



TOGETHER
WE CAN MAKE
A DIFFERENCE

ECO RECYCLING LIMITED
ANNUAL REPORT 2012-2013

BOARD OF DIRECTORS

DIRECTORS

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

AUDITORS

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

BANKERS

Catholic Syrian Bank
Kotak Mahindra Bank Ltd

REGISTRARS & TRANSFER AGENTS

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

REGISTERED OFFICE

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

E-MAIL ADDRESS

info@ecoreco.com
shareholders@ecoreco.com

WEBSITE

www.ecoreco.com

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 19th Annual General Meeting of Eco Recycling Limited will be held at A-52, AIPMA House, Street No. 1, MIDC, Andheri (East), Mumbai 400093 on Monday 30th September, 2013 at 10.00 a.m. to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2013, Profit and Loss Account for the Financial Year ended on that date and the Reports of the Auditors' and the Directors' thereon.
2. To appoint a Director in place of Mr. Raghavendra Rao Satya Veera Venkata Turlapati who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint M/s. GMJ & Co. Chartered Accountants bearing Registration No. 1034292w as Statutory Auditors of the Company for the period commencing from the conclusion of this meeting until conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration.

Special Business

4. APPOINTMENT AND PAYMENT OF REMUNERATION TO MR. SHASHANK SONI, DIRECTOR OF THE COMPANY: To consider, and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution: "RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, 311 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) (hereinafter

referred to as "the Act"), read with and in accordance with the conditions specified in Schedule XIII to the said Act and as recommended and approved by the remuneration committee and the Board of Directors of the Company, the consent of shareholders be and is hereby accorded to appoint and pay the remuneration to Mr. Shashank Soni, Director of the Company as are set out in clause a to c below with effect from 1st October, 2013:

- (a) Total Salary: ₹ 1,00,000/- (Rupees One lac only) per month with such annual increments as considered by the Board.
- (b) Commission: @ 1% of the net profit of the Company in the financial year computed in the manner laid down in Sections 349 & 350 of the Companies Act, 1956 subject to a ceiling of 50% of the annual salary as defined in para (a) above.
- (c) Perquisites and Allowances: In addition to the salary and commission as outlined above, the Director shall be entitled to perquisites/allowance as under:
 - (i) Housing: Free furnished residential accommodation or in case no accommodation is provided by the Company, reimbursement of actual expenditure incurred by the Director on hiring accommodation shall be made by the Company subject to the ceiling of 60% of the salary as defined in para (a) above. In addition, the expenditure incurred for utilities such as gas, fuel, electricity, water, furnishing, repairs/upkeep and maintenance of accommodation and servants' salaries shall be reimbursed on actual basis.
 - (ii) Medical Benefits: Payment/ reimbursement of expenses incurred for self and family (including mediclaim/medical insurance

premium) or medical allowance in accordance with the rules of the Company.

- (iii) Leave Travel Allowance/Assistance: Once in a year on actual for traveling within the Country or once in a year on a foreign tour with family.
- (iv) Club Fees: Payment/reimbursement of club fees for not more than two clubs in India, excluding admission and life membership fees.
- (v) Personal Accident Insurance Premium: For a personal accident insurance cover not exceeding ₹ 25 lacs.
- (vi) Contribution to Provident Fund, Pension/Superannuation or Annuity Funds: As per the Rules framed under the Company's relevant scheme.
- (vii) Gratuity: As per the Rules of the Company and applicable statutory provisions from time to time.
- (viii) Leave Encashment: Leave with full pay and allowance as per rules of the Company. Accumulation/encashment of unavailed earned or privilege leave will be permissible in accordance with the Rules specified by the Company.
- (ix) Car/Communication Facilities: The following shall not be included in the computation of perquisites-
 - (a) Provision of Company's car(s) with driver for the official use.
 - (b) Provision of free telephone(s) and/or other communication facilities or reimbursement of telephone/communication expenses at residence including payment of local calls and long distance official calls.

RESOLVED FURTHER THAT where in any financial year during the currency of his tenure as the Director, the Company has adequate profits in terms of Section 198 of the Act, then Mr. Shashank Soni shall be

entitled to receive remuneration including perquisites, commission/ performance pay, etc as per the provisions of Section 198, 309, 349 & 350 of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) and such other applicable laws, rules and regulations.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution the Board of Directors, (herein after referred to as "the Board" which term shall be deemed to include any duly authorised committee thereof, for time being exercising the powers conferred by the Board by the resolution) be and is hereby authorised to take such steps and to do all such acts, deeds, matters and things as may, in its absolute discretion, deem necessary or desirable or to settle any question or difficulty that may arise in such manner as it may deem fit and also, to make such alterations and modifications, as may be required under the Companies Act, 1956."

5. To consider and if thought fit, pass the following resolution with or without modification (s) as Special Resolution: "RESOLVED THAT pursuant to the Special Resolution passed by the Members in the Annual General Meeting held on December 28, 2010 and pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII to the said Act, and all other applicable provisions of Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) and as recommended and approved by the Remuneration Committee and the Board, the members of the Company hereby consents to the payment of remuneration to Mr. B. K. Soni, Managing Director who is appointed for a period of 5

years from 01st September, 2010 on the terms & conditions as are set out at clauses A to C below:

- (a) Basic Salary: ₹ 2,50,000/- (Rupees Two Lakh Fifty Thousand Only) per month.
- (b) Commission : 1% (one percent) of the Net profit of the Company in the financial year computed in the manner laid down in Sections 349 & 350 of the Companies Act, 1956 subject to a ceiling of 50% of the annual salary as defined in para (a) above.
- (c) Perquisites and Allowances: In addition to the salary and commission as outlined above, the Managing Director shall be entitled to perquisites/allowance as under:
 - (i) Housing : Free furnished residential accommodation or in case no accommodation is provided by the Company, reimbursement of actual expenditure incurred by the Managing Director on hiring accommodation shall be made by the Company subject to the ceiling of 60% of the salary as defined in para (a) above. In addition, the expenditure incurred for utilities such as gas, fuel, electricity, water, furnishing, repairs/upkeep and maintenance of accommodation and servants' salaries shall be reimbursed on actual basis.
 - (ii) Medical Benefits: Payment/ reimbursement of expenses incurred for self and family (including mediclaim/ medical insurance premium) or medical allowance in accordance with the rules of the Company.
 - (iii) Leave Travel Allowance/Assistance: Once in a year on actual for traveling within the Country or once in a year on a foreign tour with family.
 - (iv) Fees: Payment/reimbursement of club fees for not more than two clubs in India, excluding admission and life membership fees.

- (v) Personal Accident Insurance Premium: For a personal accident insurance cover not exceeding ₹ 100 lacs.
- (vi) Contribution to Provident Fund, Pension/Superannuation or Annuity Funds: As per the Rules framed under the Company's relevant scheme.
- (vii) Gratuity: As per the Rules of the Company and applicable statutory provisions from time to time.
- (viii) Leave Encashment: Leave with full pay and allowance as per rules of the Company. Accumulation/encashment of unavailed earned or privilege leave will be permissible in accordance with the Rules specified by the Company.
- (ix) Car/Communication Facilities: The following shall not be included in the computation of perquisites-
 - (a) Provision of Company's car(s) with driver for the official use.
 - (b) Provision of free telephone(s) and/or other communication facilities or reimbursement of telephone/communication expenses at residence including payment of local calls and long distance official calls.

RESOLVED FURTHER THAT the terms and conditions of the above remuneration may be altered and varied from time to time by the Board of Directors ('the Board' which term shall be deemed to include the remuneration committee thereof) as it may in its discretion deem fit within the maximum amount payable to the director in accordance with the Companies Act, 1956 and as may be agreed to by the Director

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution the Board of Directors, (herein after referred to as "the

Board" which term shall be deemed to include any duly authorised committee thereof, for time being exercising the powers conferred by the Board by the resolution) be and is hereby authorised to take such steps and to do all such acts, deeds, matters and things as may, in its

absolute discretion, deem necessary or desirable or to settle any question or difficulty that may arise in such manner as it may deem fit and also, to make such alterations and modifications, as may be required under the Companies Act, 1956."

By order of the Board

CMD

Mumbai

August 14, 2013

Registered Office:

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

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend the meeting and the proxy need not be a member of the Company. Under the Companies Act, 1956, voting is by a show of hands unless a poll is demanded by a member or members present in person, or by proxy, holding at least one-tenth of the total shares entitled to vote on the resolution or by those holding paid-up capital of at least 50,000. A proxy shall not vote except on a poll. The instrument appointing the proxy must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
2. Members /Proxies should bring duly-filled Attendance Slips sent herewith to attend the meeting.
3. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.
4. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. The Register of Members and Share Transfer Books of the Company will remain closed from September 20, 2013 to September 30, 2013 (both days inclusive) for the purpose of Annual General Meeting.
6. Members holding shares in physical form and desirous of making/changing nomination in respect of their shareholding in the Company, may send their request in the prescribed form to the Registrar & Transfer Agents of the Company.
7. Corporate Members are requested to send to the Company, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.
8. Members desirous of obtaining any information on the Accounts and Operations of the Company or clarifications on the Annual Report are requested to write at least one week before the meeting so that the same could be compiled in advance.
9. Members are requested to notify changes, if any, in their registered addresses along with the pin code to the Company's Registrar and Share Transfer Agent.
10. Members are requested to bring their copy of Annual Report to the Meeting.
11. All documents referred to in the notice are open for inspection at the registered office of the Company between 10.30 A. M. and 1.00 P.M. on all working days up to the date of the Meeting.
12. Members whose shareholding is in electronic mode are requested to direct change of address notifications and updation of savings bank account to their respective Depository Participants.
13. Member are requested to address all correspondences, including dividend matters, to the Registrar and Share transfer Agents, M/s. Big Share Services Private Limited, E/2, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai – 400 072 Tel No: +91 22 28470652/53, Fax No.: +91 22 28475207, Email: investor@bigshareonline.com
14. Members are requested to address all the correspondences to Register and Share Transfer Agents of the Company
15. As per the provisions of the Companies Act, 1956, facility for making nominations is available for shareholders, in respect of the shares held by them. Nomination forms can be obtained from the Registrar and Transfer Agents of the Company
16. Members seeking any information or clarifications on the Annual Report are requested to send in written queries to the Company at least one week before the meeting to enable the Company to compile the information and provide replies at the meeting.

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

Item No.4:

The Board of Directors of the Company at its meeting held on August 14, 2013 has pursuant to recommendation of the Remuneration Committee and subject to the approval of members, approved the appointment and remuneration of Mr. Shashank Soni, Director of the Company w.e.f. 1st October, 2013 as set out in the resolution mentioned above.

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

The directors recommend the adoption of the resolution in the interest of the Company by passing Special Resolution.

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

Item No. 5:

PAYMENT OF REMUNERATION TO MR. B. K. SONI, MANAGING DIRECTOR OF THE COMPANY

The Members are hereby informed that the Shareholders have already accorded approval to the appointment and payment of Remuneration to Mr. B. K. Soni, Managing Director of the Company for a period of 5 years commencing from 01st September, 2010 in the Annual General Meeting held on 28th December, 2010. In view of this, the payment of Remuneration is governed by Section 198 read with Schedule XIII to the Companies Act, 1956.

Accordingly, the Board recommends this special resolution for the payment of Remuneration to Mr. B. K. Soni for a period of 2 years commencing from 1st October, 2013 for your consent.

Mrs. Aruna Soni and Mr. Shashank Soni

are interested in the resolution. None of the other Directors of the Company is in any way concerned or interested in this resolution.

This explanation together with the notice is and should be treated as an abstract of the terms of appointment of Mr. B. K. Soni and a Memorandum as to the nature of the concern or interest of the Directors in the said Terms of Appointment, as required under Section 302 of the Companies Act, 1956

Information required for Item No. 5 of the Notice of AGM pursuant to Section II, 1(B) (iv), Part II of Schedule XIII to the Act is provided hereinbelow:

1. GENERAL INFORMATION:

- (i) Nature of Industry: Eco Recycling Limited provides the full spectrum of activities covered under e-waste management right from collection of e-waste from the door step of the generators, transporting, sorting them into working / non-working equipments / components, secured data destruction, dismantling of end of life equipments, size reduction, sorting in to different commodities like glass, plastic, iron / steel, aluminum, copper and other fractions, remarketing of reusable equipments, components and various recovered commodities as well as disposal of hazardous substances as per the prescribed Rules.
- (ii) Date or expected date of commencement of commercial production: Not applicable as the Company is an existing Company.
- (iii) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the

prospectus: Not applicable.

- (iv) Financial performance based on given indicators – as per audited financial results for the year ended 31st March, 2013:

Particulars	2012-13 (Amount in ₹)
Income from operations	223,140,357
Other Income (This includes incomes from investments and deposits)	2,143,053
Profit before interest, depreciation and taxation	16,613,347
Net Profit	6,406,017

- (v) Export performance and net foreign exchange collaborations for the year ended 31st March, 2013: During the year, the Company utilized foreign exchange amounting to ₹ 2,52,534 and earned foreign exchange amounting to ₹ 1,12,95,434.
- (iv) Foreign investments or collaborations, if any: Not applicable.

2. INFORMATION ABOUT THE APPOINTEE:

- (i) Background details: Mr. B. K. Soni is associated with the Company since 01.08.1994 and was designated as a Managing Director of the Company since 1994. He is a qualified professional with expertise in Corporate Finance and Investment Management and has vast experience in areas of financial restructuring, evaluation of business plans / joint venture proposals / acquisitions, fund raising and strategic alliances.

He is with the Company for more than 19 years handling corporate relationships.

- (ii) Past remuneration: Mr. B. K. Soni has been appointed as Managing Director of the Company w.e.f. September 1, 2010. For the financial year ended on March 31, 2012, the Company has paid ₹ 2,50,000 per month as remuneration to Mr. B. K. Soni.
- (iii) Recognition or awards: Not applicable.
- (iv) Job profile and their suitability: Same as stipulated in Para II (i) above
- (v) Remuneration proposed: Same as stipulated above
- (vi) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person: Taking into consideration the size of the Company, the profile of Mr. B. K. Soni, Managing Director

and the responsibilities shouldered on him and industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterparts in the companies.

- (vii) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any: Besides the remuneration to be paid to him, Mr. B. K. Soni is a major promoter of the Company.

3. OTHER INFORMATION:

- (i) Reasons inadequate profits: The Company has a profit of ₹ 64,06,016/- for the financial year ended March 31, 2013. The Board of Directors have approved to give remuneration of ₹ 2,50,000/- to Mr. B. K. Soni subject

to approval of shareholders. In view of above Clause 1 B part II section II of Schedule XIII to the Companies Act, 1956 is applicable.

- (ii) Steps taken or proposed to be taken for improvement: The Company has been continuously enhancing its client list. The Company has made significant strides in establishing stronger client relationships. The Company is focussing on providing innovative business solutions to its clients in the area of fund raising and merger and acquisitions.
- (iii) Expected increase in productivity and profits in measurable terms: With better capital market conditions and increased client relationships, the Company is expected to step up the revenues and profits substantially in future.



The Members of ECO RECYCLING LIMITED

Your Directors present with pleasure the 19th Annual Report together with the Audited Statement of Accounts of the Company for the year ended March 31, 2013.

1. FINANCIAL RESULTS (₹ in Lacs)

	2012-2013	2011-2012
Total Income	2231.40	1757.34
Profit before Interest, Depreciation & Tax	166.13	108.15
Less: Depreciation	18.12	11.40
Profit before Interest and Tax	148.01	97.00
Interest	59.18	49.86
Profit before Tax	88.83	46.89
Less: Provision for Income Tax	24.78	9.89
Profit after Tax	64.05	37.00
Add: Balance brought forward	148.89	261.88
Balance carried to Balance Sheet	212.94	298.88

2. OPERATIONS

This was the first year of operations since the E-waste (Management & Handling) Rules, 2011 became applicable in India. The Ministry had given one full year from May 11 to April 12 to all the generators of e-waste & other stakeholders to understand & implement the Rules. The Rules envisage that the generators will hand over their e-waste to the registered recyclers and also envisage that the producers will collect the used electrical & electronic equipment from the generators (under Extended Producers' Responsibility)

DIRECTORS' REPORT

and facilitate reverse logistic to see that material gets recycled in an environment friendly manner. The above Rules are changing the trend towards environment friendly disposal in place of sale of e-waste to Kabadies.

It is pleasant to share that Eco Recycling Ltd is the only company in Maharashtra which is registered as an E-waste Recycler. Your Board is of the view that in the near future this industry will see a big boom and your company will be immensely benefitted.

During the year ended 31st March 2013, your Company achieved turnover of ₹ 2253 Lacs and net profit of ₹ 64 Lacs.

3. DIVIDEND

In order to conserve resources, no dividend has been declared for the year 2012-2013.

4. TRANSFERS TO RESERVES

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

5. FUTURE PLANS

Ecoreco is in the process of setting up another facility for recycling of home appliances near Bhiwandi, Maharashtra, with the kind support of NEDO, Mitsubishi Materials Corporation and Nippon Magnetic Dressing Co. Ltd. The unit is expected to be completely operational by end of 2013.

6. DIRECTORS

In accordance with the Articles of Association of the Company and provisions of the Companies Act, 1956 at least two-

thirds of our Directors shall be subject to retirement by rotation. One - third of these retiring Directors must retire from office at each Annual General Meeting of the Shareholders. The retiring Directors are eligible for re-election.

In accordance with the said provisions of the Companies Act, 1956 and Articles of Association of the Company, Raghavendra Rao Satya Veera Venkata Turlapati, Director of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment.

7. AUDITORS

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

8. FIXED DEPOSIT

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

9. DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanation obtained by them, your Directors make the following statement

in terms of Section 217(2AA) of the Companies Act, 1956:

- (i) that in the preparation of the Annual Accounts for the year ended March 31, 2013; the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended March 31, 2013 and of the profit of the Company for that year.
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities
- (iv) that the Directors have prepared the Annual Accounts for the year ended March 31, 2013, on a going concern basis.

10. CORPORATE GOVERNANCE

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

11. PARTICULARS OF EMPLOYEES

Since none of the employees of the Company was drawing remuneration in excess of limits laid down pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, details therewith are not furnished.

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

Information pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with

the Companies (Disclosure of particulars in the Report of the Board of Directors) A rule, 1988 is not required as your company is not a manufacturing company.

13. QUALIFICATION IN THE AUDITOR'S REPORT:

There are no qualifications in the Auditors' Report regarding audited Accounts for the year ended March 31, 2013 except as follow: The statutory Auditors have qualified that the Miscellaneous Expenditure lying in the Books of the Company as on 31/03/2013 ought to have been written off in the Financial Year ended 31/03/2010. In this regard, the Company here responds that it is a call taken by the Management to amortize the said Miscellaneous Expenditure.

For and on behalf of the Board of Directors

B. K. Soni
CMD

Mumbai
August 14, 2013
Registered Office:
205, Centre Point, Next to Hotel
Kohinoor, Andheri Kurla Road,
Andheri East, Mumbai-400 059



CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

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

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

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

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

Your Board of Directors presents the Corporate Governance Report for the year 2012-2013.

2. BOARD OF DIRECTORS

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

- a) **Size and Composition of Board**
The Board has an optimum combination of Executive and Non-Executive directors, and is in conformity with the Clause 49 of the Listing Agreement entered into with the Stock Exchange in which Company's Ordinary Shares are listed. The Board consists of 4 Directors, out of which 2 are Independent Non Executive Directors. The Composition of the Board and Category of Directors are as follows:

Category	Name of the Directors	% of the composition on the Board
Executive Director	B. K. Soni(CMD) Aruna Soni	40%
Independent and Non-Executive Director	Mr. Deepak Nanda' Mr. Srikrishna Bhamidipati Mr. R. T. Rao V. V. Turlapati	60%

Notes¹ Mr. Deepak Nanda resign from the directorship of the Company with effect from August 10, 2012

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

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

- b) The following table gives the number of other Directorships and Chairmanships / Membership of Committees of each Director in various Companies as on 31st March, 2013.

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

Notes² Mr. Deepak Nanda resign from the directorship of the Company with effect from August 10, 2012

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

During the accounting year 2012 – 2013, Board Meetings were held on 30th May, 2012, 18th June, 2012, 30th July, 2012, 13th August, 2012, 13th September, 2012, 30th October, 2012 and 1st February 2013. The details of Directors attendance at Board Meeting held during the year commencing 1st April, 2012 to 31st March, 2013 and the last Annual General Meeting

The details of Directors attendance at Board Meeting held during the year commencing 1st April, 2012 to 31st March, 2013 and the last Annual General Meeting

Name of Directors	No. of Board Meetings attended	Attendance at last AGM
Mr. B. K. Soni	7	PRESENT
Mrs. Aruna Soni	7	PRESENT
Mr. Deepak Nanda ³	0	Not Applicable
Mr. Srikrishna B	7	PRESENT
Mr. T Raghvendra Rao	7	PRESENT

Notes³ Mr. Deepak Nanda resign from the directorship of the Company with effect from August 10, 2012

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

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

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

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

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

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

3. AUDIT COMMITTEE :

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

a) Constitution and Composition of Committee:

The Audit Committee for the accounting year comprises of following three non-executive and independent directors.

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

Notes¹ Mr. Deepak Nanda resign from the directorship of the Company with effect from August 10, 2012

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

b) Meetings:

During the accounting year 2012- 13, four Audit Committee Meetings were held on 30/05/2012, 13/08/2012, 30/10/2012 and 01/02/2013.

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

- Reviewing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

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



terms of clause (2AA) of Section 217 of the Companies Act, 1956.

- To review the Management discussion and analysis of financial conditions and results of operations.
- Reviewing any other areas which may be specified as a role of the audit Committee under the Listing Agreement, Companies Act and other Statutes, as amended from time to time

All the items in the Agenda are accompanied by notes giving comprehensive information on the related subject and in certain matters such as financial/business plans, financial results, detailed presentations are made. The Agenda and the relevant notes are sent

in advance separately to each Member to enable the Committee to take informed decisions. The Statutory Auditors are invitees to the Audit Committee Meeting. The Chairman of Audit Committee Mr. Srikrishna Bhamidipati was present in last Annual General Meeting of the Company.

4. REMUNERATION COMMITTEE:

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

- a) Composition of the Committee
The Remuneration Committee

comprises of Mr. Srikrishna Bhamidipati, Non-Executive and Independent Director as Chairman, Mr. Raghavendra Rao Satya Veera Venkata Turlapati, Non- Executive and Independent Director and Ms. Aruna Soni, Executive Director.

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

- c) At present Non-executive and Independent Directors are not paid any remuneration except sitting fees for attending Board Meetings

Name of Directors	Remuneration including Salary, Perquisite Amount ₹	Sitting Fees ₹	Total ₹
Mr. Deepak Nanda ⁵	-	-	-
Mr. Srikrishna B	-	15,000	15,000
Mr. B. K. Soni	25,50,000	-	25,50,000
Mrs. Aruna Soni	6,00,000	30,000	6,30,000
Mr. T. R. Rao Satya Veera Venkata Turlapati	-	15,000	15,000

Notes⁵ Mr. Deepak Nanda resign from the directorship of the Company with effect from August 10, 2012

5 INVESTORS GRIEVANCE COMMITTEE

- a) The Investors Grievance Committee has delegated with the authority to approve requests for transfer of shares & redress investor complaints by the Board of Directors. The Committee also takes care of issues like non receipt of balance sheet,

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



Name of Members	Designation	Category of Director	Nos. of meetings held	Nos. of Meetings attended
Mr. Srikrishna Bhamidipati	Chairman	Non-Executive	5	5
Mr. Deepak Nanda ⁶	Chairman	Non-Executive	-	-
Mr. T. R. Rao	Member	Non-Executive	5	5
Mrs. Aruna Soni	Member	Executive Director	5	5

Notes⁶ Mr. Deepak Nanda resign from the directorship of the Company with effect from August 10, 2012

- b) Meeting of the Shareholders' grievance Committee Meetings During the accounting year 2012 – 2013, Six times Shareholders' Grievance Committee Meetings were held on 30/05/2012, 18/06/2012,
- 30/07/2012, 13/08/2012 and 30/10/2012.
- c) Ms. Anita Choudhari has been designated as the Compliance Officer of the Company with effect from 12th April, 2012.
- d) Investor Grievance Redressal Number of complaints received and resolved to the satisfaction of investors during the year under review and their break-up are as under:

Nature of Complaints	Opening	Received	Resolved	Outstanding as at 31st March, 2013.
Non- receipt of shares after conversion /endorsement/consolidation/splitting	-	2	2	-

During the accounting year ended March 31, 2013, two complaints were received from shareholders and the same were resolved. All valid Share Transfers received during the accounting year ended March 31, 2013 have been acted upon.

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

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

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

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

6. GENERAL BODY MEETINGS:

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

Financial Year	Day and Date	Location of AGM	Time
2011 – 2012	Thursday 30th August, 2012	Tunga Paradise, Opposite Rolta Centre, Central Road, MIDC, Andheri (East), Mumbai:- 400 059	10.00 A.M
2010 – 2011	Saturday 30th July, 2011	205, Centre Point, Next to Hotel Kohinoor, Andheri-Kurla Road, Andheri (East), Mumbai:- 400 059	4.00 P.M
2009 – 2010	Tuesday 28th December, 2010	205, Centre Point, Next to Hotel Kohinoor, Andheri-Kurla Road, Andheri (East), Mumbai:- 400 059	5.00 P.M

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

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

- Re-appointment of B K Soni as Managing Director for further period of five years

At the Annual General Meeting of the shareholders held on July 30, 2011, the following resolution was passed:

- Appointment of M/s. GMJ & Co., Chartered Accountants as Statutory Auditors in place of M/s Vedula Vijay And Ramanathan, Chartered Accountants who expressed their desire that they be not re-appointed at the Annual General Meeting.

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

- To offer and allot on preferential basis to Nippon Magnetic Dressing Co., Ltd (NMD), 8,00,000 Equity Shares in one or more tranches of nominal value Rs. 10/- (Rupees Ten) each at a price of not less than Rs. 40/- per share which includes a premium of Rs. 30/- per share.

7. DISCLOSURES:

a) Related Party Transactions

- Related Parties and transactions as required under Accounting Standard (AS-18) are furnished under paragraph number 44 of the Notes to the Accounts attached with the financial statements for the year ended March 31, 2013.
- No transaction of material nature has been entered into by the Company with its promoters, the directors or the management, their subsidiary or relatives etc. that may have a potential conflict with

the interest of the Company. The Register of Contracts containing transactions, in which directors are interested, is placed before the Board regularly.

b) Compliance by the Company

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

c) Secretarial Audit

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

d) Mandatory & Non Mandatory requirement of this clause

- Adoption of non mandatory requirements under Clause 49 of the Listing Agreement is being reviewed by the Board from time to time.
- The Company has set up a Remuneration Committee, details of which have been given earlier in this Report.
- The statutory financial statements of the Company are unqualified

except as follows: The statutory Auditors have qualified that the Miscellaneous Expenditure lying in the Books of the Company as on 31/03/2013 ought to have been written off in the Financial Year ended 31/03/2010. In this regard, the Company here responds that it is a call taken by the Management to amortize the said Miscellaneous Expenditure.

- The Company has adopted a Whistle Blower Policy and has established the necessary mechanism for employees to report concerns about unethical behavior. No person has been denied access to the Audit Committee.

8. MEANS OF COMMUNICATION:

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

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

9. CODE OF CONDUCT:

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

10. GENERAL SHAREHOLDER INFORMATION:

a) Annual General Meeting

- Date : 30th September, 2013
- Time : 10.00 a.m.
- Venue : A-52, AIPMA House,

Street No. 1 MIDC, Andheri East,
Mumbai – 400 093

Financial Year

The financial year of the Company is from
April 1, 2012 to March 31, 2013

b) Financial Calendar

- Quarterly Financial Reporting for Quarter ending June 30, 2012
By mid August 2012
- Quarter/Half year ending September 30, 2012: *By end of October 2012*
- Quarter ending December 31, 2012: *By end of January 2013*
- Quarter/Year ending March 31, 2013: *By end of May 2013*
- Date of Book Closure: 20.9.2013 to 30.9.2013 (both days inclusive)
- c) Dividend Payment Date:
No dividend has been declared for the financial year 2012-2013.
In compliance with the SEBI (Prevention of Insider Trading) Regulations, 1992,

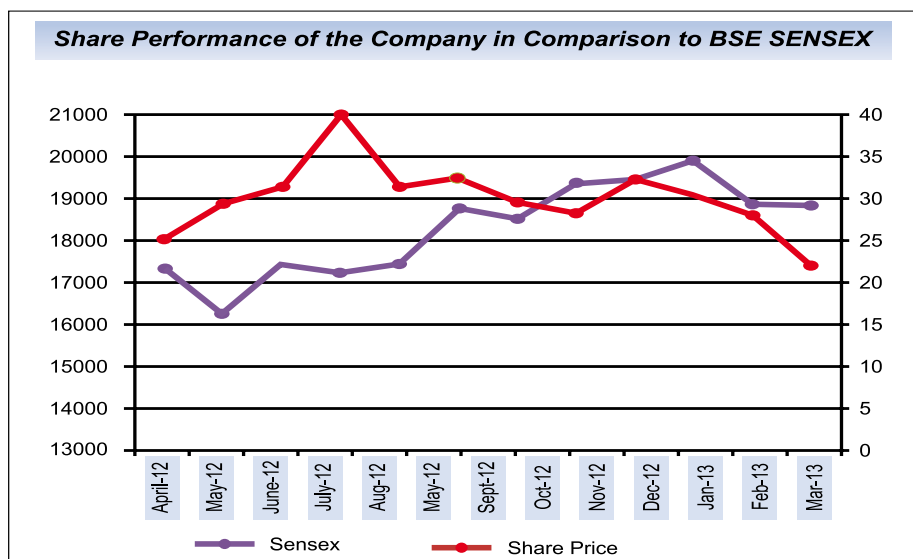
our company has appointed Anita Choudhari as Compliance Officer who is responsible for setting policies, procedures for the preservation of price sensitive information, pre-clearance of trade, monitoring of trades and implementation of the Code of Conduct for trading in Company's securities under the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

d) Market information

- Listing on Stock Exchange: The Bombay Stock Exchange Limited
- Listing fee for the year 2012 – 2013 has been paid in full to both the Stock Exchanges.
- Stock Code: 530643 Bombay Stock Exchange Limited
- ISIN in NSDL & CDSL for equity shares: INE316A01038
- Corporate Identification No.:L74120MH1994PLC079971

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

ECO RECYCLING LIMITED								BSE Sensex		
Month	Open (₹)	High (₹)	Low (₹)	Close (₹)	No.of Shares	No. of Trades	Net T/O (₹)	High	Low	Close
Apr-12	27.95	30.00	23.00	25.15	29321	304	752431	17664.10	17010.16	17318.81
May-12	25.05	29.40	25.00	29.40	4780	50	121785	17432.33	15809.71	16218.52
Jun-12	25.75	31.35	24.15	31.35	30856	208	894037	17448.48	15748.98	17429.98
Jul-12	32.00	41.00	29.00	39.90	306256	1406	11474554	17631.19	16598.48	17236.18
Aug-12	41.45	41.50	30.35	31.40	21565	415	724259	17972.54	17026.97	17429.56
Sep-12	32.60	36.30	26.45	32.40	165872	1362	5261273	18869.94	17250.80	18762.74
Oct-12	33.00	39.40	29.00	29.55	148273	943	5239372	19137.29	18393.42	18505.38
Nov-12	30.90	35.00	28.00	28.20	8600	153	266108	19372.70	18255.69	19339.90
Dec-12	27.00	35.75	27.00	32.25	20274	229	662890	19612.18	19149.03	19426.71
Jan-13	33.00	34.75	25.50	30.40	17808	254	544459	20203.66	19508.93	19894.98
Feb-13	32.00	32.00	25.00	27.95	14809	126	410687	19966.69	18793.97	18861.54
Mar-13	25.60	28.95	19.00	22.00	16818	168	395954	19754.66	18568.43	18835.77



Performance in comparison to BSE Sensex

	Apr 12	May 12	Jun 12	Jul 12	Aug 12	Sept 12	Oct 12	Nov 12	Dec 12	Jan 13	Feb 13	Mar 13
Share Price	25.15	29.40	31.35	39.90	31.40	32.40	29.55	28.20	32.25	30.40	27.95	22.00
SENSEX	17318.81	16218.53	17429.98	17236.18	17429.56	18762.74	18505.38	19339.90	19426.71	19894.98	18861.54	18835.77

e) **Share Transfer System & Other Related Matters.**

• **Share Transfer System**

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

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

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

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

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

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

- Correspondence regarding Change in Address: Members are requested

to address all correspondences, including dividend matters, to the Registrar and Share transfer Agents: Bigshare Services Pvt. Ltd. E-2, Ansa Industrial Estate Saki

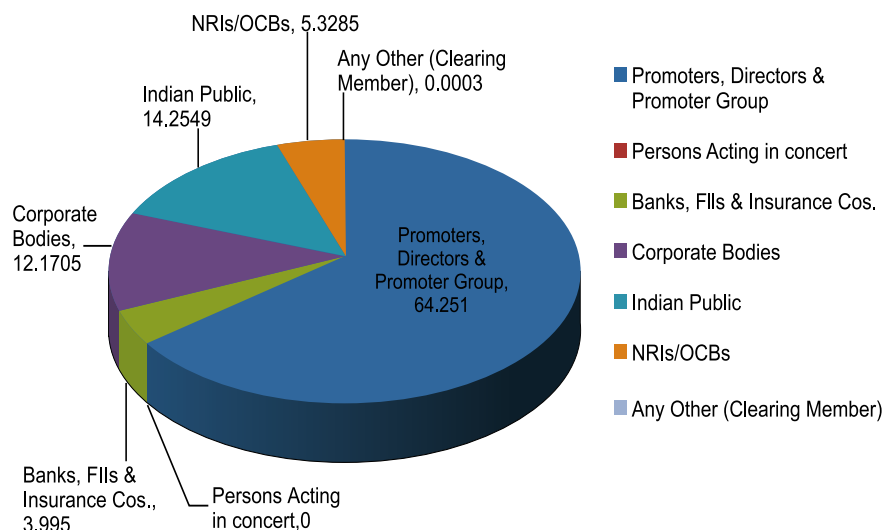
Distribution of Share Holding as on 31.03.2013

NO. OF EQUITY SHARES HELD	NO. OF SHARE HOLDERS	% OF TOTAL SHARE HOLDERS	TOTAL HOLDING IN RUPEES	% OF TOTAL NUMBER OF SHARES
1-500	3008	89.1788	473639	2.7000
501-1000	182	5.3958	150582	0.8584
1001-2000	74	2.1939	112068	0.6388
2001-3000	32	0.9487	81972	0.4673
3001-4000	12	0.3558	41773	0.2381
4001-5000	13	0.3854	62179	0.3544
5001-10000	18	0.5336	137145	0.7818
10001 AND ABOVE	34	1.0080	16483142	93.9612
TOTAL	3373		17542500	100

Shareholding Pattern As On 31.3.2011

CATEGORY	NO. OF SHARES HELD	PERCENTAGE TO TOTAL NUMBER OF SHARES (%)
a.Promoters, Directors & Promoter Group	11271218	64.251
b.Persons Acting in concert	0	0.00
c.Banks, FIIs & Insurance Cos.	700800	3.995
d.Corporate Bodies	2135018	12.1705
e.Indian Public	2500673	14.2549
f. NRIs/OCBs	934741	5.3285
g.Any Other (Clearing Member)	50	0.0003
TOTAL	17542500	100

Share holding pattern as on 31st March, 2013



Dematerialisation of Shares

The Shares of the Company can be held and traded in electronic form. As on March 31, 2013, 15768978 of total shares of the Company were held in demat form. Break up of shares in physical and demat form as of 31st March, 2013:

No. of Share	Percentage of Shares
Physical Segment	10.11
Demat Segment :	
NSDL	23.73
CDSL	66.16
Total	100.00

- Outstanding GDRs/ ADRs / Warrants or any convertible Instrument,

conversion date and likely impact on equity : Nil

- Plant Location: Eco House, Near Range Office, Bhoidapada, Sativali Road, Vasai (East), Dist. Thane
- Address for Correspondence: ECO RECYCLING LIMITED
205, Centre Point, Next to Hotel Kohinoor, Andheri Kurla Road, Andheri (East), Mumbai: 400 059
Fax: +91 22 40052951/52/53
Email: info@ecoreco.com
Website: www.ecoreco.com
- E-mail Id for Investor's Grievances: The Company has designated separate Email Id for the investor grievance and to improve the quality of the services to the investor. The e-mail address for investor grievance

- Secretarial Audit Report: As stipulated by the Securities and Exchange Board of India, a qualified Practicing Company Secretary carries out the Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges and is also placed before the Board of Directors. The audit, inter-alia, confirms that the total listed and paid up capital of the Company is in agreement with the aggregate of the total number of shares in dematerialized form (held with NSDL and CDSL) and total number of shares in physical form.

11. MANAGEMENT DISCUSSION AND ANALYSIS

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

12. CEO/CFO CERTIFICATION

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

13. AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

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

COMPANY SECRETARY'S CERTIFICATE ON CORPORATE GOVERNANCE

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

The Members, Eco Recycling Limited

We have examined the compliance of conditions of Corporate Governance by Eco Recycling Limited for the year ended 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was

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

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

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

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

Mumbai
May 30, 2013

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



MANAGEMENT DISCUSSION AND ANALYSIS

Industry

Recycling as waste management practice in India is pushed by statutory compulsions, ecological requirements and economic considerations. The recycling activity is witnessing a shift and moving from largely unorganized approach to a more organized large scale corporate domain. The negative externalities caused from the hazardous nature of the material used in products makes it necessary to reclaim the waste and recycle components of the products to reduce the associated environmental contamination. The recent policy amendments and proposed actions in the country have resulted in more organized efforts to recycle electronic waste (e-waste). although the technology in India is still limited and the e-waste recyclers cannot recover metals from the printed circuit boards, but their operational costs are coming down significantly as the industry prepares itself for the proposed e-waste recycling policy (draft of e-waste recycling policy is in circulation and largely in acceptable form).

Waste & Recycling industry facts

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

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

Strength, Weakness, Opportunities & Threats

Strengths

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

Weaknesses

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

Opportunities

- Consolidation by Merger and Acquisitions

Threats

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

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

Risk Management

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

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

Internal Control System.

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

Financial performance with respect to operational performance: The turnover of the Company has increased from ₹ 1,757.34 lacs for the year ended 31st March, 2012 to ₹ 2231.40 lacs for the year ended 31st March, 2013.

Human Resources:

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

Code of Conduct:

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

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct and Ethics for the year ended 31st March 2013.

For Eco Recycling Limited
Mumbai, May 30, 2013

B. K. Soni
CMD

CHIEF EXECUTIVE OFFICER (CEO) & CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

B. K. Soni
CMD
Mumbai

Anita Choudhari
Compliance Officer
May 30, 2013

INDEPENDENT AUDITORS' REPORT

To The Members of,
Eco Recycling Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of "Eco Recycling Limited" (the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of

India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Qualified Opinion

6. We draw attention to Note 37 of the Notes forming part of financial statements regarding method of accounting of miscellaneous expenditure which are in our opinion is not in accordance with the Accounting Standard 26

"Intangible Assets" aggregating to ₹ 62,69,089/-.

Qualified Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, we further report that, the observation made in paragraph 6 above been considered, the profit/(loss) after tax for the year ended 31st March, 2013 would have been ₹ 1,36,927/- as against the reported profit of ₹ 64,06,017/-, earning per share would have been ₹ 0.01 as against the reported figure of ₹ 0.38, balance in the surplus/(deficit) in the statement of profit and loss as at 31st March, 2013 vide Note 3 of the notes would have been ₹ (40,33,161)/- as against the reported figure of ₹ 1,48,88,677/- and balance in the other non-current assets as at 31st March, 2013 vide Note 15 of the notes would have been ₹ 26,15,339/- as against the reported figure of ₹ 88,84,428/-, the aforesaid financial statements give the information required by the act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
 - (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

8. We draw attention to Note 35 of

the Notes forming part of financial statements regarding holding of equity shares which are currently not being reflected in the company's de-mat account due to a dispute with "Keynote Capital Limited", and hence company has not accounted the loss of ₹ 4,45,27,907/- which is considered as fully recoverable by the management. The Company has assessed the recoverability of these claims based on legal advice. Considering the contractual tenability and legal advice from Company's counsel in the matter, the management is confident of recovery of the same. In view of significant uncertainty, the amount of loss for eventual non-recovery of claim made by the company, if any is presently not ascertainable. Our opinion is not qualified in respect of this matter

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
10. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far

as appears from our examination of those books.

- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) Except for the matter described in the "Basis of Qualified Opinion" paragraph, in our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in section 211(3C) of the Act;
- (e) On the basis of the written representations received from the directors as on March 31, 2013, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of Section 274(1)(g) of the Act.

Mumbai
May 30, 2013

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



ANNEXURE TO THE AUDITORS' REPORT**(Referred to in paragraph 9 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

- i. In respect of its fixed assets :
- (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the fixed assets have been physically verified by the company during the year, which in our opinion is reasonable having regard to the size of the company and the nature of its business. No material discrepancies were noticed on such verification.
- (c) The company has not disposed off any Fixed Assets during the financial year and hence the provisions of clause i (c) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- ii. In respect of its inventory :
- (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion and according to the information and explanation given to us, the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii. (a) The company has granted unsecured loans to two party's amounting to ₹ 55,90,000/- (Maximum balance outstanding ₹ 86,00,000/-) during the year covered in the register maintained under Section 301 of the Companies Act 1956. The year end balance outstanding are ₹ 75,00,000/-.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of unsecured loans granted by the company to the parties (referred to in (a) above) are prima facie not prejudicial to the interest of the company.
- (c) In respect of the loan granted by the company (referred to in (a) above) there are no stipulations as regards receipt of loan amount.
- (d) In respect of the above said loans and interest thereon granted by the company (referred to in (a) above), there are no overdue amounts.
- (e) The company has taken an interest free unsecured loan from a party's amounting to ₹ 9,549/- (Maximum balance outstanding ₹ 1,50,000/-) during the year covered in the register maintained under Section 301 of the Companies Act 1956. The year end balance outstanding is Nil.
- (f) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of unsecured loan taken by the company from the party (referred to in (e) above) are not prima facie prejudicial to the interest of the company.
- (g) In respect of the loan taken by the company (referred to in (e) above) the principal and the interest were not due for repayment in the current year.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, no major weakness has been noticed or reported.
- v. (a) According to the information and explanation given to us, the transaction that needs to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) According to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market price at the relevant time has referred to in Section 301 of the Act.
- vi. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from public within the meaning of Section 58A, 58AA or any other relevant provisions of the Acts and Rules framed there under.
- vii. The company does not have a formal

- internal audit system commensurate with its size and nature of the business but its financial and other checks ensure proper recording of financial transactions.
- viii. According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 for the products of the company. Accordingly the provisions of clause 4(viii) of paragraphs 4 of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.
- ix. a) The company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees state insurance, income tax, wealth tax, sales tax, service tax, customs duty, excise duty, and other material statutory dues. According to the information and explanations given to us, no undisputed amount payable in respect of aforesaid dues were outstanding as at 31st March 2013 for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, no disputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, excise duty, customs duty and cess were in arrears, as at 31st March 2013.
- x. The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current financial year or in the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- xii. In our opinion and according to information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities and hence the provisions of clause (xii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xiii. In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/society and hence the provisions of clause (xiii) of paragraph 4 the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xiv. In our opinion, the company has maintained proper records of the transactions & contracts of the investments dealt in by the company & timely entries have been made therein. All shares, debentures & other investments have been held by the company in its own name, except the matters described in the Note 35 of the Notes forming part of financial statements.
- xv. In our opinion and according to information and explanations given to us, the company has not given any guarantees for the loan taken by others from bank or financial institutions. Hence the provision of clause (xv) of paragraph 4 of the companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xvi. In our opinion, the terms loans raised during the year from banks and financial institution have been applied for the purpose for which they were raised.
- xvii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii. The company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix. The company has not issued any debenture during the year.
- xx. The company has not raised any money by public issue during the year.
- xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

**Mumbai
May 30, 2013**

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



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BALANCE SHEET AS AT 31ST MARCH, 2013

PARTICULARS	Note No.	31.03.2013 (Amount in ₹)	31.03.2012 (Amount in ₹)
EQUITY AND LIABILITIES			
1) Shareholders' Funds			
a) Share Capital	2	175,425,000	159,425,000
b) Reserves and Surplus	3	148,689,319	105,494,302
		<u>324,114,319</u>	<u>264,919,302</u>
2) Share Application Money Pending Allotment	4	-	8,600,000
3) Non-Current Liabilities			
a) Long-Term Borrowing	5	99,051,267	80,000,000
b) Deferred Tax Liability (Net)	6	1,885,855	1,078,092
c) Other Long-Term Liabilities	7	56,364,910	-
		<u>157,302,032</u>	<u>81,078,092</u>
4) Current Liabilities			
a) Short-Term Borrowing	8	34,656,097	40,205,682
b) Trade Payables	9	61,447,504	58,953,026
c) Other Current Liabilities	10	9,274,243	24,095,732
d) Short-Term Provisions	11	1,369,272	2,800,066
		<u>106,747,116</u>	<u>126,054,506</u>
Total		<u>588,163,467</u>	<u>480,651,900</u>
ASSETS			
1) Non-Current Assets			
a) Fixed Assets	12		
i) Tangible Assets	12.A	52,566,968	19,501,513
ii) Intangible Assets	12.B	82,718,559	95,123,075
iii) Capital work in progress	12.C	96,713,572	97,113,572
		<u>231,999,099</u>	<u>211,738,160</u>
b) Non-Current Investments	13	52,934,703	39,378,548
c) Long-Term Loans and Advances	14	113,182,552	98,631,770
d) Other Non-Current Assets	15	8,884,428	11,566,153
		<u>407,000,782</u>	<u>361,314,631</u>
2) Current Assets			
a) Inventories	16	79,194,264	50,062,196
b) Trade Receivables	17	73,760,629	59,250,458
c) Cash and Bank Balances	18	4,364,109	3,769,585
d) Short-Term Loans and Advances	19	23,800,785	6,255,030
e) Other Current Assets	20	42,898	-
		<u>181,162,685</u>	<u>119,337,269</u>
Total		<u>588,163,467</u>	<u>480,651,900</u>

Notes forming part of the financial statements No. 1-47

As per our report of even date attached

For GMJ & Co

Chartered Accountants

FRN No. 103429w

CA. P. Somani Partner

Place: Mumbai | Date: May 30, 2013

For and on behalf of the Board

B. K. Soni

Chairman & Managing Director

Aruna Soni Director

Srikrishna B Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

	Note No.	2012-13 (Amount in ₹)	2011-12 (Amount in ₹)
INCOME			
a) Revenue from Operations	21	223,140,357	175,733,737
b) Other Income	22	2,143,053	(2,924,889)
Total		225,283,410	172,808,848
EXPENSES			
a) Purchase of Stock-in-Trade	23	200,023,881	160,215,982
b) Changes in inventories of Stock-in-Trade	24	(29,132,068)	(22,377,976)
c) Employee Benefits Expense	25	11,259,212	8,241,991
d) Finance Costs	26	5,917,645	4,986,062
e) Other Expenses	27	26,519,038	15,913,411
f) Depreciation and Amortization Expense	12	1,811,922	1,139,877
Total		216,399,630	168,119,347
Profit Before Tax		8,883,780	4,689,503
Tax expense:			
-Current tax		1,670,000	960,000
-Deffered tax		807,763	28,950
Profit for the year		6,406,017	3,700,553
Earnings per equity share: (face value of Rs 10/-)			
Basic and Diluted	47	0.38	0.23

Notes forming part of the financial statements No. 1-47

As per our report of even date attached

For GMJ & Co

Chartered Accountants

FRN No. 103429w

CA. P. Somani Partner

Place: Mumbai | Date: May 30, 2013

For and on behalf of the Board

B. K. Soni

Chairman & Managing Director

Aruna Soni Director

Srikrishna B Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	Year ended 31.03.2013 (Amount in ₹)	Year ended 31.03.2012 (Amount in ₹)
A Cash Flow from Operating Activities		
Net Profit/(Loss) After Tax and Extraordinary items	6,406,017	3,700,553
Deffered Taxes	807,763	28,950
Current Taxes	1,670,000	960,000
Depreciation	1,811,922	1,139,877
Interest Expenses	5,917,645	5,448,937
Interest Income	(566,235)	(127,405)
Dividend Income	(118,957)	(167,022)
Profit on sale of Investment	842,648	(265,140)
Deffered Revenue Expenditure	2,789,676	2,689,676
Operating Profit before Working Capital Changes		
Adjusted For:		
(Increase)/Decrease in Trade receivable	(14,510,171)	9,390,384
(Increase)/Decrease in Inventories	(29,132,068)	(22,377,977)
(Decrease)/Increase in Trade Payable	2,494,478	(6,711,453)
(Decrease)/Increase in Short Term Provision	(3,100,793)	960,000
(Decrease)/Increase in Other Current Liabiities	(14,821,489)	22,929,407
(Decrease)/Increase in Other Long-Term Liabiities	56,364,910	-
(Increase)/ Decrease in Short term Loans & Advance	(17,545,755)	37,655,844
(Increase)/ Decrease in Long term Loans & Advance	(13,246,711)	2,626,338
(Increase)/ Decrease in Other Non-Current Assets	(107,951)	(540,234)
(Increase)/ Decrease in Other Current Assets	(42,898)	6,312
Net Cash generated from Operations	(14,087,968)	57,347,047
Taxes	(1,304,071)	(960,000)
Net Cash generated from Operating Activities	(15,392,039)	56,387,047
B Cash Flow from Investing Activities		
(Increase)/Decrease in Fixed Assets, Capital WIP & Intangible Assets	(35,683,860)	(119,930,611)
(Increase)/Decrease in Non-Current Investments	(13,556,156)	5,866,605
Deposits Account (with maturity more than 3 months but less than 12 months)	(3,031,981)	-
Profit on Sale of Investment	(842,648)	265,140
Interest Income	566,235	127,405
Dividend Income	118,957	167,022
Net Cash from Investing Activities	(52,429,454)	(113,504,439)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	Year ended 31.03.2013 (Amount in ₹)	Year ended 31.03.2012 (Amount in ₹)
C Cash flow From Financing Activities		
(Decrease)/Increase in Long Term Borrowings	19,051,267	30,000,000
(Decrease)/Increase in Short Term Borrowings	(5,549,585)	17,127,765
Proceeds From Issue of Equity Shares on Preferential Basis	66,400,000	
Proceeds From Share Application Money	(8,600,000)	8,600,000
Interest Expenses	(5,917,645)	(5,448,937)
Net Cash Flow from Financing Activities	65,384,037	50,278,828
Net Increase in Cash and Cash Equivalent during the Year (A+B+C)	(2,437,456)	(6,838,564)
 Cash and Cash equivalents at the beginning of the year	 3,769,585	 10,608,150
 Cash and Cash equivalents at the end of the year	 1,332,128	 3,769,585
Cash and Cash Equivalents include:		
Cash in Hand	1,202,309	407,603
Balance with Scheduled Banks:		
- Current Account	129,819	361,982
Fixed deposit with original maturity period less than 3 months		
As margin money	-	3,000,000
(Refer Note No."18")		
	1,332,128	3,769,585

NOTES:

1. The Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard (AS) 3 on "Cash Flow Statements", and presents cash flows by operating, investing and financing activities.
2. Increased in Fixed Assets amount includes ₹ 8,75,894/-(P.Y.Nil) towards interest cost capitalized as per AS-16 Borrowing Cost.

Notes forming part of the financial statements No. 1-47

As per our report of even date attached

For GMJ & Co

Chartered Accountants

FRN No. 103429w

CA. P. Somani Partner

Place: Mumbai | Date: May 30, 2013

For and on behalf of the Board

B. K. Soni

Chairman & Managing Director

Aruna Soni Director

Srikrishna B Director

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

1 SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements:

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

1.2 Use of Estimates:

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

1.3 Fixed Assets and Depreciation:

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

1.4 Branding Expenses:

Brand building expenses have been considered as intangible fixed asset and shown at actual cost. Branding expenses will be amortized over its useful life of assets, however, not exceeding a period

of 10 years. The write off will commence from the year in which the branding exercise is completed.

1.5 Goodwill on Merger:

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

1.6 Revenue Recognition:

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

- a) Revenue from sale of goods is recognized when all the significant risk and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The company collects Sales Tax & Value Added Taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue.
- b) Revenue from service charges are recognized pro-rata over the period of the contract as and when services are rendered. The company collects service tax on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue.
- c) Interest Revenue is recognized on a time proportionate basis taking into account the amount outstanding and the applicable interest rate.
- d) Dividend Income is recognized when the company's right to receive dividend is established.

1.7 Inventories:

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

1.8 Investments:

Investment that are readily realizable and intended to be held for not more than a year from the date on which such investment are made are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investments basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of such investments. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

1.9 Derivative Instruments:

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

1.10 Retirement and Other Employee Benefits:

Retirement benefit in the form of provident fund and employee state insurance scheme are a defined contribution scheme. The contribution to the provident fund are charged to

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

the statement of profit and loss for the year when the contributions are due. The company has no obligation, other than the contribution payable towards provident fund and Employee state insurance scheme.

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

1.11 Borrowing Costs:

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

1.12 Foreign Exchange Transactions:

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

1.13 Operating Leases:

- a) Where the company is lessee
Leases where significant portion of risk and reward of ownership are retained by the lesser are classified as operating leases and lease rental thereon are charged to statement of profit and loss.
- b) Where the company is the lessor

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

1.14 Finance Lease:

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

1.15 Research and Development Expenditure:

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

1.16 Taxes on Income:

"Tax expense comprises both current and deferred tax at the applicable enacted/ substantively enacted rates. Current tax represents the amount of income tax payable/ recoverable in respect of the taxable income/ loss for the reporting period. Provision for current tax is made on the basis of estimated taxable income for the current accounting period in accordance with the provisions of Income tax Act, 1961. Deferred Tax represents the effect of ""timing differences"" between taxable income and accounting income

for the reporting period that originate in one period and capable of reversal in one or more subsequent periods. Deferred Tax Assets are recognized only on reasonable certainty of realization and on unabsorbed depreciation and brought forward losses only on virtual certainty."

1.17 Provisions and Contingencies:

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

1.18 Earning Per Share:

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

1.19 Cash and Cash Equivalents:

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

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	31.03.2013 (Amount in ₹)	31.03.2012 (Amount in ₹)
2 Share Capital		
Authorized		
30,000,000 Equity Shares of ₹ 10/- each	<u>300,000,000</u>	<u>300,000,000</u>
Issued, Subscribed and Paid up		
17,542,500 (Previous Year 15,942,500) Equity Shares of ₹ 10/- each fully paid up	175,425,000	159,425,000
Total	<u>175,425,000</u>	<u>159,425,000</u>
a) 11,342,500 (P.Y.11,342,500) Equity Shares out of the issued, subscribed and paid up share capital were allotted in the last five years pursuant to the schemes of amalgamation of Eco Recycling Limited and Infotrek Syscom Limited without payments being received in cash		
b) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:		
Equity Shares	As at 31st March, 2013	As at 31st March, 2012
	Number of Shares	Number of Shares
At the beginning of the year	15,942,500	15,942,500
Shares Issued during the year	1,600,000	-
Outstanding at the end of the year	<u>17,542,500</u>	<u>15,942,500</u>
	Amount	Amount
At the beginning of the year	159,425,000	159,425,000
Shares Issued during the year	16,000,000	-
Outstanding at the end of the year	<u>175,425,000</u>	<u>159,425,000</u>
c) Terms/ rights attached to equity shares		
The Company has only one class of equity shares having a par value of ₹ 10/- each. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees.		
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.		
d) Shares held by Holding Company	As at 31.03.2013	As at 31.03.2012
First Online Comtrades Private Limited, the holding company		
91,39,250 Equity Shares of ₹ 10/- each fully paid up	91,392,500	91,392,500
e) Details of Shareholders' holding more than 5 % shares in the Company		
Name of Shareholder	As at 31st March, 2013	As at 31st March, 2012
	No. of Shares held	No. of Shares held
	% of Holding	% of Holding
Equity shares of ₹.10/- each fully paid up		
First Online Comtrades Private Limited	9,139,250	9,139,250
B. K. Soni (Refer Note "5")	2,135,320	2,135,320
Bennett, Coleman and Company Limited	1,400,000	-

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	31.03.2013 (Amount in ₹)	31.03.2012 (Amount in ₹)
3 Reserves and Surplus		
a) Capital Reserve		
Balance as per last financial statements	35,115,495	35,115,495
b) Securities Premium Reserves		
Balance as per last financial statements	48,000,000	48,000,000
Add : Premiumn on issue of shares on preferential basis	<u>50,400,000</u>	-
Balance as at the end of the year	98,400,000	48,000,000
c) General Reserve		
Balance as per last financial statements	7,490,130	6,101,130
Add: Transferred from surplus balance in the statement of profit and loss	10,000,000	15,000,000
Less : Goodwill on merger	<u>(13,611,000)</u>	<u>(13,611,000)</u>
Balance as at the end of the year	3,879,130	7,490,130
d) Surplus/(Deficit) in the Statement of profit and loss		
Balance as per last financial statements	14,888,677	26,188,124
Add : Profit for the year	6,406,017	3,700,553
Less: Appropriation		
Transferred to General Reserve	<u>(10,000,000)</u>	<u>(15,000,000)</u>
Net Surplus in the Statement of profit and loss	<u>11,294,694</u>	<u>14,888,677</u>
Total	<u>148,689,319</u>	<u>105,494,302</u>
4 Share Application Money Pending Allotment		
Balance as per last financial statements	8,600,000	-
Add: Received during the year	57,800,000	8,600,000
Less: Shares issued during the year	<u>(16,000,000)</u>	-
Less: Transferred to Securities Premium Reserves	<u>(50,400,000)</u>	-
Balance as at the end of the year	-	8,600,000
Total	<u>-</u>	<u>8,600,000</u>

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	31.03.2013 (Amount in ₹)	31.03.2012 (Amount in ₹)
5 Long-Term Borrowing		
Secured, Term loan		
Indian Rupee loan from Bank	9,051,267	-
Unsecured, Term loan		
From Government	90,000,000	80,000,000
Total	<u>99,051,267</u>	<u>80,000,000</u>
Secured Long-Term Borrowings:		
a) Indian Rupee term loan from bank is repayable in equated periodic installments upto a 5 year period each along with interest, after the repayment holiday of 1 year viz., June, 2013. The loan is secured by hypothecation of inventory and trade receivables of the company. Further, the loan has been guaranteed by personal guarantee of the chairman and managing director of the company, First Online Comtrades Private Limited, the holding company and by collateral security of the registered office in the name of B.K.Soni (HUF) and Pledge of 3.40 lakhs shares of the company by the chairman and managing director of the company B.K. Soni.		
b) Repayment to start after 1 year from the date of completion of the project in 5 annual instalments.		
6 Deferred Tax Liability (Net)		
Major components of deferred tax balances consist of the following:		
Deferred Tax Liability		
Related to fixed assets	1,885,855	1,078,092
Total	<u>1,885,855</u>	<u>1,078,092</u>
7 Other Long-Term Liabilities		
Payables for fixed assets	56,364,910	-
Total	<u>56,364,910</u>	<u>-</u>
8 Short-Term Borrowing		
Secured		
Working Capital Loans		
From Banks*	34,656,097	40,205,682
Total	<u>34,656,097</u>	<u>40,205,682</u>

*Working Capital Loans from banks are secured by way of hypothecation of Stock, Book-Debts and Personal Gurantee of the Chairmanand managing director of the company B.K. Soni.

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	31.03.2013 (Amount in ₹)	31.03.2012 (Amount in ₹)
9 Trade Payables		
(Unsecured, Considered Good)		
M.S.M.E.	-	-
Others	61,447,504	58,953,026
Total	<u>61,447,504</u>	<u>58,953,026</u>
The Company has not received any intimation from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been made.		
10 Other Current Liabilities		
Current Maturity of Indian rupee term loan from Bank (Refer Note "5")	2,262,817	-
Interest accrued but not due on borrowings	1,319,521	-
Bank Overdraft on a Scheduled Bank	1,193,601	20,940,449
Creditors for expenses	1,535,596	620,248
Advance from customers	2,490,275	1,890,275
Statutory Dues*	472,433	644,760
Total	<u>9,274,243</u>	<u>24,095,732</u>
*Includes Tax deducted at source, Provident Fund and Profession Tax.		
11 Short-Term Provisions		
Provision for Income Tax	1,369,272	2,800,066
Total	<u>1,369,272</u>	<u>2,800,066</u>



NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

12. Fixed Assets

A. Tangible Assets

Particulars	Facility Land	Plant and Machinery	Furniture and Fixtures	Computers	Vehicles	Office Equipment	Total
<u>Gross Block</u>							
As At 1st April, 2011	-	7,798,237	420,823	2,522,794	3,697,908	668,555	15,108,317
Additions During the Year	-	8,374,128	36,000	205,149	655,973	30,090	9,301,340
Disposals During the Year	-	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-	-
As At 31st March, 2012	-	16,172,365	456,823	2,727,943	4,353,881	698,645	24,409,657
Additions During the Year	5,500,000	26,741,332	-	-	2,552,094	83,950	34,877,376
Disposals During the Year	-	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-	-
As At 31st March, 2013	5,500,000	42,913,697	456,823	2,727,943	6,905,975	782,595	59,287,033
<u>Depreciation/Amortization</u>							
As At 1st April, 2011	-	470,319	70,852	2,470,307	552,033	235,358	3,798,868
Depreciation During the Year	-	523,541	-	55,846	437,890	91,997	1,109,274
Deduction During the Year	-	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-	-
As At 31st March, 2012	-	993,860	70,852	2,526,152	989,923	327,355	4,908,143
Depreciation During the Year	-	1,132,296	28,917	33,255	518,117	99,337	1,811,922
Deduction During the Year	-	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-	-
As At 31st March, 2013	-	2,126,157	99,769	2,559,407	1,508,040	426,693	6,720,065
<u>Net Block</u>							
As At 31st March, 2012	-	15,178,504	385,971	201,791	3,363,958	371,290	19,501,513
As At 31st March, 2013	5,500,000	40,787,540	357,054	168,536	5,397,935	355,902	52,566,968

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

B. Intangible Assets

Particulars	Goodwill*	Branding	Total
Gross Block			
As At 1st April, 2011	68,055,000	40,774,376	108,829,376
Additions During the Year	-	13,515,699	13,515,699
Disposals During the Year	-	-	-
Other Adjustments	-	-	-
As At 31st March, 2012	68,055,000	54,290,075	122,345,075
Additions During the Year	-	1,206,484	1,206,484
Disposals During the Year	-	-	-
Other Adjustments	-	-	-
As At 31st March, 2013	68,055,000	55,496,559	123,551,559
Depreciation/Amortization			
As At 1st April, 2011	13,611,000	-	13,611,000
Depreciation During the Year	13,611,000	-	13,611,000
Deduction During the Year	-	-	-
Other Adjustments	-	-	-
As At 31st March, 2012	27,222,000	-	27,222,000
Depreciation During the Year	13,611,000	-	13,611,000
Deduction During the Year	-	-	-
Other Adjustments	-	-	-
As At 31st March, 2013	40,833,000	-	40,833,000
Net Block			
As At 31st March, 2012	40,833,000	54,290,075	95,123,075
As At 31st March, 2013	27,222,000	55,496,559	82,718,559

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

C. Capital Work-in-Progress

	As at 31st March, 2013	As at 31st March, 2012
Plant and Machinery	92,400,000	92,400,000
Development "Precious Metal Recovery Plant"	4,313,572	4,313,572
Computer Software	-	400,000
Total	96,713,572	97,113,572

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

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	31.03.2013 (Amount in ₹)		31.03.2012 (Amount in ₹)	
	As at 31st March, 2013		As at 31st March, 2012	
	No. of shares	(Amount in ₹)	No. of shares	(Amount in ₹)
13 Non-Current Investments				
(Other than trade investments, valued at cost)				
a) Quoted Equity Shares				
Anant Raj Ind Ltd (Face Value ₹.2/-)	500	57,849	500	57,849
National Peroxide Ltd (Face Value ₹. 10/-)	2,000	462,550	2,000	462,550
G.V. Films Ltd (Face Value ₹. 10/-)	10,000	82,150	10,000	82,150
Hindustan Motors Ltd (Face Value ₹. 5/-)	42,000	775,572	42,000	775,572
Malu Paper Mills Ltd (Face Value ₹ 10/-)	9,997	375,336	9,997	375,336
Prism Cement Ltd (Face Value ₹ 10/-)	2,000	120,070	2,000	120,070
Ruchi Infrastructure Ltd (Face Value ₹ 1/-)	424,500	18,798,798	424,500	18,798,798
Anik Industries Ltd (Face Value ₹ 10/-)	50,000	2,473,150	50,000	2,473,150
NOCIL Ltd (Face Value ₹ 10/-)	63,989	1,193,473	63,989	1,193,473
BSEL Infrastructure Realty Ltd (Face Value ₹ 10/-)	10,000	100,346	10,000	100,346
Harrison Malayalam Ltd (Face Value ₹ 10/-)	3,000	241,752	3,000	241,752
Hindustan Organic Chemicals Ltd (Face Value ₹ 10/-)	10,000	302,060	10,000	302,060
Indian Card Clothing Company Ltd (Face Value ₹ 10/-)	1,298	178,296	1,298	178,296
KPR Mills Ltd (Face Value ₹ 10/-)	1,721	250,000	1,721	250,000
Murli Industries Ltd (Face Value ₹ 2/-)	3,500	119,008	3,500	119,008
Financial Analysis Credential Ltd (Face Value ₹ 10/-)	56	7,527	-	-
India Bull Securities Ltd (Face Value ₹ 10)	160,000	1,672,640	-	-
Tata Tele Services (Maharashtra) Ltd (Face Value ₹ 10/-)	1,413,543	16,929,700	335,000	5,631,829
Jubilant Food Works Ltd (Face Value ₹ 10/-)	5	6,449	-	-
Kingfisher Airlines Ltd (Face Value ₹ 10/-)	45,000	434,749	-	-
Srei Infra Ltd (Face Value ₹ 10/-)	5,000	136,919	-	-
JSW Energy Ltd (Face Value ₹ 10/-)	500	61,683	500	61,683
Himachal Futuristic Communications Ltd (Face Value ₹ 1/-)	3,000	54,000	3,000	54,000
b) Unquoted Equity Shares				
Saujanya Trading Pvt Ltd (Face Value ₹ 10/-)	200,000	5,000,000	200,000	5,000,000
Dombivali Sahkari Bank Ltd (Face Value ₹ 10/-)	10,000	100,000	10,000	100,000
The Shamrao Vithal Coop Bank Ltd (Face Value ₹ 10/-)	25	625	25	625
Sanjay Chemical Pvt Ltd (Face Value ₹ 10/-)	3,000	3,000,000	3,000	3,000,000
Total		52,934,703		39,378,548
Aggregated Value of Quoted Investments		44,834,078		31,277,923
Aggregated Market Value of Quoted Investments		27,224,433		16,528,398
Aggregated Value of Unquoted Investments		8,100,625		8,100,625

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	31.03.2013 (Amount in ₹)	31.03.2012 (Amount in ₹)
14 Long-Term Loans and Advances		
(unsecured, considered good)		
Lease Rent Deposits	13,495,000	13,495,000
Other Security Deposits	332,055	20,750
Other Loans and Advances		
Capital Advance	58,819,030	53,700,000
Advances Recoverable in Cash or in Kind or value to be received	36,406,188	25,860,000
Advance Income Tax	12,837	1,809,560
Balances with Statutory/Government Authorities	4,117,442	3,746,460
Total	<u>113,182,552</u>	<u>98,631,770</u>
Loans and Advances above includes :-		
a) Lease Rent Deposit includes:		
Aruna Soni	5,000,000	5,000,000
B.K. Soni HUF	6,050,000	6,050,000
b) Advance recoverable in cash or in kind or value to be received includes :		
Bennett Coleman & Company Limited (BCCL) (Advance for Advertisement Expenses)	22,833,622	-
Nippon Magnetic Dressing Co. Ltd.	366,389	-
15 Other Non-Current Assets		
Deposits with Bank (with maturity more than 12 months)		
Held as margin money	1,800,000	1,810,000
Interest Accrued	815,339	697,388
Miscellaneous Expenditure (To the extent not w/off)	6,269,089	9,058,765
Total	<u>8,884,428</u>	<u>11,566,153</u>
16 Inventories		
(Refer Note 1.7)		
Stock of Electrical and Electronic Equipment	75,523,168	46,391,100
Stock of Shares and Securities	3,671,096	3,671,096
Total	<u>79,194,264</u>	<u>50,062,196</u>
17 Trade Receivables		
(unsecured, considered good)		
More than six months from the date they are due for payment	3,008,171	2,698,374
Other Debts	70,752,458	56,552,084
Total	<u>73,760,629</u>	<u>59,250,458</u>
Trade Receivable above includes:		
Nippon Magnetic Dressing Co. Ltd.	8,674,814	-

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	31.03.2013 (Amount in ₹)	31.03.2012 (Amount in ₹)
18 Cash and Bank Balances		
Cash and cash equivalents:		
Cash on hand	1,202,309	407,603
Balances with banks -		
On current accounts	129,819	361,982
Deposits Account (with less than 3 month maturity)		
As margin money	-	3,000,000
Other Bank Balances:		
Deposits Account (with maturity more than 3 months but less than 12 months)		
As margin money	3,031,981	-
Total	<u>4,364,109</u>	<u>3,769,585</u>
Deposits with banks having maturity more than 12 months of ₹18,00,000/- (P.Y. : ₹18,10,000/-) is classified as Other Non-current Assets (Refer Note "15")		
19 Short-Term Loans and Advances		
(unsecured, considered good)		
Earnest Money Deposit	611,750	246,574
Other Loans and Advances		
Advances Recoverable in Cash or in Kind	20,055,588	5,262,803
Advance to Supplier	2,739,877	436,589
Prepaid Expenses	323,570	61,491
Advance to Employees	70,000	227,702
Balances with Statutory/Government Authorities	-	19,871
Total	<u>23,800,785</u>	<u>6,255,030</u>
Loans and Advances above includes :-		
a) Advance to Employees includes:		
B. K. Soni	-	140,450
b) Advance recoverable in cash or in kind or value to be received includes :		
Bennett Coleman & Company Limited (BCCL) (Advance for Advertisement Expenses)	10,475,715	475,715
Reverse Logistic and Warehousing Private Limited	7,360,000	3,010,000
Turlapati Raghavendra Rao (Director)	1,500,000	1,500,000
20 Other Current Assets		
Interest Accrued on fixed deposit with bank (Refer Note "18")	42,898	-
Total	<u>42,898</u>	<u>-</u>

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	31.03.2013 (Amount in ₹)	31.03.2012 (Amount in ₹)
21 Revenue from Operations		
Revenue from operations		
Sale of Electrical and Electronic Equipment	219,007,774	173,692,957
Service Charges	4,132,583	1,475,716
Sale of Shares	-	565,064
Total	223,140,357	175,733,737
22 Other Income		
Interest Income on		
Bank Deposits	554,235	127,405
Others	12,000	-
Dividend	118,957	167,022
Profit/(Loss) on sale of shares held as investments	(842,648)	265,140
Speculative Profit on sale of Shares	21,512	-
Derivative Loss	(3,533,071)	(3,522,098)
Rent Income	5,730,866	-
Miscellaneous Income	81,203	37,643
Total	2,143,053	(2,924,889)
23 Purchases of Stock-in-Trade		
Purchases of Electrical and Electronic Equipment	200,023,881	160,215,982
Total	200,023,881	160,215,982
24 Changes in Inventories of Stock-in-Trade		
Inventories at the end of the year		
Stock of Electrical and Electronic Equipment	75,523,168	46,391,100
Stock of Shares	3,671,096	3,671,096
	79,194,264	50,062,196
Inventories at the beginning of the year		
Stock of Electrical and Electronic Equipment	46,391,100	23,818,054
Stock of Shares	3,671,096	3,866,166
	50,062,196	27,684,220
Total	(29,132,068)	(22,377,976)

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	31.03.2013 (Amount in ₹)	31.03.2012 (Amount in ₹)
25 Employee Benefits Expense		
Salaries, Bonus and Other Allowances	9,806,617	7,838,009
Contribution to Provident & Other Funds	210,087	-
Employee Welfare Expenses	1,242,508	403,982
Total	11,259,212	8,241,991
26 Finance Costs		
Interest Expense		
On Term Loan	441,111	-
On Working Capital Loan	5,476,534	4,986,062
Total	5,917,645	4,986,062
27 Other Expenses		
Lease Rent	7,046,089	5,002,290
Freight and Transportation	2,704,502	1,555,228
Duties & Taxes	561,341	-
Travelling and Conveyance	1,273,891	1,275,180
Legal and Professional Fees	768,648	1,069,435
Labour Charges	626,825	551,864
Advertisement Expenses	838,996	515,845
Insurance Expense	169,464	345,632
Printing and Stationery	259,517	231,520
Repairs and Maintenance	444,952	197,744
Electricity Charges	210,997	194,466
Security Charges	200,880	166,590
Auditors' Remuneration (Refer Note "31")	175,372	122,360
Directors' Sitting Fees	60,000	60,000
Annual Listing, Registrar and Transfer Agent Expense	241,346	101,475
Bank Charges	184,654	462,875
Other Expenses	4,718,086	1,371,231
Research & Development Expense (Refer Note "37")	3,243,802	-
Miscellaneous Expenditure w/off	2,789,676	2,689,676
Total	26,519,038	15,913,411

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	31.03.2013 (Amount in ₹)	31.03.2012 (Amount in ₹)
28 Disclosure in Respect of Leases:		
I Operating Lease: Company as Lessee		
The Company's leasing arrangements are in respect of operating leases for factory, office premises and guest house occupied by the Company. These leasing arrangements are cancellable except during the lock in period, and are renewable on a periodic basis by mutual consent on mutually acceptable terms.		
a) The total of future minimum lease payments during lock in period of operating leases for each of the following periods.		
Particulars		
i) Not later than one year	10,226,101	6,145,910
ii) Later than one year and not later than five years	21,934,081	7,912,682
iii) Later than five years	-	-
b) Lease payments recognized in the statement of Profit and Loss for the period.	7,046,089	5,002,290
II Operating Lease: Company as Lessor		
The company has entered into facility land property leases held as an Tangible assets. The leasing arrangements are for a period 13 months.		
a) The total of future minimum rental receivable during lock in period of operating leases are as follows:		
Particulars		
i) Not later than one year	31,519,763	-
ii) Later than one year and not later than five years	10,560,000	-
iii) Later than five years	-	-
b) Lease payments recognized in the statement of Profit and Loss for the period.	5,730,866	-
29 Capital and Other Commitments		
Capital Commitments:		
Estimated value of contracts in capital account remaining to be executed		
From others	27,500,000	27,500,000
30 Contingent Liabilities		
Guarantee given by Bank on behalf of the Company Secured against equal fixed deposits		
Standing Bank Guarantee in favour of The Customs, JNPT	1,810,000	1,810,000
Standing Bank Guarantee for Tender in favour of The MMRDA	-	20,000,000
Custom Duty on Imported Machineries cannot be sold or transferred to any person or other organisation for a period of 5 years from the date of its import	12,400,000	

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	31.03.2013 (Amount in ₹)	31.03.2012 (Amount in ₹)
31 Payment to Auditors:		
Audit Fees	75,000	75,000
Tax Audit Fees	25,000	25,000
Other Services	75,372	22,360
Total	175,372	122,360
32 CIF Value of Imports:		
Capital Goods	12,990,362	7,098,958
Total	12,990,362	7,098,958
33 Expenditure in Foreign Currency		
Travelling	252,534	202,460
Total	252,534	202,460
34 Earnings in Foreign Currency		
i) Rent - Facility Land	5,730,866	-
ii) Goods Sold Locally	2,628,572	-
iii) FOB Value of Goods Export	2,935,996	-
iv) Reimbursement of Modification & Construction Cost of facility	24,900,535	-
v) Training Cost Reimbursement	101,631	-
vi) Service Charges	75,797	-
Total	36,373,397	-
35 The Company has been dealing with Keynote Capital Markets Limited (Keynote) for its Share transactions. A substantial portion i.e 20,56,234 Nos. of shares amounting to ₹ 4,48,55,092/- out of the investment portfolio maintained by the company in demat form with Keynote has been appropriated by the Keynote against the loss booked by Keynote on account of transactions in the F&O Segment carried out by Keynote on its own without any authorisation of the company. The company has taken appropriate actions against Keynote with SEBI, NSE & Economic Offence Wing (EOW) of the Mumbai Police for the recovery of the misappropriation of the investment of the company. Investigation / hearing in the matter is at an advanced stage at all the authorities. The company is confident that it will be able to recover its amount and therefore no accounting impact has been given to such misappropriated investments till the matter is sub-judice.		
36 The Company has not provided provision for gratuity on employees on accrual basis, which is not in conformity with AS-15 - Employee Benefits as required under The Gratuity Act, 1972. However in the opinion of the management the amount involved is negligible and has no impact on Statement of profit and loss account.		
37 The Company has not written off the "Miscellaneous Expenditure" amounting to ₹ 62,69,089/- fully in Statement of profit and loss account, which is not in conformity with AS - 26 - Intangible Assets which had arise at the time of amalgamation. However in the opinion of the management it will not create any discrepancy has the treatment taken is as per the provisions of The Income Tax Act, 1961.		
38 The office of the Whole Time Company Secretary has been vacant and the Company is in process of appointing a full time company secretary as amended by The Companies Act, 1956.		
39 The Company is engaging in research & development activity on Electronic Waste. The expenses incurred during the year other than capital expenditure is charged off in the Statement of profit and loss. The expenses included legal & professional fees, employee benefits expenses & other expenses incurred during the year.		

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	31.03.2013 (Amount in ₹)	31.03.2012 (Amount in ₹)
40	The company is in the business of E-waste Management and Recycling, Trading in stock of shares, Derivative, Future and options & Speculation business.	
41	<p>i) The Company in current year has entered into agency arrangements with “Nippon Magnetic Dressing Co. Ltd.(NMD)” - Japan for technology agreements. Under this arrangements the company has issued equity shares on preferential basis to NMD and is setting up a facility for research and development in E-waste Management and recycling and increasing awareness in the society.</p> <p>ii) The NMD has reimbursed full Construction and modification cost of facility of which the Company has retained all risk and reward of ownership of assets. The reimbursement cost is in Japanese YEN; the difference arising on exchange amount is dealt to statement of profit and loss account as per AS - 11.</p> <p>iii) Under the arrangements NMD has exported to India two Machineries amounting to ₹ 4,58,53,055/- under technological arrangements with the company. These machines have been provided free of cost to be installed in facility where the company has paid only custom duty on the same amounting to ₹ 27,91,011/- in which the company has retained all risks and rewards of ownership of assets. After the completion of construction & installation of facility and machines, the company will capitalized these assets in the books of accounts by revaluing the assets under AS – 10. Till then, the company will classify the mentioned amounts as Capital Advances under “Long-Term Loans and Advances” and receipts under “Other Long-Term Liabilities”.</p>	
42	Balances of some of the trade receivable, trade payable and creditor of expenses, loans and advances are subject to confirmation from the respective parties and consequential adjustments arising from reconciliation, if any. The management, however is of the view that there will be no material adjustments in this regards.	
43	<p>Disclosure of Closing stock under Section 372(10) of the Companies Act 1956</p> <p>The company holding listed equity shares as stock-in-trade, the market value of which as at year end ₹ 27,24,382/- (P.Y. ₹ 29,54,081/-). The company policy is to value the equity shares held as a stock-in-trade at cost.</p>	
44	<p>Related Party Transactions</p> <p>Related party disclosures as required by AS - 18, “Related Party Disclosures”, are given below “</p> <p>(i) Relationships :</p> <p>(a) Holding Company :- First Online Comtrades Private Limited</p> <p>(b) Associates :- Kriscon Services Private Limited Reverse Logistics & Warehousing Private Limited Bennett Coleman & Company Limited (BCCL). Nippon Magnetic Dressing Co., Ltd (NMD) - Japan</p> <p>(c) Key Management Personnel :- Mr. Brijkishor Soni - C.M.D. Mrs. Aruna Soni - Director Mr. Srikrishna B. - Director Mr. T R Rao - Director Mr. Deepak Nanda - Director Mr. Shashank Soni - Relative</p>	

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(ii) Transaction With Related Parties :-

(Amount in ₹)

Particulars	Key management personnel	Holding	Associates
Issue of Shares on Preferential Basis	-	-	66,400,000
(P.Y.)	-	-	-
Share Application Money Received	-	-	-
(P.Y.)	-	-	(8,600,000)
Rent Income - Facility Land	-	-	5,730,866
(P.Y.)	-	-	-
Sales of EEE	-	-	9,564,568
(P.Y.)	-	-	-
Modification Cost & Reimbursement of expenses - Facility Building	-	-	25,002,166
(P.Y.)	-	-	-
Remuneration	3,750,000	-	-
(P.Y.)	(3,000,000)	-	-
Salary	887,503	-	-
(P.Y.)	(300,000)	-	-
Sitting Fees	60,000	-	-
(P.Y.)	(60,000)	-	-
Rent	2,700,000	-	-
(P.Y.)	(1,800,000)	-	-
Commission & Brokerage Charges	-	-	-
(P.Y.)	-	-	(54,000)
Advertisement and Branding Expenses	-	-	1,561,378
(P.Y.)	-	-	(13,515,699)
Deposit Given	-	-	200,000
(P.Y.)	-	(2,500,000)	-
Deposit Repaid	-	-	200,000
(P.Y.)	-	-	-
Loan Given	9,549	140,000	5,450,000
(P.Y.)	(1,228,893)	(300,000)	-
Loan Repaid	150,000	-	1,100,000
(P.Y.)	(1,228,893)	(300,000)	-
Reimbursement of Expenses	25,636	-	-
(P.Y.)	-	-	-
Deposit For Advertisement Expenses	-	-	25,800,000
(P.Y.)	-	-	(8,600,000)
Closing Balance at the Year End			
Receivable	12,550,000	140,000	49,710,540
(P.Y.)	(12,690,540)	-	(12,085,715)

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

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

31.03.2013 31.03.2012
(Amount in ₹) (Amount in ₹)

45 Derivative Instruments

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

Particulars	Year	Currency	Amount
Export Receivable (Trade Receivable)	2012-13	USD	55,428
		INR	3,008,909
	2011-12	USD	-
		INR	-
Export Receivable (Trade Receivable)	2012-13	JPY	9,966,001
		INR	5,742,230
	2011-12	JPY	-
		INR	-
Advance recoverable in cash or in kind or value to be received	2012-13	JPY	635,891
(Reimbursement of Expenses)		INR	366,389
	2011-12	JPY	-
		INR	-

46 Earnings Per Share:

		2012-13	2011-12
i) Profit after tax and exceptional item	₹	6,406,017	3,700,553
ii) Weighted average number of equity shares outstanding	Nos.	16,786,336	15,942,500
iii) Basic earning per share	₹	0.38	0.23
iv) Diluted earning per share	₹	0.38	0.23
v) Face value of shares	₹	10.00	10.00

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

Notes forming part of the financial statements No. 1-47

As per our report of even date attached

For GMJ & Co

Chartered Accountants

FRN No. 103429w

CA. P. Somani Partner

Place: Mumbai | Date: May 30, 2013

For and on behalf of the Board

B. K. Soni

Chairman & Managing Director

Aruna Soni Director


Srikrishna B Director



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**ATTENDANCE SLIP
ECO RECYCLING LIMITED**

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

19th Annual General Meeting, Monday September 30th, 2013

I hereby record my presence at the 19th Annual General Meeting of the Company (including adjournment thereof) at AIPMA House on Monday, September 30, 2013 at 10.00 a.m.

Folio No. _____ DP ID* _____ Client ID _____

No. of Shares held _____

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

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

**PROXY FORM
ECO RECYCLING LIMITED**

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

19th Annual General Meeting, Monday September 30th, 2013

Folio No. _____ DP ID: _____ Client ID: _____

I/We _____ of _____
In the district of _____ being
a member(s) of the above named Company, hereby appoint _____ of _____
in the district of _____ or failing him _____
of _____ in the district of _____ as my/our proxy to vote
for me/us on my/our behalf at the 19th Annual General Meeting of the Company (including adjournment thereof) to be held at
AIPMA House on Monday, September 30, 2013 at 10.00 a.m. and at any adjournment thereof.

Signed this _____ day of _____ 2013

Affix a
revenue
of ₹1/-

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

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