

NOTICE

TO THE SHAREHOLDERS

Notice is hereby given that the Sixty Fourth Annual General Meeting of the members of ECE Industries Limited will be held at NCUI Convention Centre, 3, Khelgaon Marg, New Delhi - 110016 on Thursday, the 30th day of September 2010 at 3.30 P.M to transact the following businesses :

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss account of the Company for the year ended 31st March, 2010 and the Balance Sheet as on that date and the Reports of the Directors and Auditors thereon.
2. To declare Dividend on Equity Shares for the year ended 31st March, 2010.
3. To appoint Directors in place of Sh. Vikram Prakash and Sh. Sakate Khaitan who retire by rotation and being eligible offer themselves for re-appointment.
4. To appoint Statutory Auditors and fix their remuneration.

By Order of the Board

(P.K. Mohta)
Chairman & Managing Director

Place : New Delhi
Dated: 31st July, 2010

NOTES FOR MEMBERS' ATTENTION

1. **A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on a poll instead of himself and the proxy need not be a member of the company. The proxy in order to be effective must be lodged at the Registered Office of the company not less than 48 hours before the commencement of the meeting.**
2. The Register of Beneficial Owners, Register of Members and Share Transfer Books of the Company will remain closed from 23rd September, 2010 to 30th September, 2010 both days inclusive for the purpose of payment of dividend.
3. The Dividend, as recommended by the Board, if sanctioned at the meeting will be paid to those members or their mandates whose names stand registered on the company's register of members :-

- (a) as Beneficial owners as on 22nd September 2010 as per the list to be furnished by National Security Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL) in respect of shares held in electronic form, and
- (b) as Members in the Register of Members of the Company after giving effect to valid share transfers in Physical form lodged with the Company or the Share Transfer Agents up to 22nd September 2010.
4. Members (Beneficiaries) holding shares in Dematerialized mode are requested to note that the Bank details furnished by them to their respective Depository Participants will be printed on their Dividend Warrants, if not opted for Electronic Clearing Service (ECS). This is pursuant to the SEBI directive vide Circular No. D&CC/FITTC/CIR-4/2001 dated 13.11.2001.
5. (a) Pursuant to Section 205A of the Companies Act, 1956 unclaimed dividend for the year 2001-2002 has been transferred to the "Investor Education and Protection Fund" established by the Central Government. Members shall not be able to register their claim in respect of their un-encashed Dividend with regard to the said dividend.
- (b) Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend for the financial year ended 31st March, 2003 and thereafter, which remain unclaimed for a period of 7 years will be transferred by the Company to the "Investor Education and Protection Fund" established by the Central Government pursuant to Section 205C of the Companies Act, 1956.

Information in respect of such unclaimed dividend when due for transfer to the said Fund is given below:-

Financial year ended	Date of declaration of dividend	Last date for claiming unpaid Dividend	Due date for transfer to IEP Fund
31.03.2003	28.08.2003	27.08.2010	25.09.2010
31.03.2004	12.07.2004	11.07.2011	09.08.2011
31.03.2005	04.08.2005	03.08.2012	01.09.2012
31.03.2006	27.07.2006	26.07.2013	24.08.2013
31.03.2007	28.05.2007	27.05.2014	25.06.2014
31.03.2008	27.08.2008	26.08.2015	24.09.2015
31.03.2009	09.09.2009	08.09.2016	07.10.2016

Shareholders who have not so far encashed the dividend warrant(s) are requested to seek issue of duplicate warrant(s) by writing to the Company at its Registered Office. Shareholders are requested to note that no claims shall lie against the Company or the said Fund in respect of any amounts which were unclaimed or unpaid for a period of seven years from the dates that they first become due for payment and no payment shall be made in respect of any such claims.

6. Members or every person purchasing the shares of the Company in Physical form are requested to furnish immediately a copy of Permanent Account Number (PAN) in compliance of SEBI Circular no MRD/DoP/Cir-05/2009 dated 20th May 2009 and all changes with respect to their bank details, mandate, nomination, power of attorney, change of address, change in name etc.
- (a) to their Depository Participant (DP) in respect of equity shares held in electronic form (Demat Account), and
- (b) to the RTA/ Company at its registered office, in respect of equity shares held in physical form.
7. Members are requested to bring their copy of the Annual Report, as copies of the Report will not be distributed again at the meeting.
8. Members who hold shares in dematerialised form are requested to bring their Depository Account Number (Client ID No.) for easier identification at the Annual General Meeting.
9. Additional information pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, on Director(s) recommended for re-appointment at the Annual General Meeting is given here-in-below:

- (a) Name of Director : Sh. Vikram Prakash
Date of Birth : 01.04.1928
Date of appointment : 06.09.1989
Qualification/ Profession : Mechanical Engineer.
List of Public Limited Companies (in India) in which outside Directorship held : 1. Noida Medicare Centre Limited
2. Pushpsons Industries Limited
3. Indian Toners & Developers Limited
4. The Naihati Jute Mills Limited
5. Deepak Spinners Limited
- Chairman / Member of the Committee of the Board of Directors of the company. : 1. Chairman - Audit Committee
2. Chairman - Shareholder Grievances Committee.
3. Member - Remuneration Committee
- Chairman / Member of the Committee of the Board of Directors of other Public Limited Company : 1. Indian Toners & Developers Limited
Member - Audit Committee
2. Pushpsons Industries Limited
Member - Audit Committee
3. Noida Medicare Centre Limited
Chairman - Audit Committee
4. Deepak Spinners Limited
Chairman - Audit Committee
- (b) Name of Director : Sh. Sakate Khaitan
Date of Birth : 16.02.1972
Date of appointment : 27.05.2008
Qualification/ Profession : Bachelor of Law
Member - Bar Council of India and
Incorporated Law Society of India
- List of Public Limited Companies (in India) in which outside directorship held : Nil
- Chairman / Member of the Committee of the Board of Directors of the Company : Nil
- Chairman / Member of the Committee of the Board of Directors of other Public Limited Company : Nil

DIRECTORS' REPORT

Dear Shareholders,

We have pleasure in presenting the Sixty Fourth Annual Report with Audited Accounts of the Company for the year ended 31st March, 2010.

FINANCIAL RESULTS

Particulars	31.03.2010 (Rs. In lacs)	31.03.2009 (Rs. In lacs)
Turnover	15,930.93	23,671.31
Gross Profit from ordinary activities before depreciation	178.78	711.95
Profit from exceptional items	884.42	230.18
	1,063.20	942.13
Less : Depreciation	114.70	110.48
Profit before Tax	948.50	831.65
Provision for ;		
(i) Current Income Tax	178.71	220.17
(ii) Deferred Tax Charge / (Credit)	(42.40)	0.83
(iii) Fringe Benefit Tax	0.00	9.00
	136.31	230.00
Profit after Tax	812.19	601.65
Add : Balance Brought Forward	3,311.77	2,938.46
Profit available for Appropriation	4,123.96	3,540.11
Appropriations as under :		
1. Proposed Dividend	21.94	109.70
2. Provision for Dividend Tax	3.64	18.64
3. Transfer to General Reserve	100.00	100.00
4. Balance in P&L Account carried forward	3,998.38	3,311.77
	4,123.96	3,540.11

REVIEW OF PERFORMANCE

The sales turnover for the current year is Rs. 159.31 Crores against Rs. 236.71 Crores in the previous year. The total gross profit for the year ended 31st March, 2010 comes to Rs. 1063.20 Lacs (Previous Year Rs. 942.13 lacs). After providing Rs. 114.70 lacs (Previous year Rs. 110.48 lacs) for depreciation and Rs. 136.31 lacs as provision for taxation (Previous Year Rs. 230.00 lacs), there remains a surplus of Rs. 812.19 lacs (Previous year Rs. 601.65 lacs). There has been decline in the turnover of the company under review in comparison to last year. Main reason being competition in the market for the segment of transformers that we presently produce. After modernization of existing facility and up-gradation of transformer capacity to higher voltage transformers, we hope to be in a better position to fight competition and also increase the turnover. The result of this would only be reflected once we start executing the orders of higher capacity transformers after modernization and up-gradation of existing plant.

RIGHTS ISSUE

The Company has received good response to its Rights Issue in the ratio 1:1 share at an issue price of Rs. 100/- per share and is in the process of finalizing the allotment. This would increase the company's paid up capital to Rs. 8,77,63,100/- from the existing Rs. 4,38,81,550/-. The funds received from the Rights Issue will be used for modernization and up-gradation of the existing facility of transformer manufacturing division and also to meet other general corporate purposes.

DIVIDEND

We recommend payment of Dividend for the year 2009-2010 @ Rs. 0.25 per share (2.5%) on enhanced Share Capital after rights issue i.e. on 8776310 Equity Shares for the year, which will be paid after obtaining your approval in the Annual General Meeting.

AUDITOR'S REPORT

The remarks in the Auditors Report are self explanatory and needs no further explanation.

AUDITORS

M/s. Singhi and Co., Chartered Accountants, retire as Statutory Auditors of the Company at the conclusion of the Sixty Fourth Annual General Meeting and being eligible offer themselves for re-appointment. The Board recommends the re-appointment of M/s Singhi & Co., Chartered Accountants as the Statutory Auditors for the Financial year 2010-11.

CORPORATE GOVERNANCE

As per Clause 49 of the Listing Agreements with Stock Exchanges, Management Discussion and Analysis Report and Corporate Governance Report are annexed and form part of the Directors Report.

LISTING AGREEMENTS

The Company's equity shares continue to be listed on the Bombay Stock Exchange and National Stock Exchange. The Annual Listing fees for the year 2009-2010 have been paid in full to Bombay Stock Exchange as well as to National Stock Exchange.

DIRECTORS

Sh. Vikram Prakash, Director and Shri Sakate Khaitan, Director of the Company are retiring by rotation and being eligible offer themselves for re-appointment.

TRANSFER TO INVESTOR EDUCATION & PROTECTION FUND

In terms of Section 205A and 205C of the Companies Act, 1956, during the Financial Year 2009-2010 the Company has deposited Rs. 80,227/- (Rupees Eighty thousand two hundred twenty seven only) in the "Investor Education & Protection Fund" established by the Central Government towards unclaimed/unpaid dividend for the financial year 2001-2002.

FIXED DEPOSITS

Your Company has not accepted fixed deposits from public and/or employees and, as such, no amount of Principal or interest was outstanding as on the balance sheet date.

PARTICULARS OF EMPLOYEES

The provisions of Section 217(2A) of The Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 (as amended) are not applicable, as there is no employee drawing remuneration beyond the stipulated amount provided in the said rules.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA), the Board of Directors of your company state:

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to material departures;
- ii) that the directors have selected such accounting policies and applied them consistently and made judgements 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 and of the profit or loss of the company for that period ;
- iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act 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 on a going concern basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Additional information regarding conservation of energy, technology absorption and foreign exchange earnings and outgo, required under Section 217 (1)(e) of the Companies Act, 1956 forms part of this report and same is enclosed as Annexure 'A'.

ACKNOWLEDGEMENTS

Your Directors place on record their thanks for the dedicated services rendered by all the employees of the company in its factories and offices and also acknowledge the co-operation, assistance and support extended by the Company's bankers and stakeholders.

For and on Behalf of the Board

Place : New Delhi

Dated :31st July, 2010

(P.K. Mohta)

Chairman & Managing Director

(Vikram Prakash)

Director

ANNEXURE `A` TO THE DIRECTORS' REPORT

Information under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ending 31st March, 2010.

A. Conservation of Energy

In line with the Company's commitment towards conservation of energy, Transformer division at Sonepat has continued to use "HSD fired thermic fluid heaters", for generating temperature in the heating ovens. Apart from this energy efficient CFL lights are used as substitute of fluorescent light & filament bulbs. This has reduced the consumption of electric power.

In the fabrication & radiator department the conventional welding sets have been replaced with energy efficient MIG welding sets and rectifiers.

Combination of three generator sets of different capacities i.e. 100 KVA, 350 KVA, 1000 KVA are being used after considering the requirement of plant.

More energy efficient Elevators components are being manufactured.

B. Technology Absorption

Efforts made in technology absorption as per Form-B are furnished below :

Form-B

(Form for disclosure of particulars with respect of Technology Absorption)

1. Research and Development (R&D)
 - i) The company is in process of importing Computer Software for better designing and economical and quality products. The company is also changing all the existing designs so that more economical and efficient transformers can be produced. The company is also developing high voltage transformers upto 220 KV – 315 MVA capacity with the new expansion programme.
 - ii) In house development of Scrolling type indicator for better display of Elevator position.
 - iii) Development of Voltage monitoring card for better control of voltage fluctuations in smooth running of Elevator.
2. Technology Absorption, Adapatation & Renovation

Efforts are being made for successful implementation of Gearless Elevators for better ride, quality, power saving and reduced noise level.

C. Foreign Exchange Earnings & Outgo

The information on Foreign Exchange earnings & outgo contained in Note Nos. 13.2 & 13.3 of Schedule-24.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS

Main segments of Company's activities relate to manufacture and sale of Equipments for Power & Distribution Transformers and Elevators.

OPPORTUNITIES & THREATS

The anticipated rebound in industry activities is somewhat below expectations. More efforts are needed to grow impressively with focused goal.

SEGMENTWISE PERFORMANCE

The key business segment of the company "Equipments for Power Transmission and Distribution" accounted for 84.91% of the gross turnover in 2009-2010. The other segments accounted for 15.09% of gross turnover.

A. Business Segment – Equipment for Power Transmission and Distribution

	2009-10	2008-09	% Change (Negative)/Positive
Gross Turnover (Rs. in Lacs)	13,526.51	22,029.64	(38.60)
Operating Profit/(Loss)(Rs. in Lacs) (after depreciation and before interest)	417.29	1,961.35	(78.72)

B. Business Segment – Elevators

	2009-10	2008-09	% Change (Negative)/Positive
Gross Turnover including components (Rs. in Lacs)	2,349.93	1,447.93	62.30
Operating Profit/(Loss)(Rs. in Lacs) (after depreciation and before interest)	63.84	(115.48)	155.28

C. Business Segment – Contracts

	2009-10	2008-09	% Change (Negative)/Positive
Gross Turnover (Rs. in Lacs)	54.50	193.74	(71.87)
Operating Profit/(Loss)(Rs. in Lacs) (after depreciation and before interest)	(25.94)	(68.16)	61.94

OUTLOOK

The Company is aggressively making efforts to create facilities and the production of higher range of Transformers. More capital is being induced to cater the need of today's infrastructure demand of the economy. Optimum utilization of resources with cost cutting measures will help to achieve better results in future.

The Company is further strengthening its field infrastructure to cater to building up its marketing team in view of increasing customer base in Elevator market. The Company expects to achieve higher turnover and better results in coming times.

To stop continuing losses, the Company has discontinued Meter manufacturing activities. The Company has not taken new contract jobs for Railway electrification and is taking steps for financial closure of earlier projects.

RISKS AND CONCERNS

1. Fixed Assets of the Company i.e. Buildings, Plant and Machinery, Office equipments, Furniture & Fixtures and Vehicles are insured with a view to minimize the risk in case of fire and loss of profit.
2. Current Assets of the company i.e. Raw Materials, Work-in-Progress, Stores & Spares and Finished Goods are insured to minimize the risk.

3. The Company has taken cash/ cash in transit insurance cover to safeguard itself from any theft/ burglary.
4. The Company has also kept its activities reasonably diversified in terms of products and locations with a view to minimize the risk.
5. The Company is having in-house Research & Development abilities to cater the needs of technological changes in the market and to upgrade its products.
6. To plug the operational hazards, the Company has vast base of suppliers to procure continuous supplies of raw material from its local and foreign suppliers.
7. The Company hedges its risk of fluctuation in foreign currency while taking loan from banks.
8. Keeping in view the size and infrastructure of the company, it is felt that the existing arrangement of Risk Management is reasonably sufficient.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has an internal control system that is geared towards achieving efficiency in operations, optimum utilization of resources, effecting monitoring and compliance with all applicable laws and regulations. A programme of internal audit by an Independent firm of Chartered Accountants, is reviewed by Management and documented policies, guidelines and procedures supplement the internal control systems that are designed to ensure reliability of financial and all other records to prepare financial statements and other data and to maintain accountability of assets.

FINANCIAL REVIEW AND ANALYSIS

(Rs. in Lacs)

Highlights	2009-10	2008-09
Sales/Income from Operations	15,930.93	23,671.31
Other Income	647.37	591.73
Other Income (exceptional items)	884.42	230.18
Depreciation	114.70	110.48
Profit before Tax	948.50	831.65
Income Tax	136.31	230.00
Net Profit	812.19	601.65
Proposed Dividend (incl. Dividend tax)	25.58	128.35

OTHER INCOME

Other Income mainly consists of Interest, Dividend, Royalty, Rent & Licence fee, Profit on sale of fixed assets & investments and liabilities / provisions written back etc.

HUMAN RESOURCES DEVELOPMENT

ECE recognizes the need of training & development on regular basis. Continuous learning by individuals is necessary for the organization. It provides opportunity, appropriate working environment and scope to develop the younger talent.

CORPORATE GOVERNANCE REPORT

I. COMPLIANCE OF MANDATORY REQUIREMENTS

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

At ECE Industries Limited, Corporate Governance is the integral part of Company's values, Ethics, Business practices and norms. Towards this, the Company constantly evaluates and defines its Management practices aimed at enhancing its commitments and delivery of the basic tenets of the Corporate Governance.

2. BOARD OF DIRECTORS

Composition:

The Board of Directors consists of five members, out of which four are non-executive directors.

Attendance record of Directors:

During the year 2009-2010, four Board Meetings were held on 30.04.2009, 29.07.2009, 30.10.2009 and 29.01.2010:

Directors	Category	No. of Board meetings attended	Attendance at the last AGM	No. of outside Directorship held	Chairman/Member of Board Committee	Shares Holding as on 31.03.2010 (No. of shares)
Sh. P.K.Mohta	Chairman & Managing Director	2	Yes	4	1	1,27,490
Sh. O.P.Khaitan	*Non Executive	3	Yes	8	7	200
Sh. Vikram Prakash	*Non Executive	4	Yes	5	5	200
Sh. Sakate Khaitan	Non Executive	1	Yes	Nil	Nil	100
Sh. M.K.Jajoo	*Non Executive	4	No	3	Nil	100
Sh. V.K.Sharma (LIC Nominee) Joined w.e.f. 19-12-08 & resigned on 06-07-09	*Non Executive	1	No	Nil	Nil	Nil

*also Independent in terms of the provisions of Clause 49(1)(A)(iii).

3. AUDIT COMMITTEE

Currently, the Audit Committee of the company consists three members, out of which two third are non-executive and independent directors.

Members of the Committee :

1. Shri Vikram Prakash – Chairman
2. Shri P.K. Mohta – Member
3. Shri O.P. Khaitan – Member.

Meetings of the Audit Committee were held on 30.04.2009, 29.07.2009, 29.10.2009 and 29.01.2010. Shri Vikram Prakash, Chairman and Sh. O.P. Khaitan, member of the Committee attended four meetings. Sh. P.K. Mohta, member attended two meeting. Besides the Committee members, Sh. R. Prasad, President (Corporate Affairs, Finance & Legal), Sh. Rajat Sharma, Vice President (Corporate Finance & Taxation) and Sh. Deepak Garg, Company Secretary also attended the meetings from time to time.

The role and terms of reference of the Audit Committee covers the areas mentioned under Clause 49 of the Listing Agreement with the Stock Exchanges beside other terms, as may be referred by the Board of Directors.

4. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The Shareholders/Investors Grievance Committee consists the following three members ;

1. Shri Vikram Prakash, Director
2. Shri R. Prasad, President (Corporate Affairs, Finance & Legal)
3. Shri Rajat Sharma, Vice President (Corporate Finance & Taxation)

The committee looks into the redressal of shareholders and investor's complaints regarding:

- Transfer of Shares
- Non receipt of Balance Sheet
- Non receipt of declared dividend
- Any other matter concerning Investor/shareholder grievances.

The Committee reviews the status of complaints received from shareholders/investors. A status report of shareholders complaints is prepared and placed before the Shareholders/Investors Grievance Committee.

There were no major issues/complaints from the shareholders and no complaint was pending at the end of the financial year. During the year, Four meetings of the committee were held on 30.04.2009, 29.07.2009, 30.10.2009 and 29.01.2010 and were attended by Shri Vikram Prakash, Shri R Prasad, Shri Rajat Sharma and Shri Deepak Garg.

5. REMUNERATION OF DIRECTORS

Non-executive Directors do not draw any remuneration from the Company though directors are entitled to receive Directors' Commission pursuant to Section 309 of the Companies Act, 1956 and Sitting Fees for attending the meetings of the Board, Audit Committee and Shareholders/Investor Grievances Committee thereof.

The Board in its meeting held on 31st October 2008, constituted the Rights issue committee to consider and decide the matters relating to or incidental to the Rights Issue of the Company. Shri P K Mohta, Shri Vikram Prakash and Shri O P Khaitan are the members of the Committee. The Payment of Rs.5000/- per meeting to each member of the committee towards sitting fees is paid to every member for attending the meeting of Rights issue committee.

The Directors were paid sitting fee for attending Board Meeting and Audit Committee Meeting @ Rs. 5000/- per meeting. The Sitting fee to Director for attending the meeting of Shareholder's Grievance Committee and Remuneration Committee is Rs. 2000/- per meeting. The details of Directors' Remuneration/Commission and sitting fee for the financial year 2009-2010 to the Directors of the Company are given below :-

Sr. No.	Name of Directors	Sitting Fee (Rs.)			Director's Remuneration /Commission (in Rs.)	Total (in Rs.)
		Board Meeting	Audit Committee	Investor's Grievance Committee		
1	Shri P.K. Mohta	-	-	-	*22,80,000	22,80,000
2	Shri O.P. Khaitan	15,000	20,000	-	38,750	73,750
3	Shri Vikram Prakash	20,000	20,000	8,000	38,750	86,750
4	Shri Sakate Khaitan	5,000	-	-	38,750	43,750
5	Shri M.K. Jajoo	20,000	-	-	38,750	58,750
6	Shri V.K. Sharma (LIC Nominee) (Resigned w.e.f. 06-07-2009)	5,000	-	-	-	5,000

Besides dividend on Equity shares held by the Directors, a payment of Rs. 2,00,000/- (Rupees Two Lakh only) was made to Sh. O. P. Khaitan of M/s O.P. Khaitan & Co., Solicitors and Advocates towards Professional charges for advising and drafting on various legal matters of the Company.

*The remuneration paid to Shri P K Mohta includes the payment of salary and other perquisites etc. in accordance with the resolution passed by the shareholders in the Extra-Ordinary General meeting held on 19-12-2008.

6. GENERAL BODY MEETINGS

The details of the General Meetings held in last three years are as under:

Year	AGM/EOGM	Location	Date	Time
2008-09	AGM	Hindi Bhawan, 11, Vishnu Digamber Marg, New Delhi	09.09.2009	11.00 AM
2008-09	EOGM	Hindi Bhawan, 11, Vishnu Digamber Marg, New Delhi	19.12.2008	11.00 AM
2007-08	AGM	Rajendra Bhawan, 210, Deen Dayal Upadhaya Marg, New Delhi	27.08.2008	3.00 PM
2006-07	AGM	Hindi Bhawan, 11, Vishnu Digamber Marg, New Delhi	28.05.2007	3.00 PM

During the year, no special resolution was put through postal ballot. None of the resolutions proposed for the ensuing Annual General Meeting need to be passed by Postal Ballot.

In the previous three AGMs, no Special resolution was proposed and passed by the shareholders.

7. DISCLOSURES :

i) Related Party transactions

Transactions with the related parties are disclosed in Note no. 4 of Schedule 24 of Balance Sheet. The transaction does not have any conflict with the interest of the company at large.

ii) Compliance by the Company

The Company has complied with the requirements of Stock Exchanges, SEBI and other statutory authorities on matters relating to capital markets during the last three years.

8. MEANS OF COMMUNICATION

Apart from providing a detailed Annual Report on the working of the Company, consisting of Directors' Report (containing Management Discussion & Analysis Report and Annual Accounts), Company regularly brings out its quarterly results for the information of its shareholders through publication thereof in Financial Express (English) and Jansatta (Hindi) newspapers and also places on its website.

Company is having its website www.eceindustriesltd.com which gets reviewed and upgraded from time to time.

9. MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management Discussion & Analysis Report forms part of this Annual Report. All matters pertaining to industry structure and developments, opportunities and threats, segment/product wise performance, outlook, risks and its management, internal control systems and adequacy, discussion on financial and operational performance and material developments in human resources are discussed in the said report.

SHAREHOLDERS' INFORMATION

1. ANNUAL GENERAL MEETING

Date and time : 30th September, 2010, 3.30 P.M
Venue : NCUI Convention Centre,
3, Khelgaon Marg, New Delhi - 110016

2. FINANCIAL CALENDAR

Financial Reporting
For the quarter ending June 30, 2010 : By 14th August, 2010.
For the quarter ending Sept. 30, 2010 : By 14th November, 2010.
For the quarter ending Dec. 31, 2010 : By 14th February, 2011.
For the year ending March 31, 2011 : By 15th May, 2011.

Annual General Meeting for the Year
Ending 31st March, 2011 : By the end of September, 2011.

3. DATE OF BOOK CLOSURE : From 23rd September, 2010
To 30th September, 2010

4. DIVIDEND PAYMENT DATE : On or after 1st October, 2010

5. LISTING ON STOCK EXCHANGES

: At present the Equity shares of the Company are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited and Annual Listing fees for the year 2009-10 have been paid to the both Stock Exchanges.

ADDRESS OF STOCK EXCHANGES

1. Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai-400001.
2. National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex,
Bandra (East), Mumbai – 400051.

6. STOCK CODE

(a) Trading symbol at :

Bombay Stock Exchange, Mumbai : 532491
National Stock Exchange : ECEIND

(b) Demat ISIN Number in NSDL & CDSL : INE588B01014

7. STOCK MARKET DATA

The details of Monthly High/Low price and number of shares traded on Bombay Stock Exchange and National Stock Exchange, Mumbai during the financial year 2009-10 are given below :

Month	BOMBAY STOCK EXCHANGE			NATIONAL STOCK EXCHANGE		
	Monthly High Price (Rs./Share)	Monthly Low Price (Rs./Share)	Average Volume (No. of Shares)	Monthly High Price (Rs./Share)	Monthly Low Price (Rs./Share)	Monthly Volume (No. of Shares)
April, 2009	127.90	104.20	23,791	129.00	100.00	66,830
May, 2009	178.60	119.05	5,60,650	178.60	116.75	76,209
June, 2009	184.80	142.00	15,813	188.00	129.05	2,80,879
July, 2009	170.75	143.05	6,569	170.00	135.00	3,520
August, 2009	225.00	164.00	11,565	219.00	159.70	16,638
September, 2009	243.00	208.20	14,593	244.00	204.00	10,583
October, 2009	250.00	209.00	12,921	250.00	208.10	7,702
November, 2009	214.65	171.00	21,956	222.00	177.00	17,899
December, 2009	216.80	178.05	13,519	220.30	174.10	15,315
January, 2010	297.05	208.55	38,637	300.00	206.15	71,829
February, 2010	299.00	205.10	94,047	298.90	203.50	53,607
March, 2010	255.85	170.10	3,20,983	256.00	184.90	1,91,130

8. REGISTRAR & TRANSFER AGENTS

MAS Services Limited
T-34, IInd Floor, Okhla Industrial Area, Phase-II,
New Delhi – 110020
Phone Nos : 011-26387281/ 26387282/ 26387283
Fax No. : 011-26387384
E-mail : info@masserv.com

9. SHARE TRANSFER SYSTEM

Presently, the share transfers which are received in physical form are processed and returned within a period of 15 to 30 days from the date of receipt, subject to the documents being valid and clear in all respects.

A Share Transfer Committee has been constituted by the Board to approve Transfer / Transmission, Dematerialisation/Rematerialisation/Sub-division/Consolidation/Issue of duplicate share certificates etc. The Share Transfer committee was reconstituted during the year and Presently, the Committee consists of Shri R. Prasad, Shri Rajat Sharma and Shri Deepak Garg, Officers of the Company and the committee attends the transfer and other formalities once in a fortnight or as required.

In compliance with the Listing Guidelines, on half yearly basis, a Practicing Company Secretary audits the system of transfer and a certificate to that effect is issued. Also, in compliance with the SEBI guidelines, a quarterly Secretarial Audit is also conducted by a Practicing Company Secretary and the Secretarial Audit Report, duly approved by the Board of Directors is submitted to both the Stock Exchanges.

10. DISTRIBUTION OF SHAREHOLDING AS ON 31st MARCH, 2010

No. of equity shares held	No. of shareholders	No. of shares held	Percentage of share holding
1 to 500	4,239	3,40,409	7.76
501 to 1000	198	1,47,275	3.36
1001 to 5000	117	2,32,901	5.31
5001 to 10000	22	1,59,029	3.62
10001 to above	34	35,08,541	79.95
TOTAL	4,610	43,88,155	100.00

11. CATEGORIES OF SHAREHOLDING AS ON 31st MARCH, 2010.

Category	Number of shareholders	Number of shares held	Percentage of share holding
A. Promoters	13	18,77,092	42.78
B. Non-Promoters			
Financial Institutions & Banks	5	2,05,491	4.68
Body Corporates	182	7,67,884	17.50
Individuals	4,371	13,07,865	29.80
Non Resident Indians (NRIs)	36	67,823	1.55
Overseas Corporate Bodies	3	1,62,000	3.69
Total	4,610	43,88,155	100.00

12. DEMATERIALISATION OF SHARES AND LIQUIDITY

Over 71.00 % of the paid-up equity share capital of the Company has been dematerialised upto 31st March, 2010. Trading in Equity shares of the Company through Bombay Stock Exchange and National Stock Exchange is permitted only in dematerialised form, as per notification issued by the Securities and Exchange Board of India.

Relevant data for the average volume of shares traded during the year 2009-2010 is given above, under the heading "Stock Market Data".

13. LOCATION OF COMPANY'S UNITS : As given on the first page of the Annual Report.

14. INVESTOR CORRESPONDENCE :

Communication regarding transfer/transmission of shares, Dematerialisation/ Rematerialisation, Dividends, change of address or any other queries relating to shares of the Company may be made at either of the following addresses:

A. Registrar & Transfer Agents (Both Electronic & Physical Form)

MAS Services Limited
T-34, IInd floor, Okhla Industrial Area, Phase-II,
New Delhi – 110020
Phone Nos : 011-26387281-83
Fax No. : 011-26387384
E-mail : mas_serv@yahoo.com

B. Registered Office (Physical Form)

Share Department
ECE Industries Ltd.
28-A, Kasturba Gandhi Marg,
New Delhi-110001
Telephone Nos : 23314237-39
Fax : 011-23310410
E-mail : eceho@satyam.net.in

C. E-Mail address of the Company for the purpose of registering complaints by Investors:

ecegrievances@yahoo.com

II. COMPLIANCE OF NON-MANDATORY REQUIREMENTS

1. THE BOARD

The Corporate office of the company bears the expenses of the office of the chairman. Two Independent Directors have the tenure in aggregate on the Board of more than nine years.

2. REMUNERATION COMMITTEE

The Company has the Remuneration committee consisting of Shri Om Prakash Khaitan as Chairman and Shri Vikram Prakash as member of the Committee. The Committee deals with the fixation of terms and remuneration of the appointee on the Board Level.

3. SHAREHOLDER RIGHTS

The Company does not send the Half yearly Financial performance including the significant events to the shareholders of the company.

4. AUDIT QUALIFICATION

During the period under review, there is no Audit qualification pertaining to the Financial statements. The Company continues to adopt best practices to ensure unqualified Financial statements.

5. TRAINING OF BOARD MEMBERS

There was no Directors' Training programme during the year ended 31-03-2010.

6. MECHANISM FOR EVALUATING NON-EXECUTIVE BOARD MEMBERS

Non-Executive Directors are evaluated by their own peer in the Board meetings although there is no formal peer group review by the entire Board except the Directors concerned.

7. WHISTLE BLOWER POLICY

The Company does not have any Whistle Blower Policy as of now but no personnel is being denied access to the Audit Committee.

For and on behalf of the Board of Directors

Place : New Delhi
Date : 31st July 2010

(Deepak Garg)
Company Secretary

(P.K. Mohta)
Chairman & Managing Director

(Vikram Prakash)
Director

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

- (a) "Certified that we have reviewed financial statements and the cash flow statement for the year and 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 year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept the responsibility for establishing and maintaining the internal controls and have evaluated the effectiveness of the system of the company. Efficacies/ deficiencies in the design or operations of internal controls are disclosed / discussed with the auditors and the audit committee and necessary steps are taken accordingly.
- (d) We have indicated to the auditors and the Audit Committee;
- (i) there was no significant change in internal control system during the year.
 - (ii) there was no significant change in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) there was no instance of fraud of which they 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.
- (e) We further declare that all Board Members and Senior Managerial Personnel have affirmed compliance with the code of conduct for the current year.

Place : New Delhi
Date : 31st July, 2010

(P. K. Mohta)
Chief Executive Officer

(R. Prasad)
Chief Financial Officer

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

CIN No. : L31500DL1987PLC008279

Nominal Capital : Rs. 15,00,00,000/-

Paid Up Capital : Rs. 4,38,81,550/-

The Members,
ECE Industries Limited
ECE House
28-A, K.G. Marg
New Delhi

We have examined all relevant records of ECE Industries Limited for the purpose of certifying compliance of the conditions of Corporate Governance under clause 49 of the Listing Agreement with the Mumbai Stock Exchange and The National Stock Exchange for the financial year ended 31st March 2010. We have all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. My examination was limited to the procedure and implementation thereof. The certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of my examination of the records produced explanations and information furnished, I certify that the Company has complied with all the mandatory conditions of the said clause 49 of the Listing Agreement.

For PTM & Co.
Company Secretaries

[Tumul Maheshwari]
Proprietor
C.P. No. 5554

Place : New Delhi
Dated : 31st July, 2010

AUDITORS' REPORT

TO THE SHAREHOLDERS OF ECE INDUSTRIES LIMITED

We have audited the attached Balance Sheet of ECE INDUSTRIES LIMITED, as at 31st March, 2010 and also the Profit and Loss account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

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

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. 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;
- iii. The Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report are in agreement with the books of account;
- iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- v. On the basis of written representations received from the directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010, from being appointed as directors in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956;
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2010.
 - b) In the case of the Profit and Loss account, of the profit of the company for the year ended on that date; and
 - c) In the case of Cash Flow Statement, of the cash flows of the company for the year ended on that date.

For SINGHI & CO.
Chartered Accountants
Firm Registration No. : 302049E

Place : New Delhi
Dated : 31st July, 2010

B.K.Sipani
Partner
Membership No. 88926

Annexure referred to in paragraph 3 of our report of even date to the shareholders

Re: ECE Industries Limited

- (i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. Fixed Assets have been physically verified by the management during the year as per regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on physical verification carried out during the year.
- c. There was no substantial disposal of fixed assets during the year.
- (ii) a. As explained to us inventories (except stock - in-transit) were physically verified during the year by the management at reasonable intervals.
- b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory 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 and no material discrepancies were noticed on physical verification.
- (iii) a. As informed, the Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 4 (iii) (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 (as amended) (herein referred to as the order), are not applicable.
- e. As informed, the Company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 4 (iii) (f) and (g) of the order, are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is 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. During the course of our audit, no major weakness has been noticed in internal control system.
- (v) According to the information and explanations provided by the management, we are of the opinion that there are no transactions that needs to be entered into the Register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4 (v) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.
- (vi) The Company has not accepted any deposits from the public with in the meaning of Section 58A of the Companies Act, 1956.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records for its transformer division under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- (ix) a. According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, services tax, custom duty, excise duty, cess and other statutory dues applicable to it with the appropriate authorities. There was no undisputed outstanding statutory dues as at the year end for a period of more than six months from the date they became payable.

- b. According to the records of the Company, there are no dues outstanding of sales tax, income tax, service tax, custom tax, wealth tax, excise duty and cess on account of any dispute, other than the following:

Name of The Statute	Nature of Dues	Year	Amount (Rs. in Lacs)*	Forum where dispute is Pending
Orissa Sales Tax Act, 1947	Demand Towards Work Contract Tax	1997-99 & 2001-02	26.24	Sales Tax Appellate Tribunal, Cuttack
Bihar Sales Tax Act, 1983	Demand Towards Work Contract Tax	1993-97 & 2000-01	21.96	Jharkhand High Court
Andhra Pradesh General Sales Tax Act, 1957 (Local)	Demand towards negative price variation	1995-96	2.20	Commercial Tax Officer, Vizag
Andhra Pradesh General Sales Tax Act, 1957 (Local)	Demand towards negative price variation and interest on delayed payment	1994-95	14.59	Commercial Tax Officer, Sales Tax Andhra Pradesh
Andhra Pradesh General Sales Tax Act, 1957 (Local)	Demand towards interest on delayed payment	1998-99	0.54	Additional Commissioner, Hyderabad
Andhra Pradesh General Sales Tax Act, 1957 (Central)	Demand towards non submission of forms/Concessional forms	1989-90 & 1998-99	0.25	Sales Tax Appellate Tribunal, Hyderabad
Andhra Pradesh General Sales Tax Act, 1957 (Central)	Demand towards Works Contract Tax	1994-95 & 1995-96	7.03	Dy. Commissioner Reassessment, Andhra Pradesh
Andhra Pradesh General Sales Tax Act, 1957 (Central)	Demand towards non submission of forms/Concessional forms	1995-96	4.81	Commercial Tax Officer, Andhra Pradesh
West Bengal Sales Tax Act, 1994 (Local) & Central	Demand towards Local Sales Tax & Central Sales Tax	1994-97 & 2002-03	15.26	Sales Tax Revision Bench, West Bengal
Delhi Works Contract Act, 1999	Demand Towards Work Contract Tax	2002-03 & 2004-05	20.43	Deputy Commissioner Appeal, Delhi
Delhi Sales Tax Act, 1975 (Central)	Demand towards non submission of forms/ Concessional forms, and demand towards interest	1980-81, 1983-84, 1989-90, 1995-96 and 1981-82	13.95	Additional Commissioner Sales Tax, Delhi
Delhi Sales Tax Act, 1975 (local)	Demand towards rejection of Stock transfer and non submission of forms	1980-81 & 1987-88	3.55	Deputy Commissioner Sales Tax, Delhi
Kerala State Sales Tax Act, 1963	Demand towards Works Contract Tax	1997-98, 1998-99 1999-2000	15.06	Assistant Commissioner Commercial Taxes, Ernakulam
Andhra Pradesh General Sales Tax Act, 1957(Central)	Demand towards Works Contract Tax	2002-03	3.62	Commercial Tax Officer, Andhra Pradesh
M.P. Trade Tax Act	Demand towards M.P. Sales Tax	2002-03	16.00	Deputy Commissioner (Assessment), M.P.
Uttar Pradesh Trade Tax Act, 1948	Demand towards Non-Submission of Forms/ Concessional Forms	2003-04, 2004-05 2005-06, 2006-07	14.00	Deputy Commissioner (Assessment), Uttar Pradesh
Tamilnadu Commercial Tax Act	Commercial Tax	2000-01	49.85	Tamil Nadu Sales Tax Appellate Tribunal Main Branch, Chennai
Gujarat State Sales Tax Act, 1969	Demand towards work contract tax	1993-94	2.78	Deputy Commissioner Appeals, Gujarat

* Net of payments

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred any cash loss in the current year.
- (xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and banks. We have been informed that the Company has not issued any debenture during the year.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society, therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order,2003 (as amended), are not applicable to the Company.
- (xiv) The Company does not deal or trade in shares, securities, debentures and other securities except that it has investments in shares / bonds and these are held in the name of the Company.
- (xv) According to the information and explanations given to us, the Company has not given any corporate guarantee in favour of financial institution/bank for loans taken by others
- (xvi) Based on information and explanations given to us, no term loan was obtained during the year.
- (xvii) According to the information and explanation given to us, on an overall examination of the balance sheet and cash flow of the company, we report that no funds raised on short-term basis have been used for long-term investment by the company.
- (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 did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of the audit.

For SINGHI & CO.
Chartered Accountants
Firm Reg. No. 302049E

B.K.Sipani
Partner
Membership No. 88926

Place: New Delhi
Date : 31st July, 2010

BALANCE SHEET AS AT 31ST MARCH, 2010**(Rs. in Lacs)**

	Schedule	As at 31.03.2010	As at 31.03.2009
I. SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	438.99	438.99
Reserves and Surplus	2	10,194.23	9,407.62
		10,633.22	9,846.61
LOAN FUNDS			
Secured Loans	3	2,504.52	2,315.06
DEFERRED TAX LIABILITIES (NET)	4	0.39	42.79
TOTAL		13,138.13	12,204.46
II. APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	5	2,870.62	2,909.04
Less : Accumulated Depreciation/Amortization		1,612.21	1,668.41
Net Block		1,258.41	1,240.63
Capital Work-In-Progress		200.49	6.52
		1,458.90	1,247.15
INVESTMENTS	6	301.46	402.16
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	6,561.34	5,074.51
Sundry Debtors	8	6,554.68	7,841.97
Cash and Bank balances	9	369.79	954.17
Other Current Assets	10	2.29	0.69
Loans and Advances	11	1,898.39	1,124.85
		15,386.49	14,996.19
LESS : CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	12	3,338.81	3,910.50
Provisions	13	669.91	597.12
		4,008.72	4,507.62
NET CURRENT ASSETS		11,377.77	10,488.57
MISCELLANEOUS EXPENDITURE	14	-	66.58
(To the extent not written off / adjusted)			
TOTAL		13,138.13	12,204.46
NOTES TO ACCOUNTS	24		

Schedules 1 to 14 and 24 referred to above from an integral part of the Balance Sheet
In terms of our attached Report of even date

For Singhi & Co.
Chartered Accountants

For and on behalf of the Board of Directors

B.K. Sipani
Partner
Membership No. 88926
Place : New Delhi
Dated: 31st July, 2010

(Deepak Garg)
Company Secretary

(P.K. Mohta)
Chairman & Managing Director

(Vikram Prakash)
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**(Rs. in Lacs)**

	Schedule	For the year ended 31.03.2010	For the year ended 31.03.2009
INCOME			
Turnover (Gross)	15	15,930.93	23,671.31
Less : Excise Duty		1,163.96	2,616.23
Turnover (Net)		14,766.97	21,055.08
Other Income	16	1,531.79	809.23
		16,298.76	21,864.31
EXPENDITURE			
Purchases of Traded Goods		54.39	55.19
Raw Materials, Stores and Other Materials Consumed	17	11,699.04	16,634.71
Personnel Expenses	18	964.98	939.97
Operating and Other Expenses	19	2,570.05	3,693.39
Decrease / (Increase) in Inventories	20	(256.59)	(1,059.94)
Managerial Remuneration / Directors' Commission	21	25.49	21.45
Depreciation / Amortization		114.70	110.48
Interest Expense	22	178.20	637.41
		15,350.26	21,032.66
PROFIT BEFORE TAX			
		948.50	831.65
Current Income Tax		(177.53)	(220.17)
Deferred Tax (Charge) / Credit		42.40	(0.83)
Fringe Benefit Tax		-	(9.00)
Provision for Income tax for earlier years (net)		(1.18)	-
Total Tax (Expense)		(136.31)	(230.00)
NET PROFIT FOR THE YEAR			
		812.19	601.65
Balance brought forward from the previous year		3,311.77	2,938.46
PROFIT AVAILABLE FOR APPROPRIATION			
		4,123.96	3,540.11
APPROPRIATIONS:			
Proposed Dividend		21.94	109.70
Tax on Dividend		3.64	18.64
Transfer to General Reserve		100.00	100.00
Surplus carried to Balance Sheet		3,998.38	3,311.77
TOTAL			
		4,123.96	3,540.11
EARNINGS PER SHARE (Rs.)			
	23	18.51	13.71
Basic and Diluted [Nominal Value of Shares Rs.10/-(Previous Year Rs.10/-)]			
NOTES TO ACCOUNTS			
24			
Schedules 15 to 24 referred to above form an integral part of the Profit and Loss Account In terms of our attached Report of even date			

For Singhi & Co.
Chartered Accountants

For and on behalf of the Board of Directors

B.K. Sipani
Partner
Membership No. 88926
Place : New Delhi
Dated: 31st July, 2010

(Deepak Garg)
Company Secretary

(P.K. Mohta)
Chairman & Managing Director

(Vikram Prakash)
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010**(Rs. in Lacs)**

	For the year ended 31.03.2010	For the year ende 31.03.2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	948.50	831.65
Adjustments for :		
Depreciation	114.70	110.48
Miscellaneous Expenditure written off	66.58	84.23
(Profit)/Loss on disposal of Fixed Assets (Net)	12.65	(323.09)
Dividend income on long term Investments	(75.69)	(76.35)
Interest expenses	178.20	637.42
Interest Income	(19.18)	(6.20)
Net Provision for doubtful debts, loans and advances/(Adjusted)	3.20	(39.66)
Profit on sale of Investments	(887.82)	(16.64)
Operating Profit / (Loss) before working capital changes	341.14	1,201.84
Movement in working capital		
(Increase)/Decrease in Sundry Debtors	1,284.09	248.12
(Increase)/Decrease in Inventories	(1,486.85)	(511.97)
Decrease/(Increase) in Loans and Advances	(621.86)	(31.63)
Increase/(Decrease) in Current liabilities & Provisions	(396.96)	30.16
Cash generated from/(Used in) operations	(880.44)	936.52
Direct Tax Paid (Net)	(330.40)	(89.04)
Net cash from/(used in) operating activities	(1,210.84)	847.48
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(344.50)	(104.86)
Sale of Fixed Assets	5.42	637.84
Sale of investments	988.52	456.24
Movement in Fixed & Call Deposits	1.22	30.73
Interest Received	17.59	6.77
Dividend Received	75.69	76.35
Net cash from/(used in) Investing Activities	743.94	1,103.07
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from short term borrowings	197.48	(1,330.72)
Proceeds from long term borrowings	(8.02)	(142.24)
Interest Paid	(178.20)	(638.94)
Dividend Paid	(128.34)	(128.96)
Net cash from/(used in) financing activities	(117.08)	(2,240.86)
Net Increase/(decrease) in Cash and Cash equivalents(A+B+C)	(583.98)	(290.31)
Cash and Cash equivalents at the beginning of the year	943.07	1,225.04
Cash and Cash equivalents at the end of the year	359.09	934.73
Components of Cash & Cash equivalents		
Cash on hand	6.86	2.64
Cheques on hand	101.27	0.88
Balance with Scheduled Banks		
In Current Accounts	249.56	813.48
In Cash Credit Accounts	1.40	126.08
Unclaimed Divident Accounts	9.17	8.35
Fixed and Call Deposit Accounts	1.04	2.26
Post Office and Treasury Savings Bank Accounts	0.48	0.48
	369.78	954.17
Less : Fixed Deposit, Margin activity & Post office and treasury saving bank accounts Considered in Investing Activity & Unclaimed Dividend lying with Bank	10.69	11.09
	359.09	943.08

For Singhi & Co.
Chartered Accountants

For and on behalf of the Board of Directors

B.K. Sipani
Partner
Membership No. 88926
Place : New Delhi
Dated: 31st July, 2010

(Deepak Garg)
Company Secretary

(P.K. Mohta)
Chairman & Managing Director

(Vikram Prakash)
Director

SCHEDULES TO THE BALANCE SHEET

(Rs. in Lacs)

	As At 31.03.2010	As At 31.03.2009
SCHEDULE - 1		
SHARE CAPITAL		
AUTHORISED		
1,45,00,000 (Previous Year 1,45,00,000) Equity Shares of Rs.10/- each	1,450.00	1,450.00
50,000 (Previous Year 50,000) Preference Shares of Rs.100/- each	50.00	50.00
	<u>1,500.00</u>	<u>1,500.00</u>
ISSUED		
44,33,385* (Previous Year 44,33,385) Equity Shares of Rs.10/- each	<u>443.34</u>	<u>443.34</u>
SUBSCRIBED AND PAID UP		
43,88,155* (Previous Year 43,88,155) Equity Shares of Rs.10/- each fully paid-up	438.82	438.82
Forfeited Shares Money	0.17	0.17
	<u>438.99</u>	<u>438.99</u>
*Net of buy back of 13,44,957 equity shares of Rs.10/- each in earlier years.		
*28,02,855 equity shares issued as fully paid bonus shares by way of capitalisation of General Reserve & Capital Redemption Reserve in earlier years.		
SCHEDULE-2		
RESERVES & SURPLUS		
CAPITAL RESERVE		
On Revaluation of Fixed Assets		
Balance as per last account	-	256.60
Less : a) Transferred to Profit and Loss Account being difference of depreciation on revalued cost of assets and on original cost	-	-
b) Adjusted with Fixed Assets	-	256.60
	<u>-</u>	<u>-</u>
SHARES BUY BACK RESERVE		
Balance as per last account	134.50	134.50
	<u>134.50</u>	<u>134.50</u>
SECURITIES PREMIUM ACCOUNT		
Balance as per last account	361.35	361.35
	<u>361.35</u>	<u>361.35</u>
GENERAL RESERVE		
Balance as per last account	5,600.00	5,500.00
Add: Transferred from Profit and Loss Account	100.00	100.00
	<u>5,700.00</u>	<u>5,600.00</u>
	3,311.77	2,938.46
Balance in Profit & Loss account as per annexed accounts	<u>686.59</u>	<u>373.31</u>
	<u>10,194.23</u>	<u>9,407.62</u>

Schedules to the Balance Sheet (Contd.)

(Rs. in Lacs)

	As At 31.03.2010	As At 31.03.2009
SCHEDULE - 3		
SECURED LOANS		
LOANS FROM BANKS		
Cash Credit facilities from Banks	2,487.98	2,290.50
(Secured by hypothecation of book debts, receivables, materials, work in progress and finished goods. These facilities are further secured by equitable mortgage on the fixed assets of the Company except Sonapat, Budge-Budge and Visakhapatnam units and second charge on Company's factory and building at Sonapat unit, Haryana.)		
Vehicle loan from Bank	16.54	24.56
(Secured by the vehicle financed under the scheme)		
	<u>2,504.52</u>	<u>2,315.06</u>
SCHEDULE - 4		
DEFERRED TAX (LIABILITIES)/ASSETS(NET)		
Deferred Tax Assets		
Effect of expenditure debited to Profit and Loss Account but allowable for tax purposes in following years	199.89	166.33
Provision for Doubtful Debts, Advances and Deposits	6.79	4.62
Gross Deferred Tax Assets (A)	<u>206.68</u>	<u>170.95</u>
Deferred Tax Liabilities		
Differences in Depreciation as per tax books and financial books	<u>207.07</u>	<u>213.74</u>
Gross Deferred Tax Liabilities (B)	<u>207.07</u>	<u>213.74</u>
Net Deferred Tax(Liabilities)/Assets (A-B)	<u>(0.39)</u>	<u>(42.79)</u>
Deferred Tax (Charge) / Credit for the year	<u>42.40</u>	<u>(0.83)</u>

Schedules to the Balance Sheet (Contd.)

SCHEDULE - 5 FIXED ASSETS

(Rs. in Lacs)

Description	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As at 01.04.2009	Additions	Deductions/ Adjustments	Total as at 31.03.2010	As at 01.04.2009	For the year	On deductions/ adjustments	Total Depreciation upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
Land including Lease Hold Building, Roads & Culverts	11.31	17.54	0.00	28.85	0.69	0.02	0.00	0.71	28.14	10.62
Plant & Machinery	579.87	24.40	0.00	604.27	224.53	14.01	0.00	238.54	365.73	355.34
Electric & Gas Installation	1,935.21	35.27	157.30	1,813.17	1,235.61	74.54	147.36	1,162.79	650.39	699.60
Furniture & Fitting	53.25	3.88	3.13	54.00	29.31	1.31	2.96	27.66	26.34	23.94
Intangibles (Software)	194.12	50.73	8.38	236.47	130.74	13.45	6.97	137.22	99.25	63.38
Motor & Other Vehicles	5.65	0.00	0.00	5.65	5.65	0.00	0.00	5.65	0.00	0.00
Capital work-in-progress	129.63	18.72	20.15	128.20	41.88	11.37	13.61	39.64	88.56	87.75
TOTAL	2,909.04	150.54	188.96	2,870.61	1,668.41	114.70	170.90	1,612.21	1,258.41	1,240.63
Previous Year's Total	3,893.46	125.64	1,110.07	2,909.04	2,096.65	110.48	538.72	1,668.41	1,458.90	1,247.15
									1,240.63	-

NOTES :

1. Leasehold land includes land amounting to Rs. 2.08 lacs(Previous year Rs. 2.08 lacs) under perpetual lease.
2. Out of the above Fixed Assets Land, Building, Electric Installation and Air Conditioning Plant aggregate value of Rs. 0.49 lac (Previous year Rs.0.49 lac) are owned with other co-owners.
3. Building includes Rs.0.0025 lac (Previous Year Rs.0.0025 lac) being the cost of 5 (Five) Shares issued by Hanuman Unit Holder Premises Co-operative Society Limited, Vadala.
4. Furniture & Fixtures includes Office Equipments of Gross Rs.164.96 lacs (WDV Rs.74.91 lacs)(Previous Year Gross Rs.136.33 lacs and WDV Rs. 47.08 lacs).

Schedules to the Balance Sheet (Contd.)

(Rs. in Lacs)

	As At 31.03.2010	As At 31.03.2009
SCHEDULE - 6		
INVESTMENTS (OTHER THAN TRADE)		
LONG TERM INVESTMENTS (AT COST) (QUOTED):		
FULLY PAID EQUITY SHARES OF RS. 10/- EACH		
1,19,163 (Previous year 1,19,163) in Aditya Birla Nuvo Ltd.	178.81	178.81
Nil(Previous year 8,00,000) in Mangalam Cement Ltd.	-	100.70
2,25,800 (Previous year 2,25,800) in Kesoram Industries Ltd.	117.65	117.65
31,670 (Previous year 31,670) in Grasim Industries Ltd*	-	-
FULLY PAID EQUITY SHARES OF RS. 2/- EACH		
2,25,800 (Previous year 2,25,800) in Kesoram Textile Mills Ltd.***	-	-
	<u>296.46</u>	<u>397.16</u>
LONG TERM INVESTMENTS (AT COST) (UNQUOTED)		
FULLY PAID EQUITY SHARES OF RS. 10/- EACH		
50,000 (Previous year 50,000) in Kesoram Insurance Broking Service Ltd.	5.00	5.00
TOTAL	<u>301.46</u>	<u>402.16</u>

	Current Year		Previous Year	
	Market Value (Rs. in lacs)	Books Value (Rs. in lacs)	Market Value (Rs. in lacs)	Books Value (Rs. in lacs)
Aggregate Value of Investments				
Quoted	2,773.55	296.46	1,756.58	397.16
Unquoted	-	5.00	-	5.00

* Received pursuant to the scheme of arrangement between Grasim Industries Ltd. and Indian Rayon & Industries Ltd. during the year 1999-2000.

** Received on account of transfer of textile division by Kesoram Industries Ltd. to Kesoram Textile Mills Ltd. during the year 1999-2000.

Schedules to the Balance Sheet (Contd.)

(Rs. in Lacs)

	As At 31.03.2010	As At 31.03.2009
SCHEDULE - 7		
INVENTORIES		
(Including Material in Transit)		
Raw Materials	2,894.19	1,680.32
Stores, Spares and Other Materials	326.23	309.86
Work-in-Progress		
a) Own Manufactured	2,864.98	2,038.84
b) Long Term Contracts in Progress	213.59	224.26
- On Percentage Completion Method	3,078.57	2,263.10
Finished Goods		
a) Own Manufactured	233.81	800.68
b) Traded Goods	16.39	11.82
Scrap	12.15	8.73
	6,561.34	5,074.51
SCHEDULE - 8		
SUNDRY DEBTORS		
(Unsecured)		
Debts outstanding for a period exceeding six months		
Considered Good	2,396.19	3,553.49
Considered Doubtful	16.79	13.59
Other Debts		
Considered Good	4,158.49	4,288.48
	6,571.47	7,855.56
Less : Provision for Doubtful Debts	16.79	13.59
	6,554.68	7,841.97
SCHEDULE - 9		
CASH AND BANK BALANCES		
Cash on hand	6.86	2.64
Cheque on hand	101.27	0.88
With Scheduled Banks In		
Cash Credit Accounts	1.40	126.08
Current Accounts	249.56	813.48
Unclaimed Divident Accounts	9.17	8.35
Fixed and Call Deposit Accounts	1.04	2.26
Post Office and Treasury Savings Bank Account (Pass Book lodged with outside parties)	0.48	0.48
	369.79	954.17
SCHEDULE - 10		
OTHER CURRENT ASSETS		
Interest Accrued on Deposits etc.	2.29	0.69
	2.29	0.69

Schedules to the Balance Sheet (Contd.)

(Rs. in Lacs)

	As At 31.03.2010	As At 31.03.2009
SCHEDULE - 11		
LOANS AND ADVANCES (Unsecured)		
Considered Good		
Advances Recoverable in Cash or in Kind or for Value to be Received*	278.08	282.38
Loans to employees	2.07	1.67
Deposits - Others	568.10	422.62
Advance payment of tax/refund receivable	472.42	320.73
Claims and other accounts receivable	68.34	23.46
Balance with Excise authorities	509.38	73.99
	1,898.39	1,124.85
Considered Doubtful		
Advances Recoverable in Cash or in Kind or for Value to be received	3.65	3.65
	1,902.04	1,128.50
Less : Provision for Doubtful Advances	3.65	3.65
	1,898.39	1,124.85
* includes foreign exchange differences on outstanding forward exchange contracts to be recognised in the Profit and Loss Account of the next year.	Nil	1.75
SCHEDULE - 12		
CURRENT LIABILITIES		
Acceptances	-	1,009.78
Sundry Creditors for Goods, Services & Expenses :-		
Dues to Micro, Small and medium enterprises (Refer Point No. of Schedule - 24)	-	-
Dues to others	2,763.81	2,550.32
Advances from and Credit balance of Customers and others	518.96	328.06
Sundry Deposits	46.60	13.72
Amount payable to erstwhile Preference Shareholders	0.27	0.27
Investor Education and Protection Fund shall be credited by following amounts (as and when due):		
Unclaimed Dividends(statutory liabilities as referred in Section 205C of the Companies Act.	9.17	8.35
	3,338.81	3,910.50
SCHEDULE - 13		
PROVISIONS		
Proposed Dividend on Equity Shares	21.94	109.70
Tax on Proposed Dividend	3.64	18.64
Provision for Leave Encashment	42.62	34.08
Provision for Warranties*	528.71	361.70
Provision for Loss on Onerous Contracts**	48.00	48.00
Provision for Contingency against sales tax demands***	25.00	25.00
	669.91	597.12

Schedules to the Balance Sheet (Contd.)

(Rs. in Lacs)

Particulars	Balance as at 01.04.2009	Additions during the year	Amounts used during the the year*	Unused amounts reversed during the year	Balance as at 31.03.2010
* Provision for Warranties	361.70 (138.80)	210.27 (237.88)	- (-)	43.26 (14.98)	528.71 (361.70)
** Provision for Loss on Onerous Contracts	48.00 (30.00)	- (18.00)	- (-)	- (-)	48.00 (48.00)
*** Provision for Contingency against sales tax demands	25.00 (25.00)	- (-)	- (-)	- (-)	25.00 (25.00)
Current Year	434.70	210.27	-	43.26	601.71
Previous Year	(193.80)	(255.88)	(-)	(14.98)	(434.70)

* Warranty provision covers the estimated expenses to be incurred during warranty period of the products of the company determined on the basis of past experience.

The company reviews the warranty provisions at periodical intervals and the same is adjusted to the estimated expenses to be incurred during the balance warranty period of the product. Expenses incurred during the year against warranties are being directly charged to Profit & Loss account.

** Provision for loss on Onerous Contracts has been made towards estimated amount of loss on pending Railway Electrification jobs.

*** Kindly refer to Note No. 8(d) of Schedule 24 - Notes to Accounts.

(Rs. in Lacs)

	As At 31.03.2010	As At 31.03.2009
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SCHEDULE - 14
MISCELLANEOUS EXPENDITURE

(To the extent not written off / adjusted)

Payment under Voluntary Retirement Scheme

Balance as per last account	66.58	150.81
Less : Transferred to Profit and Loss Account during the year	66.58	84.23
	<u><u>-</u></u>	<u><u>66.58</u></u>

SCHEDULES TO THE PROFIT AND LOSS ACCOUNT

(Rs. in Lacs)

	For the year ended 31.03.2010	For the year ended 31.03.2009
SCHEDULE - 15		
TURNOVER (GROSS)		
Finished Goods	13,266.38	22,678.70
Contract Jobs	2,121.25	190.09
Maintenance and Service Revenue	165.33	272.06
Other Sales	377.97	530.46
	<u>15,930.93</u>	<u>23,671.31</u>
SCHEDULE - 16		
OTHER INCOME		
Interest Received (Gross, Tax deducted at Source Rs. 2.50 lac, Previous Year Rs. 0.59 lacs)	19.18	6.20
Dividend on Long Term Investments (Other than Trade)	75.69	76.35
Rent and Licence Fee	59.74	56.23
Royalty Received	37.20	37.20
Profit on Disposal of Fixed Assets (Previous Year net of loss of Rs. 6.09 lacs)	-	323.09
Debts previously written off, recovered	32.59	205.34
Foreign Exchange Fluctuation (Net of loss Rs. 0.30 lacs)	149.49	-
Excess Liabilities written back (including unclaimed balances of Rs. 53.24 lacs, Previous Year Rs. 5.21 lacs)	226.63	40.12
Profit on sale of Long Term Investments (other than trade)	887.82	16.64
Miscellaneous Income	43.46	48.06
	<u>1,531.79</u>	<u>809.23</u>
SCHEDULE - 17		
RAW MATERIALS, STORES AND OTHER MATERIALS CONSUMED		
Raw Materials Consumed		
Inventories as at March 31, 2009	1,680.32	2,282.63
Add : Purchases during the year (Net)	12,507.46	15,816.24
	14,187.78	18,098.87
Less : Inventories as at March 31, 2010	2,894.19	1,680.32
Raw Materials Consumed	11,293.59	16,418.55
Stores and Other Materials Consumed (Including on Elevator Errection & Contract Jobs)	405.45	216.16
	<u>11,699.04</u>	<u>16,634.71</u>
SCHEDULE - 18		
PERSONNEL EXPENSES		
Salaries, Wages and Bonus*	864.71	810.93
Contribution to Gratuity Fund	6.99	33.16
Contribution to Provident and Other Funds	48.72	62.93
Staff and Workmen Welfare Expenses	44.56	32.95
	<u>964.98</u>	<u>939.97</u>

*Inclusive of Rs. 66.58 lacs (Previous Year Rs. 84.23 lacs) being expense related to Voluntary Retirement Scheme written off.

Schedules to the Profit and Loss Account (Contd.)**(Rs. in Lacs)**

	For the year ended 31.03.2010	For the year ended 31.03.2009
SCHEDULE - 19		
OPERATING AND OTHER EXPENSES		
Processing and Material Handling Expenses	585.36	795.44
Repairs and Renewals :		
Buildings	52.66	60.77
Machinery	96.52	70.68
Others	61.43	41.90
Power and Fuel	167.46	166.76
Rent	26.19	25.46
Rates and Taxes	39.20	18.12
Insurance	13.15	23.37
(Decrease)/Increase of Excise duty on Stock	(55.28)	58.64
Auditors' Remuneration :		
Audit Fee	7.00	7.00
Quarterly review of accounts	3.00	5.25
Certification etc.	2.75	-
Out-of-pocket expenses	1.33	1.84
Travelling and Conveyance (including Directors travelling Rs.17.20 lacs, Previous Year Rs.18.06 lacs)	167.40	152.77
Legal & Professional Charges (including Rs.2.00 lacs paid to a Director, Previous year Rs. 2.00 lacs)	146.92	163.11
Carriage outward and other Selling Expenses (Net of income of Rs.27.19 lacs, Previous Year Rs.12.66 lacs)	10.34	92.45
Commission on Sales (other than sole selling agents)	203.76	57.79
After Sales Services	420.20	495.52
Sales tax & Turnover tax	8.48	1.99
Cash Discount	22.48	123.54
Contractual deductions / Recoveries by customers	169.35	516.97
Debts, Advances and Other Debit Balances written off	59.98	198.76
Less : Provision for Doubtful Debts and Advances Adjusted	4.46	39.66
Provision for Doubtful Debts	7.65	-
Provision for Onerous Contract	-	18.00
Loss on foreign exchange fluctuation	-	170.54
Loss on sale of fixed assets (net of profit Rs. 0.21 lacs)	12.65	-
Premium paid to Banks for covering Foreign Exchange Fluctuation Risk on FCNB(B) Loans	-	68.75
Bank Charges	145.08	166.75
Miscellaneous Expenses	199.45	230.88
	<u>2,570.05</u>	<u>3,693.39</u>

Schedules to the Profit and Loss Account (Contd.)

(Rs. in Lacs)

	For the year ended 31.03.2010	For the year ended 31.03.2009
SCHEDULE - 20		
DECREASE/(INCREASE) IN INVENTORIES		
Inventories as at March 31, 2010		
Work-in-Progress	3,078.57	2,263.10
Finished Goods		
- Own Manufactured	233.81	800.68
- Traded Goods	16.39	11.82
Scrap	12.14	8.72
	3,340.91	3,084.32
Inventories as at March 31, 2009		
Work-in-Progress	2,263.10	1,757.78
Finished Goods		
- Own Manufactured	800.68	240.24
- Traded Goods	11.82	19.62
Scrap	8.72	6.74
	3,084.32	2,024.38
Decrease/(Increase) in Inventories	(256.59)	(1,059.94)
SCHEDULE - 21		
DIRECTORS REMUNERATION		
1. Remuneration to Chairman & Managing Director(w.e.f. 01.11.2008):		
I. Salary*	21.00	6.25
II. Provident Fund	1.80	0.75
III. Other Perquisites	-	2.50
IV. Balance Commission	-	4.43
2. Directors Commission**	1.56	6.00
	24.36	19.93
3. Director's Sitting Fee	1.13	1.52
	25.49	21.45
* Excluding Contribution for gratuity fund and provision for leave encashment, being the figures those are actuarially determined for the Company as a whole and therefore, are not separately available.		
** Calculation of Directors Commission		
Profit before taxation	948.52	831.65
Add:		
Expense charged towards Voluntary Retirement Scheme	66.58	84.23
Directors' Sitting Fee	1.13	1.52
Provision for Onerous Contracts	-	18.00
Provision for Doubtful Debts and Advances Adjusted	7.65	-
Remuneration to Managing Director	22.80	13.93
Director Commission	1.56	6.00
	1,048.24	955.33
Less :		
Provision for Debts & Advances adjusted during the year	4.46	39.66
Profit on sale of investments including long term	887.82	16.64
Profit on sale of Fixed Assets being the difference between the original cost and sale value thereof.	-	230.18
Profit under Section 349 of the Companies Act 1956	155.96	668.85
Commission permissible @1% to the Directors excluding Chairman and Managing Director	1.56	6.00
Remuneration payable to Managing Director @ 5% (Previous Year proportionate for Five months)	-	13.93
Minimum remuneration of Rs. 22.80 lacs has been paid to Chairman & Managing Director as approved by members in their meeting held on 19th December, 2008.		

Schedules to the Profit and Loss Account (Contd.)**(Rs. in Lacs)**

	For the year ended 31.03.2010	For the year ended 31.03.2009
SCHEDULE - 22		
INTEREST EXPENSE		
Interest paid on Term Loan	-	8.62
Interest paid to Banks & Others	<u>178.20</u>	<u>628.79</u>
	<u>178.20</u>	<u>637.41</u>
SCHEDULE - 23		
EARNINGS PER SHARE		
Net Profit as per Profit and Loss Account	812.19	601.65
Shares outstanding at the beginning of the year (Numbers)	4388155	4388155
Shares outstanding at the end of the year (Numbers)	4388155	4388155
Weighted Average Equity Shares in calculating Basic and Diluted Earning Per Share (Numbers)	4388155	4388155
Basic & Diluted Earning Per Share (Rs.)	18.51	13.71

SCHEDULE - 24

NOTES TO ACCOUNTS

1. Nature of Operations

ECE Industries Limited is mainly engaged in the manufacturing and selling of Transformer, Elevators' Components, and Switchgear and is also engaged in the erection and installation of Elevator. The Company has manufacturing facilities at Hyderabad (Andhra Pradesh), Sonapat (Haryana), and Ghaziabad (Uttar Pradesh).

2. Statement of Significant Accounting Policies

(a) Basis of preparation

The Financial statements have been prepared to comply in all material respects with the Notified Accounting Standard by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis claims lodged with Insurance Company but pending for settlement which is accounted for on cash basis where it is not possible to ascertain the quantum in respect thereof with reasonable accuracy. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of income and expenses of the period, reported balances of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Examples of such estimates include provisions for doubtful debts and advances, future obligations under employees retirement benefit plans, useful lives of fixed assets, contingencies, etc. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(b) Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation and impairment loss (if any). Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

(c) Depreciation

Depreciation on Leasehold Land (except land under perpetual lease) is provided on straight line method over the unexpired lease period. Depreciation on temporary structures at Contract Division is provided for, over the life of the relevant contract job. Assets costing less than or equal to Rs. 5,000 are depreciated fully in the year of purchase.

Depreciation on all other Fixed Assets has been provided on Straight Line Method at the rates computed based on estimated useful life which are equal to corresponding rates prescribed in Schedule XIV to the Companies Act, 1956.

Intangible assets such as softwares, patents etc. are amortized based upon their estimated useful lives of 6 years.

(d) Miscellaneous Expenditure

The Company recognises payments made under voluntary retirement schemes as miscellaneous expenditure and writes off the same in monthly instalments over a period of 60 months or by March 31, 2010, whichever is earlier.

(e) Investments

Investments that are readily realisable and intended to be held for not more than a year 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 investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

(f) Inventories

Inventories are valued as follows:

Raw materials, stores, spares, other materials and traded goods	Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on first in first out basis.
Finished goods and Work-in- progress (own manufactured)	Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.
Work in Progress (Long Term Contracts)	Work in Progress i.e. jobs under execution (including materials supplied to clients under the contract) to the extent of work done but not billed is valued at the lower of actual cost incurred upto the completion on reporting date and net realizable value. Cost includes direct materials, labour and proportionate overheads.
Scrap	Net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(g) Revenue Recognition

Revenue 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.

Sale of Goods

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise Duty deducted from gross turnover is the amount that is included in the amount of turnover (gross) and not the entire amount of liability arisen during the year.

Sale of Contract Jobs

Revenue on long term contracts is recognized on the basis of percentage of completion method which is based on specified milestone or in proportionate to the work completed against each contract which are fixed price contract. Provisions are made for the entire loss on a contract irrespective of the amount of work done. Claims on account of price variation receivable / payable from / to the customers are accounted for on the basis of contractual terms. Final adjustments towards estimated claims for extra work are made in the year of settlement.

Income from Services

Revenues from maintenance contracts are recognized pro-rata over the period of the contract as and when services are rendered.

Interest

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend

Revenue is recognized when the shareholders' right to receive payment is established by the balance sheet date.

Royalties

Revenue is recognized on an accrual basis in accordance with the terms of the relevant agreement.

(h) Foreign currency transactions

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign Currency monetary items are reported using the closing rate.

(iii) Exchange Differences

Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise. period commencing after December 7, 2006 are capitalized as a part of fixed asset.

(iv) Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for that year.

(i) Leases:

WHERE THE COMPANY IS THE LESSEE

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease item, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

WHERE THE COMPANY IS THE LESSOR

Assets given under a finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease rentals are apportioned between principal and interest on the IRR method. The principal amount received reduces the net investment in the lease and interest is recognised as revenue. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Profit and Loss Account.

Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Profit and Loss Account on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Profit and Loss Account.

(j) Retirement and Other Benefits

- (i) Retirement benefit in the form of Provident Fund and Superannuation Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.
- (ii) Short term compensated absences are provided for on based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method
- (iii) Gratuity is a defined benefit plan and provision is being made on the basis of actuarial valuation done by an independent actuary carried out at the year end as per projected unit credit method, and is contributed to the Gratuity Fund formed by the Company.
- (iv) Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

(k) Income Taxes

Tax expense comprises current and deferred Current income tax are measured at the amount expected to be paid to the tax authorities in accordance with Income tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets on items other than unabsorbed depreciation and carry forward tax losses, are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has unabsorbed depreciation or carry forward tax losses, entire deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits. At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Profit and Loss Account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

(I) Segment Reporting Policies

IDENTIFICATION OF SEGMENTS:

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing strategic business unit/units that/those offer/offers different products and serve/serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

INTER SEGMENT TRANSFER:

The Company generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

ALLOCATION OF COMMON COSTS:

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

UNALLOCATED ITEMS:

The Corporate and Other segment includes general corporate income and expense items which are not allocated to any business segment.

(m) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares) and shares bought back.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(n) Provisions

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

(o) Cash and Cash Equivalent

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

3. (a) Segment Information

BUSINESS SEGMENTS:

As of March 31, 2010, there are three business segments i.e. Electrical Equipments for Power Transmission and Distribution (comprising of Meter, Transformer and Switchgear), Elevator and Contract. A description of the types of products and services provided by each reportable segment is as follows:

Electrical Equipments for Power Transmission and Distribution – The Company manufactures and supplies power & distribution transformers and switchgear.

Contract Division carries out contracts of railways electrification.

Elevator Division manufactures equipments/ components of elevators for execution of jobs for erection and installation and also for supplies to other parties in the market.

GEOGRAPHICAL SEGMENTS:

Since the Company does not make much of exports and mainly operates in the domestic market which is governed by the same risks and returns, no geographical information is provided.

PRIMARY SEGMENT INFORMATION (BY BUSINESS SEGMENTS)

The following table presents revenue and profit information regarding business segments for the years ended March 31, 2010 and March 31, 2009 and certain assets and liability information regarding business segments at March 31, 2010 and March 31, 2009.

(b) Segment Information Disclosure**(Rs. in lacs)**

Particulars	Electrical Equipment for Power Transmission and Distribution		Contract		Elevator		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Revenue								
External Turnover	13,526.51	22,029.64	54.50	193.74	2,349.93	1,447.93	15,930.94	23,671.31
Other Income*							440.77	598.41
Total Income	13,526.51	22,029.64	54.50	193.74	2,349.93	1,447.93	16,371.71	24,269.72
Total Revenue								
Results								
Segment results Profit/(Loss)	417.29	1,961.77	(25.94)	(68.16)	63.84	(115.48)	455.19	1,778.11
Unallocated Corporate Expenses(Net)							671.53	(309.04)
Operating Profit							1,126.72	1,469.08
Interest Paid							178.20	637.42
Current Income Tax							(177.53)	(220.17)
Deferred Tax (Charge)							42.40	(0.83)
Fringe Benefit Tax							-	(9.00)
Excess provision for Income Tax for earlier years written back							(1.18)	-
Profit from Ordinary Activities							812.21	601.65
Other Information								
Segment Assets	14,277.01	14,347.78	462.48	525.08	1,333.77	933.42	16,073.26	15,806.28
Unallocated Corporate Assets							1,073.58	905.80
Total Assets							17,146.84	16,712.08
Segment Liabilities	2,284.41	3,502.82	123.89	168.30	915.95	533.36	3,324.25	4,204.48
Unallocated Corporate Liabilities							3,163.41	2,660.99
Total Liabilities							6,487.66	6,865.47
Capital Expenditure	248.49	62.92	-	-	15.01	11.59	263.50	74.51
Corporate Office Capital Expenditure							81.03	30.35
Total Capital Expenditure							344.53	104.86
Depreciation	70.09	67.92	0.61	1.03	36.78	37.47	107.48	106.42
Unallocated Depreciation							7.22	4.06
Total Depreciation							114.70	110.48
Other Non Cash Expenses								
Provision for Doubtful Debts and Loans	7.65	-	-	-	-	-	-	-
Deferred Revenue Expenditure	66.59	84.23	-	-	-	-	66.59	84.23

*Excluding income earned by Corporate office amounting to Rs. 1091.02 lacs (Previous year Rs. 210.82 lacs)

4. Related Party Disclosure :

(a) Names of the Related Parties

- Key Management Personnel (i) * Mr. P.K.Mohta - Chairman & Managing Director
(ii) ** Mr. R.N.Jaju - President and Chief Executive Officer
- Enterprises owned or significantly influenced by key management personnel or their relatives (i) ** Vimlesh Industries Private Limited(VIL) through Sh. R.N.Jaju
- Relatives of key management personnel (i) * Mr. Sakate Khaitan, Director - Son-in-law of Sh. P.K.Mohta

* w.e.f. 1.11.2008

** Upto 5.6.2008

(b) Related Party Disclosure :

1. Key management Personnel

(Rs. in lacs)

		Sh. P.K.Mohta Chairman & Managing Director w.e.f. 01.11.2008		Sh. R.N.Jaju President & CEO Retired on 05.06.2008	
		2009-10	2008-09	2009-10	2008-09
(i)	Salary/Perquisites	21.00*	8.75*	-	5.42*
(ii)	Provident/Superannuation Fund	1.80	0.75	-	1.30**
(iii)	Medical Reimbursement	-	-	-	0.04
(iv)	Leave Encashment	-	-	-	30.00***
(v)	Director Commission	-	4.43	-	-
(vi)	Dividend	3.18	-	-	0.38

* Excluding Gratuity and Leave Encashment provision.

** Inclusive of Rs. 0.65 lacs towards contribution to Superannuation Fund.

*** Excluding Rs.54.81 lacs paid as gratuity at the time of retirement charged from Gratuity Fund.

2. Relatives of Key Management Personnel

Rs. in Lacs

		2009-10	2008-09
Directors' Fee			
a) Sh. Sakate Khaitan		0.05	0.05

3. Enterprises owned or significantly influenced by key management personnel or their relatives

		Rs. in Lacs	
		2009-10	2008-09
(I)	Purchase of Raw Material		
	a) Vimlesh Industries Pvt. Ltd.	-	0.59
(II)	Job Work		
	a) Vimlesh Industries Pvt. Ltd.	-	10.66

5. Leases

In case of assets taken on lease

Operating Lease :

		Rs in Lacs	
		2009-10	2008-09
	Lease payments for the year	0.77	0.76
	Sub Lease :		
	Sub-lease payments received (or receivable) recognised in the statement of profit and loss for the period	35.49	35.62

6. Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the plan.

Profit and Loss account:

(Rs. in Lacs)

	2009-10	2008-09
Net employee benefit expense (recognised in Employee Cost)		
Current service cost	14.73	15.27
Interest cost on benefit obligation	10.63	11.64
Expected return on plan assets	(11.57)	(15.51)
Net actuarial (gain) / loss recognised in the year	(6.80)	21.76
Net benefit expense*	6.99	33.16
Actual return on plan assets	11.42	10.59
Balance sheet:		
Defined benefit obligation	130.76	137.87
Fair value of plan assets	(123.77)	(137.87)
Less: Unrecognised past service cost	-	-
Plan asset / (liability)	(6.99)	-

Changes in the present value of the defined benefit obligation are as follows:

Opening defined benefit obligation	137.87	216.28
Interest cost	10.63	11.64
Current service cost	14.73	15.27
Benefits paid	25.52	(122.16)
Actuarial (gains) / losses on obligation	(6.96)	16.84
Closing defined benefit obligation	130.76	137.87

Changes in the fair value of plan assets are as follows:

Opening fair value of plan assets	137.87	216.28
Expected return	11.57	15.51
Contributions by employer	-	-
Benefits paid	(25.52)	(89.00)
Actuarial gains / (losses)	0.16	(4.92)
Closing fair value of plan assets	123.77	137.87

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	%	%
Investments with insurer	100	100

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

	%	%
Discount rate	8.50	7.50
Expected rate of return on assets	9.25	9.03
Salary Rise	5.00	5.00
Employee turnover	5.00	5.00

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts for the current period is as follows:

		(Rs. in Lacs)
Defined benefit obligation	130.76	137.87
Plan assets	123.77	152.25
Surplus / (deficit)	(6.99)	14.38
	As on 31.03.10	As on 31.03.09
	(Rs. in Lacs)	(Rs. in Lacs)

7. Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for	245.11	13.00
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8. Contingent Liabilities not provided for

(a) Bank Guarantees given by the Company	7303.15	4587.98
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(b) Income Tax matters : For assessment year 1999-2000, Income Tax department has preferred an appeal before Hon'ble High Court of Delhi against Income Tax Appellate Tribunal's order passed in favour of the company relating to slump sale of one of the units of the company.	1436.00	1436.00
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(c) Employees State Insurance Corporation (ESIC), Andhra Pradesh raised a demand of Rs. 57.54 lacs in respect of the years 1983 to 1999 for Meter Division, Hyderabad. The Company has filed appeal before Employees Insurance Court & Industrial Tribunal, Hyderabad. The appeal of the Company has been admitted by depositing Rs. 7.38 lacs with ESIC and also furnishing a bank guarantee of Rs. 7.00 lacs. The matter is pending before the court for hearing and decision. However, the Company had, as a cautionary measure, in earlier year provided liability of Rs. 14.38 lacs which is being carried forward. The Company is not anticipating any liability of a material amount, other than those provided.

	As on 31.03.10	As on 31.03.09
(d) Demands raised by Sales Tax authorities, being disputed by the Company. Provision of Rs. 25 lacs made in an earlier year is being carried forward under the head "Provision for contingencies."	232.12*	177.36*

*Details are as given below

Name of the statute	Nature of dues	2009-2010 (Rs. In lacs)	2008-2009 (Rs. In Lacs)
Orissa Sales Tax Act. 1947	Demand towards work contract tax, 1997-1999 and 2001-2002	26.24	26.24
Bihar Sales Tax Act. 1983	Demand towards work contact tax, 1993-97 and 2000-2001	21.96	21.96
Andhra Pradesh General Sales Tax Act 1957 (Local)	Demand towards negative price variation and interest on delayed payment, 1994-96 and 1998-99	17.33	17.33
Andhra Pradesh General Sales Tax Act 1957 (Central)	Demand towards shortage of C forms, 1995-96 and 1998-99 and Works Contract 1994-96	12.09	12.09
Delhi Works Contract Tax Act. 1999	Demand towards Works Contract Tax 2002-03 & 2004-05	20.43	20.43
West Bengal Sales Tax Act, 1994 (Local) & Central	Sales Tax revision 1994-97 and 2002-03	15.26	15.26
Orissa Sales Tax Act, 1947	Demand towards Works Contract Tax 1992-2001	-	7.67
UP Trade Tax Act, 1948	Demand towards CST Forms 2003-04, 2004-05, 2005-06 and 2006-07	14.00	16.44
Andhra Pradesh General Sales Tax Act 1957 (Central)	Demand towards Works Contract Tax 2002-2003	3.62	-
M.P. Trade Tax	Demand towards M.P.Sales Tax 2002-03	16.00	16.60
Delhi Sales Tax Act, 1975 (Central)	Demand towards non submission of forms/ concessional forms 1979-80, 1983-84, 1989-1990, 1995-96 and demand towards interest 1981-82.	13.95	13.95
Delhi Sales Tax Act, 1975 (Local)	Demand towards rejection of Stock transfer and non submission of forms 1980-81, 1987-88	3.55	3.55
Kerala state Sales Tax Act, 1963	Demand towards work Contract Tax 1997-98, 1998-99, 1999-2000	15.06	-
Tamilnadu Commercial Tax Act	Commercial Tax 2000-01	49.85	-
Others	Demand towards various Sales Tax cases	2.78	5.84
Total		232.12	177.36

(Rs in Lacs)

	As on 31.03.10	As on 31.03.09
(e) Other claims against the Company not acknowledged as debts Details are as given below**:	42.50	93.94
Labour Cases	5.36***	61.26***
Demands raised by Provident Fund/Employee State Insurance Department	2.43***	1.31***
Other Claims	34.71***	31.37***

** Based on the discussion with the Solicitors/Meeting with contractual terms and conditions as applicable, the management feels that the Company has a good chance of success in above mentioned cases and hence no provision there against is considered necessary.

*** In view of large number of cases pending at various forums / courts, it is not practicable to give the detail of each case. List also includes certain labour matters for which amount of liability is not ascertainable at this stage.

9. The company had made claims against Haryana Vidyut Prasaran Nigam Limited (HVPNL)(now UHBVN) for refund of liquidated damages deducted by the Electricity Board as well as interest on delayed payment of bills/due installments by the Board. The arbitrator, appointed by the chairman, HVPNL, had given award in favour of the company which was subsequently confirmed by the Additional Distt. Judge, Panchkula (Haryana). The Board has, however, filed an appeal with the Hon'ble High Court, Punjab & Haryana. While admitting the appeal, the Hon'ble High Court passed an interim order directing the Board to pay to the company a sum of Rs. 608.08 lacs against bank guarantee of the same amount as security to the Board. The board has made payment against bank guarantee given to them as security. As the matter is sub-judice, the amount is lying in current liabilities under the head Sundry Creditors.
10. During the earlier year, the Company had entered into an agreement with developer/s for a project to construct residential units for weaker section on the company's surplus land at Hyderabad. Due to the party violating the terms and conditions of agreement dated 17.09.2007, the company had filed a suit in the city civil court, Hyderabad, for cancellation of the agreement and for recovery of the possession of the land. However, the Hon'ble court has passed an order not accepting the contention of the company. The company is in the course of filing appeal in the High Court of Andhra Pradesh at Hyderabad. The management does not anticipate any loss/liability to arise on this account.
11. Derivative Instruments and unhedged Foreign Currency Exposure :

(a) Forward Contracts outstanding as at the Balance Sheet Date

Particulars	Currency	March 31, 2010 (Amt. in USD in lacs)	March 31, 2009 (Amt. in USD in lacs)
Acceptances	USD	NIL	9.70

(b) Particulars of Unhedged Foreign Currency Exposure as at the Balance Sheet date

Particulars	Currency	March 31, 2010 (Rs. in lacs)	March 31, 2009 (Rs. in lacs)
Acceptances	USD	NIL	INR 247.56 US\$ 4.88 lacs @ Rs. 50.73 per USD

12. Disclosure as per Section 22 of "The Micro, Small and Medium Enterprises Development Act, 2006"

The Company has not received any intimation from any of its suppliers regarding their status under the said Act and hence disclosures, relating to amounts unpaid as at the year end along with interest if any payable as required under the said Act have not been given. The Company generally makes payments to all its suppliers within the agreed credit period (generally less than 45 days) and thus, the Management is confident that the liability of interest under this Act, if any, would not be material.

13. Supplementary Statutory Information

	2009 – 2010	2008 – 2009
	Rs. In lacs	Rs. In lacs
13.1 Value of total imports (C.I.F) (on Accrual basis)		
(i) Raw Materials	3662.11	2342.12
(ii) Stores and Others Materials	-	-
(iii) Capital Goods	-	-
13.2 Expenditure in Foreign Currency (on Accrual basis)		
(i) Interest	29.87	48.72
(ii) Others	8.25	0.95
13.3 Earnings in Foreign Exchange		
Export of goods (F.O.B.)	-	256.53
13.4 Net Dividend Remitted in Foreign Exchange:		
Period to which it relates	2008-09	2007-08
Number of non-resident shareholders	2	2
Number of equity shares held on which dividend was due	1,05,000	1,05,000
Amount remitted in USD equivalent to INR	2.63	2.63

14. Additional Information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956

14.1 Raw Materials Consumed

	2009-2010		2008-2009	
	Qty(M.T.)	Rs. In lacs	Qty(M.T.)	Rs. In lacs
(i) Wires & Sections	1,025.28	3,270.71	1,576.11	5,165.89
(ii) Core	1,967.94	4,243.64	2,602.99	6,523.55
(iii) Others		3,779.25		4,729.11
		11,293.60		16,418.55

14.2 Value of Raw Materials, Stores and Other Materials Consumed and percentage to the total

	2009-2010		2008-2009	
	Value(Rs. In lacs)	Percentage	Value(Rs. In lacs)	Percentage
(i) Raw Materials				
(a) Indigenous	8,174.56	72.38	13,117.86	79.90
(b) Imported	3,119.04	27.62	3,300.69	20.10
(ii) Stores and Other Materials				
(a) Imported	-	-	-	-
(b) Indigenous	405.45	100.00	216.16	100.00
	405.45	100.00	216.16	100.00

14.3 Particulars Pertaining to Finished Goods Etc. :

S. No.	Class of Goods	Year	Unit	Licenced Capacity	Installed Capacity	Purchase		Opening Stock		Closing Stock		Sales		
						Actual Production	Qty	Amount (Rs. in Lacs)	Qty	Amount (Rs. in lacs)	Qty	Amount (Rs. in lacs)	Qty	Amount (Rs. in lacs)
1.	Single Phase Static Meters Lower, Higher and Multifunctions	2010	Nos.	N.A.	1800000	0	0	0	43732	16.28	0	0	0	0
		2009			(2 shift basis) [94175]	-	-	-	[48645]	[30.89]	[43732]	[16.28]	[98989]	[412.68]
2.	Three Phase Static Meters SMC & Whole Current LCD Multifunction	2010	Nos.	N.A.	120000	0	0	0	10511	5.95	0	0	0	0
		2009			(2 shift basis) -	-	-	-	[10672]	[8.05]	[10511]	[5.95]	[78]	[1.21]
3.	Transformers	2010	MVA	N.A.	10392	2285.425	-	-	101.500	759.05	43.900	209.53	2343.025	13027.73
		2009			(3 shift basis) [3063350]	-	-	-	[35.000]	[183.25]	[101.500]	[759.05]	[2996.85]	[20510.15]
4.	Switchgear & Control Boards	2010	Nos.	N.A.	1200	13	-	-	-	-	-	-	13	28.47
		2009			(2 shift basis) [151]	-	-	-	-	-	-	-	[151]	[327.30]
5.	Contract Jobs													
	(i) Elevators / Assembly & Installation	2010	Nos.	N.A.	-	-	-	-	-	-	-	-	-	2067.16
		2009			-	-	-	-	-	-	-	-	-	[1107.22]
	(ii) Railway Traction	2010	TKM	-	-	-	-	-	-	-	-	-	-	54.09
		2009			-	-	-	-	-	-	-	-	-	[190.09]
6.	Miscellaneous Trade items	2010	-	-	-	-	-	54.39	-	11.82	-	16.4	-	195.44
		2009			-	-	-	[55.19]	-	[19.62]	-	[11.82]	-	[608.40]
7.	Maintenance & Services Revenue	2010	-	-	-	-	-	-	-	-	-	-	-	165.34
		2009			-	-	-	-	-	-	-	-	-	[272.06]
8.	Components for Elevator	2010	-	N.A.	-	-	-	-	-	19.40	-	24.28	-	125.02
		2009			-	-	-	-	-	[18.05]	-	[19.40]	-	[215.05]
9.	Spare	2010	-	-	-	-	-	-	-	-	-	-	-	90.03
		2009			-	-	-	-	-	-	-	-	-	[26.95]
10.	Scrap	2010	-	-	-	-	-	-	-	8.73	-	12.15	-	177.65
		2009			-	-	-	-	-	[6.73]	-	[8.73]	-	[0.20]
	Total	2010	-	-	-	-	-	54.39	-	821.23	-	262.36	-	15930.93
		2009			-	-	-	[55.19]	-	[266.59]	-	[821.23]	-	[23671.31]

NOTES :

- N.A. : Not applicable in terms of Governments of India's Notification No. S. Q. 477(E) dated 25th July, 1991.
- In case of serial no. 5 to 10, quantitative details are not furnished being numerous in nature and each being less than 10% of the total Turnover.
- The differences in quantitative tallies are on account of internal consumption, free replacements, samples, defectives etc.

15. Previous year figures have been regrouped wherever necessary.

In terms of our attached Report of even date

For Singhi & Co.
Chartered Accountants

B.K. Sipani
Partner
Membership No. 88926
Place : New Delhi
Dated: 31st July, 2010

(Deepak Garg)
Company Secretary

(P.K. Mohta)
Chairman & Managing Director

(Vikram Prakash)
Director

For and on behalf of the Board of Directors

Information required as per Part IV of Schedule VI of the Companies Act, 1956.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	8279
State Code	55
Balance Sheet Date	31.03.2010

**II Capital Raised during the year
(Amount in Rs.Thousands)**

Public Issue	Nil
Right Issue	Nil
Bonus Issue	Nil
Private Placement	Nil

**III. Position of Mobilisation and
Deployment of Funds (Amount In Rs. Thousands)**

Total Liabilities	1313813
Total Assets	1313813

Sources of Funds :

Paid-up Capital	43899
Reserves & Surplus	1019423
Secured Loans	250452
Unsecured Loans	-
Liabilities under Deferred Payment	39

Application of Funds :

Net Fixed Assets	145890
Investments	30146
Net Current Assets	1137776
Miscellaneous Expenditure	-
Accumulated Losses	-
Deferred Tax Assets (Net)	-

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

Gross Turnover	1593093
Total Expenditure	1535026
Profit Before Tax	94850
Profit After Tax	81219
Earning Per Share (Rs.)	18.51
Dividend	2.50%

V. Generic Name of Principal Products of Company (as per monetary terms)

Item Code No. (ITC Code)	Product Description
850421-423	Electric Transformers
842820.03	Elevators

For and on behalf of the Board of Directors

Place : New Delhi
Date : 31st July 2010

(Deepak Garg)
Company Secretary

(P.K. Mohta)
Chairman & Managing Director

(Vikram Prakash)
Director

PROXY FORM

ECE INDUSTRIES LIMITED

Regd. Office : "ECE HOUSE", 28-A, Kasturba Gandhi Marg, New Delhi - 110001

Folio No.
DP Id/Client Id.....
No. of Shares held

I/We Resident of

.....

..... being a Member/Members of

ECE Industries Ltd., hereby appoint Mr./Mrs./Miss.....

resident of

or failing him/her

resident of

as my/our Proxy to attend vote for me/us, on my/our behalf at the 64th Annual General Meeting of the Company to be held on Thursday, the 30th September, 2010 at 3.30 P.M. and at any adjournment thereof.

Signed this..... Day of..... 2010.



**Signature of Proxy
holder / Representative**

**Signature of Registered
holder**

**Affix
Revenue Stamp
here**

Note : If it is intended to appoint a proxy, the form of proxy should be completed and deposited at the Registered Office of the Company not less than forty eight hours before the time for holding the meeting.

**ATTENDANCE SLIP
ECE INDUSTRIES LIMITED**

Regd. Office : "ECE HOUSE", 28-A, Kasturba Gandhi Marg. New Delhi - 110001

- 1 Full name of Member.....
- 2 Registered Folio No. No. of Shares.....
- 3 DP Id/Client Id
- 4 Father's/Husband's Name
- 5 Complete Address
- 6 Full Name of Proxy, if any

I hereby record my presence at the 64th Annual General Meeting of the Company held at 'NCUI Convention Centre' 3, Khel Gaon Marg, New Delhi-110016 on Thursday, the 30th September, 2010 at 3.30 P.M.

(Signature of Member/Proxy)

Note : Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of the Annual Report to the meeting.