

## Report on Corporate Governance

### Company's Philosophy on Corporate Governance :

The Company is committed to the basic principle of Corporate Governance which includes right and equitable treatment of shareholders, protecting the interest of stakeholders, appropriate mix of skilled executive and non-executive directors on the Board, integrity and ethical behavior within the organization. Also, the company believes in proper disclosure, transparency and accountability, investor protection and compliance with laws, rules & regulations for the benefit of all stakeholders.

The Company has complied with the requirements of Code of Corporate Governance as mentioned in Clause 49 of the Listing Agreement and the disclosures are as follows:

### Board of Directors :

The Board of Directors is constituted in compliance with Clause 49 of the Listing Agreement. There are six members, out of which five members are Non-Executive Independent. The Company has an Executive Chairman (Managing Director).

Six meetings of the Board have been held during the year on June 24, 2010, June 28, 2010, July 10, 2010, July 17, 2010, November 10, 2010, January 27, 2011.

The details of Directors, Directorships and Committee Positions held in other public limited companies, attendance at Board Meetings and Annual General Meeting etc. are provided here in below:

Name of the Director	Category	No. of other Directorships	No. of other Committee Positions held		No. of Board Meetings attended	Attendance at the last Annual General Meeting
			Chairman	Member		
Mr. P.P. Gupta \$ Managing Director	Executive	3	-	-	5	Yes
Mr. K.M.Poddar @ Director	Independent Non-Executive	2	1	1	3	-
Mr. V.D. Mohile @ Director	Independent Non-Executive	1	-	-	3	-
Mr. K.Vasudevan @ Director	Independent Non-Executive	1	1	-	2	-
Mr. K. K. Rai @ Director	Independent Non-Executive	6	1	7	3	-
Mr. S. N. Roy Director	Independent Non-Executive	6	-	1	5	Yes
Mr. P. K. Lohia # Director	Independent Non-Executive	11	-	-	3	-
Mr. Rajiv Agarwal # Director	Independent Non-Executive	7	-	-	3	-

\$ Appointed as Managing Director w.e.f. June 28, 2010.

@ Appointed as director w.e.f. June 24, 2010.

# Resigned from the directorship w.e.f. July 17, 2010.

## **Details of Directors seeking appointment/ reappointment**

**Mr. K. Vasudevan**, aged 70 years, residing at 12, 7<sup>th</sup> Cross, Karpagam Gardens Adyar Chennai – 600020, is a Bachelor of Engineering (Electrical) and a fellow-member of the Institute of Engineers and Institute of standard Engineers. He is associated, as Chairman, with the Green Business Centre for the Southern region. He is a member of the National Committee on Power of CII and was a past-President of the Indian Electrical and Electronics Manufacturers Association. He was the Joint Managing Director of Alstom India Limited and is now an independent Director in Alstom Projects India Limited. He does not hold any shares in the Company and also has no relationship with any other director. He is liable to retire at the ensuing Annual General Meeting and seeking reappointment for the office of director.

## **Disclosure on relationship between Directors**

The Directors have no relationship between themselves except as Board colleagues.

## **Remuneration of Directors**

The Board has fixed the remuneration by way of sitting fees payable to the Non-Executive Directors including Independent Directors, which is within the limits prescribed by the Companies Act, 1956. There is no other remuneration paid/payable to the Non-Executive Directors except the sitting fees.

## **Directors' Shareholding**

As on March 31, 2011, Mr. P. P. Gupta, Mr. V. D. Mohile and Mr. K. K. Rai hold 1,53,000, 9,302, and 1,000 Equity Shares of the Company respectively.

## **Code of Conduct**

All Board Members and Senior Management personnel of the Company have affirmed compliance with the Code of conduct for the year ended March 31, 2011.

## **Audit Committee**

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

Mr. K. Vasudevan	-	Non-Executive (Independent)-	Chairman
Mr. K. M. Poddar	-	Non-Executive (Independent)-	Member
Mr. V. D. Mohile	-	Non-Executive (Independent)-	Member
Mr. K. K. Rai	-	Non-Executive (Independent)-	Member

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

Three meetings of the Audit Committee were held on July 17, 2010, November 10, 2010, January 27, 2011. The attendance by members are as follows:

Name	Number of Attendance
Mr. K. Vasudevan, Chairman	2 (Two)
Mr. K. M. Poddar, Member	3 (Three)
Mr. V. D. Mohile, Member	3 (Three)
Mr. K. K. Rai, Member	3 (Three)

P. P. Gupta, Managing Director, Mr. P. K. Lohia, President (Finance), Mr. N. M. Bachhawat, Sr. Dy. General Manager (Accounts), representatives of the Statutory Auditors and Internal Auditors of the Company also attended the meetings.

The Audit Committee is entrusted with the following powers:

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

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

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

#### **Remuneration Committee :**

The Company has constituted a Remuneration Committee comprising of three Independent Directors. The committee shall determine and recommend the remuneration payable to the Non-Executive Directors and the Managing Director among others.

#### **Shareholders'/ Investors' Grievance Committee :**

The Company has a Shareholders'/Investors' Grievance Committee comprising of three Non-Executive Independent Directors. The Committee addresses the grievances of shareholders. During the year, the Company has not received any complaints.

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

### Share Transfer Committee :

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

### General Body Meetings :

Particulars of General Body Meetings for the last three years:

Financial Year Ended	Day & Date	Venue	Time	No. of Special Resolutions Passed
March 31, 2008 AGM	Saturday, July 26, 2008	The Calcutta School of Music, 6B, Sunny Park, Kolkata-19	11.00 a.m.	Nil
March 31, 2009 AGM	Thursday, September 25, 2009	The Calcutta School of Music, 6B, Sunny Park, Kolkata-19	10.30 a.m.	3
March 31, 2010 AGM	Saturday, September 18, 2010	Bhartiya Bhasa Parisad, 36, Shakesphere Sarani, Kolkata-17	11.30 a.m.	2
EGM	Wednesday, March 17, 2010	Bhartiya Bhasa Parisad, 36, Shakesphere Sarani, Kolkata-17	3.30 p.m.	1
EGM	Wednesday, June 30, 2010	P-46A, Radha Bazar Lane Kolkata – 1	11.30 a.m.	2

None of the business required to be transacted at the ensuing AGM is proposed to be passed through postal ballot.

### Subsidiary Companies:

The Company has a material non-listed Indian subsidiary company, and an Independent Director of the Company is also a Director of the subsidiary. The financial statement of the subsidiary was reviewed by the Audit Committee on a quarterly basis. The minutes of the subsidiary was placed before the Board of Directors and perused on regular basis.

### Disclosures :

1. There were no materially significant related party transactions i.e. transactions of material nature, with its promoters, directors or the management or their relatives etc. (except the payment of remuneration to the Managing Director and a relative of Managing Director), during the year, that may have potential conflict with the interest of the Company at large.
2. There were no non-compliance by the Company during the last year on any matter related to the capital markets and no penalties or strictures imposed on the Company by Stock Exchanges or SEBI or any other statutory authority.

3. No treatment different from the prescribed Accounting Standard has been followed in the preparation of the financial statements.
4. The Board assesses the risk on a regular basis and advises the steps and procedures for its minimization.
5. The Company has not raised any amount through public issues, rights issues, etc. during the year.
6. The non-executive Directors have not been paid any remuneration other than sitting fees.
7. A Management Discussion and Analysis Report forms part of this Annual Report.

### **Means of communication :**

The details of publication of Quarterly Results are as under :

The Economic Times	-	All India Edition
Business Standard	-	All India Edition
Aajkaal / Arthik Lipi (Regional)	-	Kolkata

The Quarterly Results have also been sent to the Stock Exchanges pursuant to the listing agreement. Further, the financial and other information(s) are also available at the Company's website [www.techno.co.in](http://www.techno.co.in).

### **General Shareholder Information :**

1. The 6<sup>th</sup> Annual General Meeting is scheduled to be held on or before 30<sup>th</sup> day of September, 2011 and the notice convening the same shall be sent to the shareholders within the time prescribed by the Companies Act, 1956.
2. Financial Year : April to March
3. Financial Calendar : Within 45 days of ending month of the quarter (Reporting of Financial Results)
4. Date of Book closure : The date of book closure be intimated through Stock Exchanges, Newspaper and with the notice convening the Annual General Meeting
5. Dividend payment date : within 30 days of declaration
6. Listing on Stock Exchanges :

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

The listing application with the Calcutta Stock Exchange Ltd. is under process.

**Note:** Annual Listing Fees for the year 2011-12 have been paid to all the Stock Exchanges as mentioned above.

7. The shares of the Company was listed in Bombay Stock Exchange and National Stock Exchange on November 10, 2010, hence the market data are given accordingly from November, 2010 onwards.

Market Price Data:

Stock Exchange	BSE			NSE		
Month	High	Low	Volume	High	Low	Volume
November, 2010	444.90	326.05	1,627,866	444.90	336.00	15,15,125
December, 2010	390.00	265.10	5,03,738	388.00	261.00	7,28,316
January, 2011	350.00	258.00	3,26,963	349.95	258.00	4,05,888
February, 2011	266.00	204.00	4,69,075	265.45	200.15	5,25,947
March, 2011	271.00	209.40	1,580,447	271.00	201.00	17,65,246

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

Month	Price at BSE			BSE Sensex		
	Opening	Closing	Change(%)	Opening	Closing	Change(%)
November, 2010	344.00	380.05	10.48	20272	19521	-3.71
December, 2010	372.00	340.25	-8.53	19530	20509	5.01
January, 2011	345.00	261.80	-24.12	20262	18328	-9.54
February, 2011	262.00	214.00	-18.32	18425	17823	-3.27
March, 2011	214.00	242.10	13.13	17982	19445	8.14

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

Month	Price at NSE			Nifty		
	Opening	Closing	Change(%)	Opening	Closing	Change(%)
November, 2010	360.05	379.80	5.49	6092.30	5862.70	-3.77
December, 2010	370.10	341.40	-7.75	5871.00	6134.50	4.49
January, 2011	345.00	260.30	-24.55	6177.45	5505.90	-10.87
February, 2011	264.50	209.45	-20.81	5537.30	5333.25	-3.69
March, 2010	215.00	242.05	12.58	5382.00	5833.75	8.39

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

10. Share Transfer System :

The share transfers in physical form are processed within 15 days from the date of receipt of the valid documents complete in all respect.

11(i). Distribution of Shareholding as on March 31, 2011 :

Slab	No. of Shareholders		No. of Shares	
	Number	Percentage (%)	Number	Percentage (%)
1 - 500	3773	78.00	444956	0.78
501 - 1000	415	8.58	343490	0.60
1001 - 5000	445	9.20	1053707	1.85
5001 - 10000	92	1.90	693851	1.21
10001 - 50000	73	1.51	1431608	2.51
50001 - 100000	11	0.23	744455	1.30
100001 & Above	28	0.58	52379133	91.75
<b>Total</b>	<b>4837</b>	<b>100.00</b>	<b>57091200</b>	<b>100.00</b>

(ii) Shareholding Pattern as on March 31, 2011:

Shareholders (Category)	No. of Shares held	% of Total Shares
Promoters	31382923	54.97
Private Corporate Bodies	20820622	36.47
Indian Public	3246474	5.70
Foreign Institutional Investors (FIIs)	277000	0.48
Mutual Funds	1081031	1.90
Non-Resident Indians (NRIs)	20803	0.03
Central Govt./State Govt.	21000	0.03
Others ( Clearing Members)	241347	0.42
<b>Total</b>	<b>57091200</b>	<b>100.00</b>

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

Details of dematerialization of shares as on March 31, 2011 are given below :-

Name of the Depository	No. of Shares	% of Total Share Capital
National Securities Depository Limited	45656275	79.97
Central Depository Services (India) Limited	2031792	3.56

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

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

15. Company Details:

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

Corporate Identity Number : U40108WB2005PLC139595

## **Compliance with Non-Mandatory Requirements:**

- (1) **The Board:** The Company does not have a Non-Executive Chairman. All the Independent Directors on the Board are experienced professionals with knowledge in their related fields i.e. Technical, Finance and Accounts. No tenure has been specified for the Independent Directors. At present, none of the Directors on the Board have tenure in aggregate exceeding nine years.
- (2) **Remuneration Committee:** The Company has a Remuneration Committee comprising of three independent directors to determine the remuneration of both Non-executive and Executive Directors.
- (3) **Shareholders Rights:** Half-yearly declaration of financial performance including summary of the significant events are presently not being sent to the shareholders, but the Company publishes the financial results and statement of assets and liabilities.
- (4) **Audit Qualifications:** During the year under review, there were no audit qualifications in the Company's financial statements and for moving towards a regime of unqualified financial statements, the Company is adopting best possible practices.
- (5) **Training of Board Members:** Presently the Company does not have such training program. All the Board Members are vast experienced and have expertise in their respective fields.
- (6) **Mechanism for evaluating Non-executive Board Members:** Evaluation of performance of Non-Executive Directors are being done at the Board Meetings.
- (7) **Whistle Blower Policy Mechanism:** The Company does not have a Whistle Blower Mechanism presently but access to the Audit Committee has not been denied to any executive/personnel.

## **CERTIFICATE**

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

We have examined the compliance of conditions of code of Corporate Governance by Techno Electric & Engineering Company Limited, for the year ended March 31, 2011 as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges.

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

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

As required by the Guidance Note issued by The Institute of Chartered Accountants of India, we have to state that based on the report given by the Registrars of the Company and placed before the Investors' Grievance Committee, as on March 31, 2011 there are no investor grievance matters against the Company remaining unattended/pending for more than 30 days.

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

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

Place: Kolkata  
Date: July 16, 2011

For **S.S. KOTHARI & CO.**  
*Chartered Accountants*

R.N. BARDHAN  
*Partner*  
Membership No. 17270

**Certificate of Managing Director and Chief Financial Officer on  
Financial Statements under Clause 49 of the Listing Agreement.**

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

- (a) We have reviewed the Financial Statements and the Cash Flow Statement for the financial year ended March 31, 2011 and that to the best of our knowledge and belief :
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the period, which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee that :
  - i. there have been no significant changes in internal control over financial reporting during the year;
  - ii. there have been no significant changes in accounting policies during the year;  
and
  - iii. there have been no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**P. P. Gupta**  
*Managing Director*

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

Place : Kolkata  
Date : July 16, 2011

**Declaration under Clause 49(I)(D) of the Listing Agreement**

Pursuant to Clause 49 of the Listing Agreement, it is hereby declared that all the Board Members and Senior Management personnel of Techno Electric & Engineering Company Limited have affirmed compliance with the Code of Conduct for the year ended March 31, 2011.

**P. P. Gupta**  
*Managing Director*

Place : Kolkata  
Date : July 16, 2011