Revaluation of Fixed Asstes	Remeasurements of employee benefits expense	Other OCI Items	
	<b>Balance as at April 01, 2018</b>	35,115,495	98,400,000	157,130	-106,070,903	-8,921,114	61,589,573	-300,213	-19,018,459	60,951,509
	Profit for the year	-	-	-	10,999,031	-	-	-	-	10,999,031
	Other Comprehensive income for the year	-	-	-	-	-13,829,789	-	135,970	5,315,397	-8,378,422
	<b>Total Comprehensive for the year</b>	35,115,495	98,400,000	157,130	-95,071,872	-22,750,903	61,589,573	-164,243	-13,703,062	63,572,118
	<b>Balance as at March 31, 2019</b>	35,115,495	98,400,000	157,130	-95,071,872	-22,750,903	61,589,573	-164,243	-13,703,062	63,572,118
	<b>Balance as at April 01, 2019</b>	35,115,495	98,400,000	157,130	-95,071,873	-22,750,903	61,589,573	-164,243	-13,703,062	63,572,117
	Profit for the year	-	-	-	11,088,260	-	-	-	-	11,088,260
	Other Comprehensive income for the year	-	-	-	-	-12,367,804	-	-291,033	-	-12,658,837
	<b>Total Comprehensive for the year</b>	35,115,495	98,400,000	157,130	-83,983,614	-35,118,707	61,589,573	-455,276	-13,703,062	62,001,539
	Bonus Shares issued during the year	-	-17,542,500	-	-	-	-	-	-	-17,440,498
	Transfer to retained earnings	-	-	-	-10,984,827	10,984,827	-	-	-	-
	<b>Balance as at March 31, 2020</b>	35,115,495	80,857,500	157,130	-94,968,441	-24,133,880	61,589,573	-455,276	-13,703,062	44,459,039

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

### 2 (A) Principles of consolidation:

The consolidated financial statements relate to the Company and its subsidiary company and companies controlled, that is, companies over which the Company exercises control over ownership and voting power (herein after collectively referred to as the “Group”). The consolidated financial statements have been prepared on the following basis:

- The financial statements of the Company and its subsidiary are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions and resultant unrealized profits or losses in accordance with the IND AS – 110 “Consolidated Financial Statements” prescribed u/s 133 of Companies Act, 2013 (the Act) read with rule 7 of the Companies (Accounts) Rules, 2014 issued by the Central Government.
- Investments in subsidiary are eliminated and differences between the costs of investment over the net assets on the date of the investment in subsidiaries are recognised as goodwill or capital reserve, as the case may be.
- As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company’s stand alone financial statements. The list of subsidiary companies which are included in the consolidated financial statements are as under:

Name of the Company	Country of incorporation	% holding
Ecoreco Enviro Education Pvt. Ltd.	India	100%

Investments other than in Subsidiaries are accounted as per IND AS – 109 – “Accounting for Investments”.

### 3 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. The policies have been consistently applied to all the years presented, unless otherwise stated.

#### a. Basis of preparation

##### i. Compliance with Ind AS

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('Act') read with of the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the

Act. The accounting policies are applied consistently to all the periods presented in the financial statements.

The Financial Statements are presented in INR and all values are rounded off to the nearest lakhs (INR 00,000), unless otherwise stated.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- Land and buildings classified as property, plant and equipment
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

- Defined Benefit Plans - Plan assets measured at fair value.

#### **Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

### b. Operating Segment

As the Company is operating only in one business segment i.e. operation of e-waste recycling business in organised manner, the requirement to give segment reporting as per Ind-AS Accounting Standard 108 on Operating Segment issued by the Institute of Chartered Accountants is not applicable.

#### **Use of Accounting Estimates**

The preparation of the financial statements requires management to make estimates, assumptions and judgments that affect the reported

balances of assets and liabilities and disclosures as at the date of the financial statements and the reported amounts of incomes and expenses for the periods presented.

#### **Fair value measurement**

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation

techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

External valuers are involved for valuation of significant assets, such as property, plant & equipment.

This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

### c. Revenue recognition

The Company derives revenues primarily from purchase of e-waste Scraps, segregates and accordingly sell it to the concerned customers. The Company also provides Data Destruction Services as a part of the services. The Company also receives minor income from Share trading, Membership Fees and Interest Income apart from above key goods and services rendered.

Revenue is recognized on satisfaction of performance obligation upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. As the nature of the business, The Company does not have a policy of Sales Return and hence, does not have any accountability for products to be returned or defective services.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, it does not adjust any of the transaction prices for the time value of money.

The specific recognition criteria described below must also be met before revenue is recognised.

Revenue from sale of products and services are recognised at a time on which the performance obligation is satisfied. Dividend is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve

the dividend.

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

### d. Income tax:

#### **Current tax:**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted, by the end of the reporting period.

#### **Deferred tax:**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and

liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

**Current and deferred tax for the year**

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

e. **Non-current assets held for sale/ distribution to owners and discontinued operations**

The Company classifies non-current assets and disposal Company as held for sale/ distribution to owners if their carrying amounts will be recovered principally through a sale/ distribution rather than through continuing use. Actions required to complete the sale/ distribution should indicate that it is unlikely that significant changes to the sale/ distribution will be made or that the decision to sell/ distribute will be withdrawn. Management must be committed to the sale/ distribution expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale/ distribution classification is regarded met only when the assets or disposal Company is available for immediate sale/ distribution in its present condition, subject only to terms that are usual and customary for sales/ distribution of such assets (or disposal Company), its sale/ distribution is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale/ distribution

of the asset or disposal Company to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal Company),
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The asset (or disposal Company) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification , and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale/ for distribution to owners and disposal Company are measured at the lower of their carrying amount and the fair value less costs to sell/ distribute. Assets and liabilities classified as held for sale/ distribution are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale/ distribution to owners are not depreciated or amortised.

A disposal Company qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations,
  - Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations Or
  - Is a subsidiary acquired exclusively with a view to resale
- Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss.

f. **Property, plant and equipment**

The Company had applied for the one time transition exemption of considering the carrying cost on the transition date i.e. 1st April, 2015 as the deemed cost under IND AS. Hence regarded thereafter as historical cost.

Freehold land is carried at cost. All other items of property, plant and equipment are stated at cost less depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

### **Depreciation methods, estimated useful lives and Residual Value**

Depreciation is calculated using straight-line method over the estimated useful life of the assets as given below. These estimated useful lives are in accordance with those prescribed under Schedule II to the Companies Act, 2013.

Asset Class	Useful life
Plant & Equipment	15 years
Furniture & fixtures	10 years
Office equipment	5 years
Vehicles	8 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The residual values are not more than 5% of the original cost of the asset. The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/ (losses).

### **g. Investment properties**

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including

transaction costs.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

### **h. Impairment of non-financial assets**

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### **i. Provisions and contingent liability**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the

obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present

Value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made.

### **j. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

### k. Employee benefits

#### **Defined Contribution plans**

For certain group of employees, employee benefit in the form of Provident fund, Superannuation, Employees State Insurance Contribution and Labour Welfare fund are defined contribution plans. The Company has no obligation, other than the contribution payable to the respective fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

#### **Defined benefit plans**

The Company provides for retirement benefit in the form of gratuity. The Company's liability towards this benefit is determined on the basis of actuarial valuation using Projected

Unit Credit Method at the date of balance sheet.

In respect of certain employees, provident fund contributions are made to a trust administered by the Company. Periodic contributions to the Fund are charged to the Statement of profit and loss. The Company has an obligation to make good the shortfall, if any, between the return from the investment of the trust and interest rate notified by the Government of India. Such shortfall is recognized in the Statement of profit and loss. The Company's liability is determined on the basis of an actuarial valuation using the projected unit credit method.

Remeasurement, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurement is not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment and
- The date that the Company recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises

the following changes in the net defined benefit obligation as an expense in statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

#### **Compensated absences**

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit and this is shown under current provision in the Balance Sheet. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes and this is shown under long term provisions in the Balance Sheet. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the Company has the unconditional legal and contractual right to defer the

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

settlement for a period beyond 12 months, the same is presented as non-current liability.

### **I. Foreign currencies**

The Company's financial statements are presented in INR, which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded by the Company at INR spot rate at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

### **m. Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### **n. Financial assets**

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

#### **Subsequent measurement**

For purposes of subsequent measurement, financial assets are

classified in four categories:

- Financial Assets at amortised cost
- Financial Assets at fair value through other comprehensive income (FVTOCI)
- Financial Assets including derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

### **o. Debt instruments at amortised cost**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and

other receivables, loans and other financial assets.

### **p. Equity investments**

All equity investments in scope of Ind AS 109 are measured at fair value. For all equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. The Company has made such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

#### **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset,

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

### Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans,

debt securities, deposits, trade receivables and bank balance

- b) Financial assets that are equity instruments and are measured as at FVTOCI
- c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition,

then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms As a practical

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- Loan commitments and

financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

- Equity instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/origination.

### q. **Financial liabilities**

#### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised

initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

#### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss: Gains or losses on liabilities held for trading are recognised in the profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

#### r. **Loans and borrowings**

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

#### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### s. Earnings per share

Basic Earnings per share (EPS) amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders adjusted for the effects of potential equity shares by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

### t. Inventories

Inventories are valued at lower of cost and net realisable value. Cost of work in progress and finished goods comprise of purchase cost, conversion costs and other costs incurred in bringing the inventories to their

present location and condition.

Cost is determined using the weighted average basis.

Net realisable is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

### u. Finance cost

Finance cost includes interest expense on borrowings calculated using the effective interest rate (EIR) method.

The entity capitalises borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset. All other borrowing costs is recognised as an expense in the period in which incurred.

### Recent Accounting Pronouncement

On 30<sup>th</sup> March 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 Leases, under Companies (Indian Accounting Standards) Amendment Rules, 2019 which is applicable with effect from 1<sup>st</sup> April, 2019.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lease accounting model for lessee and requires the lessee to recognize right of use assets and lease liabilities for all leases with a term of more than twelve months, unless the underlying asset is low value in nature. Currently, operating lease expenses are charged to the statement of profit and loss. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

As per Ind AS 116, the lessee needs to recognise depreciation on rights of use assets and finance costs on lease liabilities in the statement of profit and loss. The lease payments made by the lessee under the lease arrangement will be adjusted against the lease liabilities.

The Company is currently evaluating the impact on account of implementation of Ind AS 116 which might have significant impact on key profit & loss and balance sheet ratio i.e. Earnings before interest, tax, depreciation and amortisation (EBITDA), Asset coverage, debt equity, interest coverage, etc.

### Standards issued but not yet effective

There are no standard that are issued but not yet effective on 31st March, 2020.

### Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which by definition will seldom equal the actual results. Management also need to exercise judgement in applying the Company's accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial Statements.

#### Note No. 4: Property Plant and Equipment Property

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At April 01 2019	Additions During the Year	Deductions During the Year	As At March 31 2020	As At April 01 2019	Additions During the Year	Deductions During the Year	As At March 31 2020	As At March 31 2020	As At March 31 2019
Land and Building	44,624,920	-	-	44,624,920	-	-	-	-	44,624,920	44,624,920
Plant and Machinery	179,272,587	2,857,469	-	182,130,056	11,449,929	2,352,932	-	13,802,861	168,327,196	167,822,658
Furniture and Fixtures	4,557,533	-	-	4,557,533	1,392,955	278,913	-	1,671,869	2,885,664	3,164,578
Vehicles	12,291,123	2,184,925	-	14,476,048	9,947,648	1,870,873	-	11,818,521	2,657,526	2,343,474
Office Equipments	4,848,833	101,696	-	4,950,530	4,294,202	252,129	-	4,546,332	404,198	554,631
<b>TOTAL</b>	<b>245,594,996</b>	<b>5,144,091</b>	<b>-</b>	<b>250,739,086</b>	<b>27,084,735</b>	<b>4,754,847</b>	<b>-</b>	<b>31,839,582</b>	<b>218,899,504</b>	<b>218,510,261</b>
Previous Year	244,675,812	919,184	-	245,594,996	22,386,305	4,698,429	-	27,084,734	218,510,262	222,289,507





## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

### Note No. 5: Investments - Non Current

Particulars		As at 31 March, 2020		As at 31 March, 2019	
		No. of Shares	Amount	No. of Shares	Amount
<b>I</b>	<b>Investment in Equity Instruments</b>				
	<b>At Fair Value Through Other Comprehensive Income</b>				
	DNS Bank Limited	-	100,000	-	100,000
	Bharat Heavy Electricals Limited	344	7,155	20,000	1,496,876
	IDFC First Bank Limited	30,000	633,000	10,000	552,000
	Punjab National Bank Limited	10,000	323,500	4,000	381,600
	Reliance Communications Limited	2,000,000	1,320,000	1,000,000	4,140,000
	Reliance Power Limited	400,000	488,000	200,000	2,272,000
	Ruchi Infrastructure Limited	425,000	790,500	425,000	1,235,400
	Ruchi Soya Industries Limited	2,000	341,400	421,198	2,863,155
	Sintex Industries Limited	100,000	66,000	20,000	169,400
	Subex Limited	230,000	706,100	230,000	1,327,100
	Tata Tele Services (Mah) Limited	4,000,000	7,200,000	3,500,000	10,745,000
	Zenlab Ethica Limited	11,500	418,600	11,000	634,150
	Sical Logistics Limited	12,163	76,749	-	-
	Shree Krishna Devcon Limited	488	11,639	-	-
	Hindutan Copper Limited	-	-	2,000	97,900
	Jai Corp Limited	-	-	3,000	346,350
	NMDC Limited	-	-	4,000	416,600
	Spice Jet Limited	-	-	2,000	195,500
	Stresscrete Limited	-	-	20,000	110,000
	Vakrangee Limited	-	-	10,000	503,500
	Zodiac Clothing Limited	-	-	1,000	224,650
<b>II</b>	<b>Investment in Preference shares</b>				
	<b>Unquoted, fully paid up</b>				
	<b>At Fair Value Through Profit and Loss</b>				
	MGI Investments Private Limited	-	-	10,000	2,500,000
	<b>Total</b>		<b>12,482,643</b>		<b>30,311,181</b>
	Aggregate amount of Unquoted Investments at Cost		-		2,500,000
	Aggregate amount of Quoted Investments at Market Value		12,482,643		30,311,181

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

### Note No. 5: Investments - Current

Particulars		As at 31 March, 2020		As at 31 March, 2019	
		No. of Shares	Amount	No. of Shares	Amount
<b>I</b>	<b>Investment in Equity Instruments</b>				
	<b>Quoted, fully paid up</b>				
	<b>At Fair Value Through Profit and Loss</b>				
	Bharat Heavy Electricals Limited	99,656	2,072,845	-	-
	Coffee Day Enterprises Limited	4,959	114,553	-	-
	Dhanlaxmi Bank Limited	1,900	15,314	-	-
	Eveready Industries Limited	7,000	349,300	-	-
	Hindustan Copper Limited	50,000	1,065,000	-	-
	Hindustan Zinc Limited	7,000	1,086,050	-	-
	IDFC First Bank Limited	70,000	1,477,000	-	-
	IFCI Limited	25,000	101,750	-	-
	Jai Corp Limited	10,000	505,500	-	-
	MMTC Limited	100,000	1,235,000	-	-
	MSTC Limited	5,000	395,000	-	-
	NLC Limited	13,000	572,000	-	-
	NMDC Limited	20,500	1,640,000	-	-
	PNB Gilts Limited	20,000	480,000	-	-
	Shipping Corporation of India Limited	6,000	225,300	-	-
	Sical Logistics Limited	47,837	301,851	-	-
	Spicejet Limited	42,000	1,549,800	-	-
	Srei Infra Limited	5,000	17,900	-	-
	The Jammu & Kashmir Bank Limited	10,000	124,000	-	-
	Vedanta Limited	6,000	388,500	-	-
	Yes Bank Limited	35,000	785,750	-	-
	Ashoka Buildcon Limited	4,000	165,200	-	-
	Dwarkesh Industries Limited	5,000	82,500	-	-
	Jamuna Auto Industries Limited	10,000	238,000	-	-
	Jindal Saw Limited	20,000	916,000	-	-
	Jindal Stainless Steel Limited	5,000	120,000	-	-
	Kamat Hotels Limited	15,000	259,500	-	-
	Navabharat Ventures Limited	5,000	172,000	-	-
	Punjab National Bank Limited	10,000	323,500	-	-
	Rico Industries Limited	4,000	80,000	-	-
	Tata Motors Limited	14,000	994,700	-	-
	Vakrangee Limited	5,000	99,000	-	-
	<b>Total</b>		<b>17,952,813</b>		
	Aggregate amount of Quoted Investments at Market Value		<b>17,952,813</b>		

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

### Note No. 6: Non current financial assets - Loans

Particulars	As at 31 March, 2020	As at 31 March, 2019
Security Deposits	46,500,000	46,500,000
<b>Total</b>	<b>46,500,000</b>	<b>46,500,000</b>
Secured, considered good	-	-
Unsecured, considered good	46,500,000	46,500,000
Trade Receivables with significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-

### Note No. 7: Other non current financial assets

Particulars	As at 31 March, 2020	As at 31 March, 2019
Margin money deposits with bank	3,994,969	3,768,839
<b>Total</b>	<b>3,994,969</b>	<b>3,768,839</b>

### Note No. 8: Other Non Current Assets

Particulars	As at 31 March, 2020	As at 31 March, 2019
Capital advances for fixed assets	21,095,615	21,095,615
Security deposits	90,710	90,710
Advance income tax	5,344,758	4,196,162
Receivable from Keynote Capitals Limited	23,516,348	23,516,348
<b>Total</b>	<b>50,047,432</b>	<b>48,898,835</b>

### Note No. 9: Inventories

(At lower of cost and net realisable value)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Finished goods	26,881,165	28,734,626
<b>Total</b>	<b>26,881,165</b>	<b>28,734,626</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

### Note No. 10: Trade Receivables

Particulars	As at 31 March, 2020	As at 31 March, 2019
Trade Receivables (Refer Note below)	24,150,759	42,454,219
Less: Provision for loss allowance	-	-
<b>Total</b>	<b>24,150,759</b>	<b>42,454,219</b>
Secured, considered good	-	-
Unsecured, considered good	24,150,759	42,454,219
Trade Receivables with significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
	<b>24,150,759</b>	<b>42,454,219</b>
Less: Provision for Loss allowance	-	-
<b>Total</b>	<b>24,150,759</b>	<b>42,454,219</b>

### Note No. 11: Cash and cash equivalents

Particulars	As at 31 March, 2020	As at 31 March, 2019
Cash on hand	10,904	29,112
<b>Balance with banks</b>		
In current accounts	191,431	17,471,743
In term deposits with banks (less than 3 months)	23,750	20,750
<b>Total</b>	<b>226,086</b>	<b>17,521,605</b>

### Note No. 12: Current financial assets - Loans

Particulars	As at 31 March, 2020	As at 31 March, 2019
Security deposits	3,258,258	-
Loans and advances to employees	136,000	-
	<b>3,394,258</b>	-
Less: Provision for Loss allowance	-	-
<b>Total</b>	<b>3,394,258</b>	-
Secured, considered good	-	-
Unsecured, considered good	3,394,258	-
Loans which have a significant increase in credit risk	-	-
Loans which are credit impaired	-	-
	<b>3,394,258</b>	-

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

### Note No. 13: Other current assets

Particulars	As at 31 March, 2020	As at 31 March, 2019
Advances to Suppliers	4,402,330	279,725
Prepaid expenses	1,359,105	624,930
Advances recoverable in kind or value to be received	21,409,588	26,755,986
<b>Total</b>	<b>27,171,023</b>	<b>27,660,641</b>

### Note No. 14: Non-current borrowings

Particulars	As at 31 March, 2020	As at 31 March, 2019
<b>Loans from</b>		
Other	64,347,897	57,356,012
DSIR*	90,000,000	90,000,000
<b>Total</b>	<b>154,347,897</b>	<b>147,356,012</b>
<b>Secured</b>	-	-
<b>Unsecured</b>	154,347,897	147,356,012
<b>Total</b>	<b>154,347,897</b>	<b>147,356,012</b>

\*Note: As per the TDDP Scheme of the DSIR, the financial support so provided is to be repaid on successful commercialisation of the technology but instead of waiting for the same, DSIR invoked Arbitration Clause, as against their own admission of pending commercialisation vide their letter dated 14th Feb 2014. The sole Arbitrator preferred to ignore Commercialisation of the Project, a precondition of the repayment of the grant given by the DSIR for Development, Demonstration & Commercialisation of the above Project. As against the order of the Arbitrator, the Company has appealed in the Delhi High Court, awaiting the date of hearing.

### Note No. 15: Current Borrowings

Particulars	As at 31 March, 2020	As at 31 March, 2019
<b>Loans from</b>		
Banks	-	22,481,711
Other	3,592,724	30,557,769
Loans and advances from related parties	4,243,677	-
Deposits	1,500,000	-
<b>Total</b>	<b>9,336,401</b>	<b>53,039,480</b>
<b>Secured</b>	-	22,481,711
<b>Unsecured</b>	9,336,401	30,557,769
<b>Total</b>	<b>9,336,401</b>	<b>53,039,480</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

### Note No. 16: Deferred Tax Liabilities

Particulars	As at 31 March, 2020	As at 31 March, 2019
Opening Balance	13,531,794	21,948,467
<b>Adjustments during the year</b>		
Profit and Loss	-731,171	-3,101,276
Other Comprehensive Income	-4,447,699	-5,315,397
<b>Total</b>	<b>8,352,924</b>	<b>13,531,794</b>

### Note No. 17: Trade Payables

Particulars	As at 31 March, 2020	As at 31 March, 2019
<b>Trade payables:</b>		
-For Goods	132,506	-
-For Services	1,551,255	2,023,697
Due to related parties	632,186	-
<b>Total</b>	<b>2,315,947</b>	<b>2,023,697</b>

### Note No. 18: Other current financial liabilities

Particulars	As at 31 March, 2020	As at 31 March, 2019
Current maturities of long-term debt	7,572,468	1,980,270
Salary Payable	949,906	854,034
Other payables	1,122,834	194,902
<b>Total</b>	<b>9,645,208</b>	<b>3,029,206</b>

### Note No. 19: Other current liabilities

Particulars	As at 31 March, 2020	As at 31 March, 2019
Statutory dues payable	87,769	91,155
GST payable	2,772,786	2,369,743
Provident Fund payable	60,725	82,959
TDS payable	241,056	352,861
Advances from customers	1,366,188	-
<b>Total</b>	<b>4,528,524</b>	<b>2,896,717</b>

### Note No. 20: Current Provisions

Particulars	As at 31 March, 2020	As at 31 March, 2019
<b>Provision for employee benefits</b>		
Gratuity	2,639,951	1,922,418
Other employee benefits	-	348,389
Income tax	3,360,250	1,500,000
<b>Total</b>	<b>6,000,201</b>	<b>3,770,807</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

### Note 21: Revenue from operations

PARTICULARS	Year Ended March 31 2020	Year Ended March 31 2019
<b>Sale of goods</b>		
Electrical waste and refurbished electronic equipment	111,828,721	105,094,493
<b>Sale of services</b>		
Data Destruction charges	10,119,024	19,304,465
<b>Total</b>	<b>121,947,745</b>	<b>124,398,958</b>

### Note No. 22 : Other Income

PARTICULARS	Year Ended March 31 2020	Year Ended March 31 2019
Profit on sale of shares	5,883,875	-
Sundry balances written back	2,740,233	3,527,671
Dividend	294,670	152,023
Profit on account of fare value of shares	-	1,533,883
Client agreement charges	40,000	485,000
Other non operating income	1,084,905	203,105
Interest income	239,874	-
<b>Total</b>	<b>10,283,557</b>	<b>5,901,682</b>

### Note No. 23: Purchases of Stock in Trade

PARTICULARS	Year Ended March 31 2020	Year Ended March 31 2019
Purchases of electrical waste and electronic equipment	40,124,438	25,923,710
<b>Total</b>	<b>40,124,438</b>	<b>25,923,710</b>

### Note 24: Changes in inventories of finished goods, stock in trade, work in progress

PARTICULARS	Year Ended March 31 2020	Year Ended March 31 2019
<b>Opening inventories</b>		
Finished goods	28,734,627	64,674,089
	28,734,627	64,674,089
<b>Closing Inventories</b>		
Finished goods	26,881,165	28,734,627
	26,881,165	28,734,627
<b>Total</b>	<b>1,853,462</b>	<b>35,939,462</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

### Note No. 25: Employee Benefit expenses

PARTICULARS	Year Ended March 31 2020	Year Ended March 31 2019
Salaries, Bonus and Other Allowances to staff	6,904,682	8,859,704
Remuneration to Directors	6,395,704	3,720,000
Contribution to Provident and Other Funds	441,710	903,348
Gratuity and other long term employee benefits	324,245	-
Employee Welfare expenses	235,268	296,475
<b>Total</b>	<b>14,301,609</b>	<b>13,779,527</b>

### Note No. 26: Finance Cost

PARTICULARS	Year Ended March 31 2020	Year Ended March 31 2019
Interest expenses	8,032,299	9,840,737
Processing fees	-	299,753
<b>Total</b>	<b>8,032,299</b>	<b>10,140,490</b>

### Note No. 27: Other Expenses

PARTICULARS	Year Ended March 31 2020	Year Ended March 31 2019
Rent, Rates and Taxes	7,726,483	7,840,083
Freight and Transportation	1,797,053	2,071,091
Travelling and Conveyance	2,597,230	5,166,699
Legal and Professional Fees	3,429,983	4,677,560
Service tax	1,027,744	5,200
Advertisement	5,185,562	3,304,826
Insurance	649,657	775,850
Printing and Stationery	422,357	245,845
Repairs and Maintenance	52,984	69,616
Electricity	363,700	355,250
Security	914,795	912,264
Audit Fees	275,000	284,000
Listing fees (stock exchange)	300,000	367,518
Loss on sale of shares	10,568,020	1,408,928
Loss on account of fair value of shares	9,223,076	-
Miscellaneous Expenses	3,170,148	2,738,288
Sundry balances written off	292,677	1,269,369
Communication	349,086	397,253
Data destruction charges	2,605,129	-
<b>Total</b>	<b>50,950,683</b>	<b>31,889,640</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

### Note No. 28: Disclosure in Respect of Leases:

#### Operating Lease: Company as Lessee

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

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

Particulars	2019-2020	2018-2019
i) Not later than one year	7,475,880	8,057,688
ii) Later than one year and not later than five years	-	-
b) Lease payments recognized in the Statement of Profit and Loss for the period.	7,625,880	7,840,083

### Note No. 29: Contingent Liabilities

Particulars	2019-2020	2018-2019
Guarantee given by Bank on behalf of the Company Secured against equal fixed deposits		
Standing Bank Guarantee in favour of The Customs, JNPT	1,810,000	1,810,000
Corporate Guarantee to National Skills development Corporation on behalf of its 100% subsidiary Ecoreco Enviro Education Pvt. Ltd.	125,993,806	125,993,806

### Note No. 30: Payment to Auditors

Particulars	2019-2020	2018-2019
Audit Fees	200,000	200,000
Tax Audit Fees	50,000	50,000
<b>Total</b>	<b>250,000</b>	<b>250,000</b>

### Note No. 31: Earnings in Foreign Currency

Particulars	2019-2020	2018-2019
Service Charges	810,074	9,086,687
<b>Total</b>	<b>810,074</b>	<b>9,086,687</b>

**Note No. 32:** The Company was maintaining a demat and a trading account with Keynote Capital Limited for its investment in equity shares in the secondary market. In the year 2013-14 Keynote misappropriated 20,56,234 Nos. of shares worth Rs. 4,48,55,092 from its demat account and sold in the market under the pretext of an alleged recovery of debit balance in the derivative segment. The company filed a complaint against Keynote with SEBI & NSE. The matter was referred to Arbitration and your company won at both the levels of the Arbitration. Now the matter is pending before The High Court of Mumbai and we are waiting for an early hearing and the decision in the matter at the earliest.

**Note No. 33:** The Company had entered in to an agreement with KUD Realtors Pvt. Ltd, Mumbai for purchase of 10 acres of land for a consideration of Rs. 650 lacs for setting up its e-waste recycling project at Kharbao, Bhiwandi and paid Rs.615 lacs against the above. As of now, M/s KUD Realtors Pvt Ltd, could convey 5.78 acres of land in favor of the company and for the remaining amount they have offered some warehouses and incomplete construction at the same site. All the above land, warehouses and incomplete building are yet to be physically received because of incomplete documents for which the company has taken appropriate steps with the concerned authorities.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

**Note No. 34:** Income Tax Liability as on 31st March, 2020.

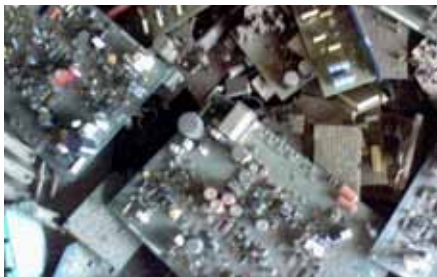
Assessment Year	Tax amount as per the IT Department	Refund Adjusted by the Income Tax Department	Balance Liability / (Refund)	Remarks
1998-1999	448,807	1,012,601	(563,794)	The Company decided to avail Vivaad se Vishwas Scheme under which the company will be liable to pay Rs.4,48,807/-. As against the same, the IT Department has withheld Rs.10,12,601/-. The Company expects to receive back Rs.5,63,794/- as soon as the formalities gets over.
2018-2019	-	-	(430,601)	The Assessing Officer is expected to rectify short credit of TDS amount and post that the Company will get refund of Rs 4,30,601/-.
2008-2009	-	-	571,900	The Company has a liability to pay Rs 5,71,900/-, for which Company would request to the I T Department to adjust the same against refunds pending in favour of the company.
2011-2012	-	-	-	The Company is opting to get the Assessment completed under Vivad se Vishwas Scheme, although in this year there is no liability but because of some common issues.
2012-2013	665,018	116,300	548,718	The Company is opting to get the Assessment completed under Vivad se Vishwas Scheme.
2014-2015	562,949	-	562,949	The Company is opting to get the Assessment completed under Vivad se Vishwas Scheme.
2016-2017	-	-	-	The Assessing Officer is expected to rectify short credit of TDS amount and post that the demand will get nullified.
Total	-	-	689,172	Overall Liability towards Income Tax

**Note No. 35:**

Balances of some of the trade receivables, trade payables and creditor of expenses, loans and advances (given and taken) and loans, are subject to confirmation from the respective parties and consequential adjustments arising from reconciliation, if any. The management, however is of the view that there will be no material adjustments in this regards.

**Note No. 36:**

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



## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

### Note No. 37: Related Party Transactions

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

#### i) Relationships :

##### (a) Holding Company :-

Ecoreco Ventures Private Limited

##### (b) Entities controlled by Directors:-

Reverse Logistics & Warehousing Private Limited

Ecoreco Park Private Limited

Eco Remarketing Pvt Ltd

Data De-End Private Limited

Reverse E-Commerce Private Limited

EPR Compliance Private Limited

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

Mr. Brijkishor Soni - C.M.D.

Mrs. Aruna Soni - Executive Director

Mr. Srikrishna B. - Independent Director

Mr. Shashank Soni - Executive Director

Mr. Dilip Boralkar - Independent Director

Mr. Dattatraya Devele - Independent Director

Mr. Ravi Varma - Independent Director

#### ii) Transaction With Related Parties :-

(Amount in Rs.)

Particulars	Key management personnel	Holding/ Subsidiary	Associates
Remuneration	4,200,000	-	-
Previous Year	(3,000,000)	-	-
Salary	2,200,000	-	-
Previous Year	(3,271,595)	-	-
Sitting Fees	170,000	-	-
Previous Year	(120,000)	-	-
Rent	1,950,000	-	-
Previous Year	(2,400,000)	-	-
Loan Repaid	-	-	-
Previous Year	-	-	-
Loan Taken	-	-	-
Previous Year	-	-	-
Expenses on behalf of Subsidiary	-	-	-
Previous Year	-	-	-
Sales	-	-	15,189,773
Previous Year	-	-	(19,371,814)
Expenses on behalf of Subsidiary	-	-	-
Previous Year	-	-	-
Direct Expenses (Data Destruction Charges)	-	-	3,074,057
Previous Year	-	-	(3,170,879)
<b>Closing Balance at the Year End</b>			
Loan Taken	-	-	-
Previous Year	-	-	-
Deposit Given	45,000,000	-	-
Previous Year	(45,000,000)	-	-
Trade Receivables	-	-	7,329,365
Previous Year	-	-	(21,117,711)

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

### Note No. 38: Earnings Per Share

		Units	2019-2020	2018-2019
i)	Profit after tax	Rs.	11,088,260	10,999,033
ii)	Weighted average number of equity shares outstanding	Nos.	18,565,813	17,542,500
iii)	Basic Earnings Per Share	Rs.	0.60	0.63
iv)	Diluted Earning Per Share	Rs.	0.60	0.63
v)	Face Value of Shares	Rs.	10.00	10.00

### Note No. 39: Fair value measurements

The carrying value and fair values of financial assets and financial liabilities by categories as at March 31, 2020 is as follows:

(A) Financial instruments by category						
Particulars	31-Mar-20			31-Mar-19		
	Amortised Cost	FVTOCI	FVTPL	Amortised Cost	FVTOCI	FVTPL
<b>Financial assets</b>						
Investments	8,499,990	12,482,643	17,952,813	8,499,990	27,811,181	2,500,000
Trade receivables	24,150,759	-	-	42,454,219	-	-
Loans	49,894,258	-	-	46,500,000	-	-
Other Financial Assets	3,994,969	-	-	3,768,839	-	-
Cash and cash equivalents	219,406	-	-	203,603	-	-
<b>Total financial assets</b>	<b>86,759,382</b>	<b>12,482,643</b>		<b>101,426,651</b>	<b>27,811,181</b>	<b>2,500,000</b>
<b>Financial liabilities</b>						
Borrowings	163,307,349	-	-	177,411,623		
Trade Payables	2,315,947	-	-	2,023,697		
Other financial liabilities	2,022,740	-	-	877,688		
<b>Total Financial liabilities</b>	<b>167,646,036</b>			<b>180,313,008</b>		





## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

### (B) Fair value hierarchy

**Level 1:** Quoted prices in active markets for identical assets and liabilities

**Level 2:** Inputs other than quoted prices included in Level 1 that are observable for the assets and liabilities either directly (i.e. as prices) or indirectly (i.e. derived from prices)

**Level 3:** Inputs for assets and liabilities that are not based on observable market data (unobservable inputs)

The Fair value hierarchy of assets and liabilities as at March 31, 2020 are as follows:

Financial Assets	Note No.	Level 1	Level 2	Level 3	Total
Investments in Equity instruments		30,435,456	-	-	30,435,456
Investment in preference shares		-	-	-	-
<b>Total financial assets</b>		<b>30,435,456</b>	<b>-</b>	<b>-</b>	<b>30,435,456</b>

The Fair value hierarchy of assets and liabilities as at March 31, 2019 are as follows:

Financial Assets		Level 1	Level 2	Level 3	Total
Investments in Equity instruments		27,811,191		-	27,811,191
Investment in preference shares				2,500,000	2,500,000
<b>Total financial assets</b>		<b>27,811,191</b>	<b>-</b>	<b>2,500,000</b>	<b>30,311,191</b>

**Note** Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's No. 40: classification/disclosure.

Signature to Notes 1 to 40

For Talati & Talati LLP

Chartered Accountants

Firm Registration No. 110758W / W100377

Bhaskar R Iyer

Partner

Membership No.: 127863

For and behalf of the Board

B. K. Soni

Managing Director

DIN: 01274250

Aruna Soni

Director

DIN: 01502649

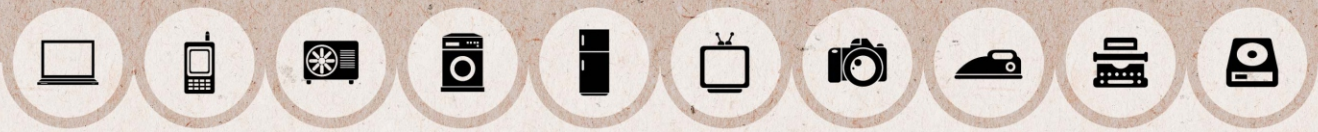
D. T. Devale

Director

DIN: 07186290

Mumbai | 18<sup>th</sup> July, 2020





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