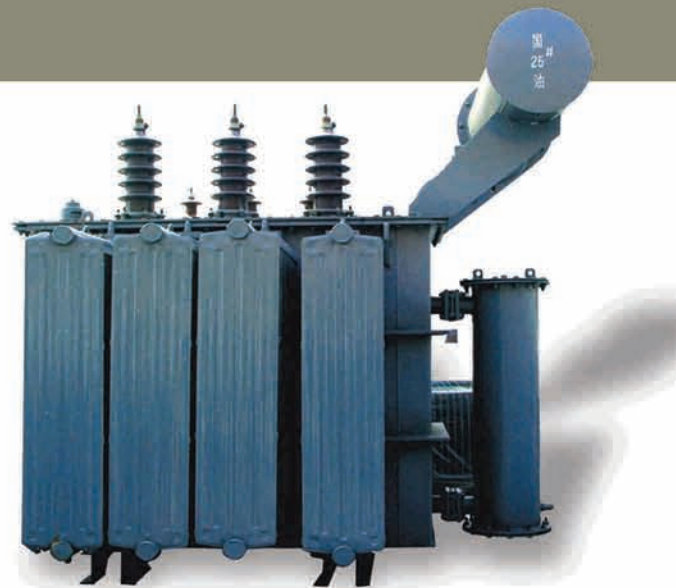


**EXPERTISE  
COMMITMENT  
EXPERIENCE**



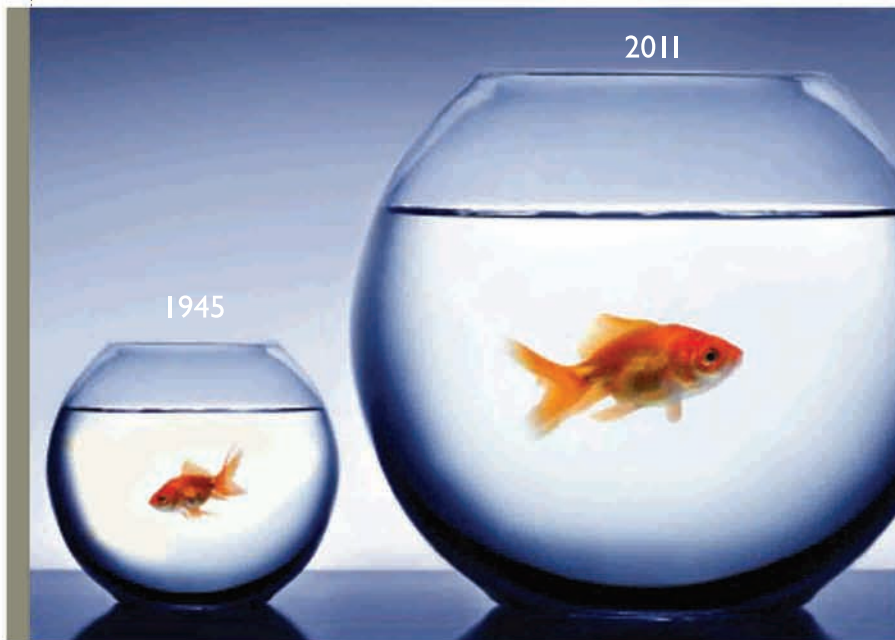
# ECE



65th Annual Report 2010-11



**ECE INDUSTRIES LIMITED**



## THE BEGINNING

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**1945**- A dingy one room small electrical repair workshop at Hazra road in Kolkata.

## TODAY

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**2011** - India's leading Engineering and Technology Company specialized in the manufacture of Elevators and Power Transformers.



### DIRECTORS

Shri Prakash Kumar Mohta - CMD  
Shri Vikram Prakash  
Shri Sakate Khaitan

Shri Om Prakash Khaitan  
Shri Mahendra Kumar Jajoo

### EXECUTIVES

Shri R. Prasad  
Shri A.V. Ramachandran  
Shri Rajat Sharma  
Shri D.Krishna Iyer  
Shri P.C. Agarwal  
Shri Deepak Kaul  
Shri N.S. Kothari  
Shri H.M. Mot  
Shri Deepak Garg

President – Corporate Affairs, Finance & Legal  
Senior Vice President – Marketing (Transformer)  
Vice President (Corporate Finance & Taxation)  
Vice President – Design & Technical  
Vice President – Commercial & Admn. (Elevator Division)  
Vice President – Marketing (Elevator)  
General Manager – Commercial (Transformer-Sonepat)  
General Manager – Commercial (Transformer-Hyderabad)  
Company Secretary

### REGISTERED OFFICE

“ECE HOUSE”  
28-A, Kasturba Gandhi Marg  
New Delhi - 110001

### REGISTRAR

MAS Services Limited.  
T-34, II Floor, Okhla Industrial Area  
Phase-II, New Delhi - 110020

### BANKERS

Bank of Baroda  
State Bank of India  
Canara Bank  
Central Bank of India

### AUDITORS

Singhi & Co.  
Chartered Accountants  
401-408, Pragati House  
47-48, Nehru Place  
New Delhi - 110019

### PLANTS & PRODUCTS

SONEPAT  
GHAZIABAD  
HYDERABAD

Transformers  
Elevators & Other Components  
Transformers

# T A B L E O F C O N T E N T S



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## NOTICE

### TO THE SHAREHOLDERS

Notice is hereby given that the Sixty Fifth Annual General Meeting of the members of ECE Industries Limited will be held at Hindi Bhawan, 11, Vishnu Digamber Marg (Rouse Avenue), New Delhi - 110002 on Thursday, the 22nd day of September, 2011 at 03:30 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, 2011 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, 2011.
3. To appoint Director in place of Shri O P Khaitan who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Statutory Auditors and fix their remuneration.

### AS SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as Special Resolution :-

“RESOLVED THAT pursuant to Section 309 and any other applicable provisions, if any, of the Companies Act, 1956 and in conformity with Article 124 of the Articles of Association of the Company, authority be and is hereby accorded for the payment of commission to the Non-Executive Directors of the Company at the rate of One percent (1%) of the net profits of the Company to be computed in the manner laid down in Section 198 of the Companies Act, 1956 for a period of five years with effect from the Financial Year ending on 31.03.2012, subject to the ceiling as may be decided by the Board of Directors from time to time.

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as Special Resolution :-

“RESOLVED THAT pursuant to the provisions of Article 152 of the Articles of Association of the Company and Section 198, 269 and 309 read with Schedule-XIII and other applicable provisions of the Companies Act, 1956 and subject to such consents, approvals and permissions as may be needed, Shri Prakash Kumar Mohta, be and is hereby re-appointed as Managing Director, not liable to retire by rotation for a period of three years with effect from 01.11.2011 at a remuneration and terms and conditions as set out in Explanatory Statement.

RESOLVED FURTHER THAT the terms and conditions relating to the remuneration of Sh. Prakash Kumar Mohta as set out in the Explanatory Statement for his appointment be and are hereby approved in accordance with Schedule-XIII of the Companies Act, 1956.

RESOLVED FURTHER THAT in case of no profits or inadequacy of profits in any financial year, Sh. Prakash Kumar Mohta, shall be paid the remuneration as set out in the Explanatory Statement by way of salary and perquisites as minimum remuneration as permissible in Para-1(C) of Section-II of Part-II of Schedule-XIII of the Companies Act, 1956 with the prior approval of Central Government.

RESOLVED FURTHER THAT subject to the minimum remuneration as stated above, the total remuneration payable to Sh. Prakash Kumar Mohta shall not exceed 5% of the net profits of the Company in any financial year as computed under Section 349 and 350 of the Companies Act, 1956.

“RESOLVED FURTHER THAT till the approval of the Central Government is received, Shri Prakash Kumar Mohta shall be paid the remuneration as permissible in Para 1(B) of Section-II of Part-II of the Schedule-XIII to the Companies Act, 1956 as approved by Board of Directors and after the receipt of Central Government approval, as the case may be, the same will be given effect accordingly”.

RESOLVED FURTHER THAT the Board of Directors be and are authorized to revise / alter the remuneration as set out in Explanatory Statement in any manner as may be deemed fit during his tenure and no further consent of the shareholders and Remuneration committee be taken if the new remuneration after such revision / alteration does not exceed the remuneration in total as mentioned above”.

RESOLVED FURTHER THAT Shri Deepak Garg, Secretary or any Director of the Company be and are authorized severally to sign, execute and file the required E-forms with the Ministry of Corporate Affairs, Government of India and to do all such acts and deeds to give effect to the above resolution”.

By Order of the Board

Place : New Delhi  
Dated : 05th July 2011

(Deepak Garg)  
Company Secretary

#### NOTES FOR MEMBERS' ATTENTION

1. The explanatory statement, pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Businesses stated above is annexed.
2. 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.
3. The Register of Beneficial Owners, Register of Members and Share Transfer Books of the Company will remain closed from 16th September 2011 to 22nd September 2011 both days inclusive for the purpose of payment of dividend.
4. 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 15th September 2011 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 15th September 2011.
5. 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.
6. (a) Pursuant to Section 205A of the Companies Act, 1956 unclaimed dividend for the year 2002-2003 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, 2004 and thereafter, which remain unclaimed for a period of 7 years will be transferred by the Company to the Investor Education and Protection Fund (IEPF) 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
31.03.2004	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
31.03.2010	30.09.2010	29.09.2017	28.10.2017

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 and 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.

7. 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.
8. Besides above, the Securities and Exchange Board of India (SEBI) has vide its Circular Ref. No. MRD/DoP/SE/RTA/Cir-03/2010 dated January 07, 2010 clarified that it shall be mandatory to furnish a copy of PAN in the following cases :-
  - a) Deletion of name of the deceased shareholder(s), where the shares are held in the name of two or more shareholders.
  - b) Transmission of shares to the legal heir(s), where deceased shareholder was the sole holder of shares.
  - c) Transposition of shares – when there is a change in the order of names in which physical shares are held jointly in the names of two or more shareholders.
9. Members are requested to bring their copy of the Annual Report, as copies of the Report will not be distributed again at the meeting.
10. Members who hold shares in dematerialised form are requested to bring their Depository Participant Account Number (Client ID No.) for easier identification at the Annual General Meeting.
11. 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. Om Prakash Khaitan  
Date of Birth : 21.11.1942  
Date of appointment : 23.06.1977  
Qualification/ Profession : B. Com. LL.B., Attorney at Law
- List of Public Limited Companies (in India) in which outside Directorship held : 1. J.K. Tyre & Industries Limited  
2. Honda Siel Power Products Limited  
3. Shri Ram Pistons & Rings Limited  
4. Bengal & Assam Company Limited  
5. VLCC Healthcare Limited  
6. Sharda Motor Industries Limited  
7. Ilpea Paramound Limited
- Chairman / Member of the Committee of the Board of Directors of the Company. : 1. Chairman - Remuneration Committee  
2. Member – Shareholder Grievances Committee.  
3. Member – Audit Committee
- Chairman / Member of the Committee of the Board of Directors of other Public Limited Companies : 1. J K Tyre & Industries Limited  
a) Member-Shareholder grievance Committee  
2. Honda Siel Power Products Limited  
a.Member - Remuneration Committee  
b. Member - Audit Committee  
3. Shri Ram Pistons & Rings Limited  
a. Member - Remuneration Committee  
4. Bengal & Assam Co, Limited  
a. Member - Audit Committee  
5. Sharda Motor Industries Limited  
a. Member - Remuneration Committee  
b. Member - Shareholder grievance Committee  
6. ECE Industries Limited  
a. Chairman - Remuneration Committee  
b. Member - Audit Committee  
c. Member – Shareholders Grievance Committee

By Order of the Board

Place : New Delhi  
Dated : 05th July 2011

(Deepak Garg)  
Company Secretary



## EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

### Item No. 5

Section 309 (4) of the Companies Act, 1956 provides that in case of Director(s) who is/are not in whole time employment of the Company, the Company may, by way of Special Resolution authorize the payment of remuneration to such directors by way of commission up to One percent (1%) of its net profits, computed in the manner laid down under Section 198 of the Companies Act, 1956, in addition to the fee for attending the meetings of Board or Committee thereof.

Pursuant to Section 309(4), the Company has been paying commission annually to such Director(s) at the rate of One percent (1%) of the net profits of the Company.

It is now proposed that the Company do continue to pay commission to such Director(s) of the Company at the rate of One percent (1%) of its net profits, computed in the manner laid down under Section 198 of the Companies Act, 1956 for a period of five years with effect from the Financial Year ending on 31.03.2012, subject to the ceiling as may be decided by the Board of Directors from time to time.

The approval of the shareholders is sought by means of passing the Special Resolution as set out in the notice.

The directors are interested in the resolution to the extent of commission payable to them in accordance with the aforesaid proposed resolution.

### Item No. 6

The tenure of Shri Prakash Kumar Mohta in the capacity of Managing Director shall expire on 31.10.2011. Considering his experience and ability commensurate with the requirement of the Company, it is proposed to re-appoint him as Managing Director of the Company w.e.f. 1.11.2011 for a further period of three years. Shri Prakash Kumar Mohta will be managing the affairs of the Company subject to superintendence, control and directions of the Board of Directors of the Company and shall not be liable to retire by rotation.

The total remuneration payable to Shri Prakash Kumar Mohta in any financial year shall not exceed 5% of the net profits as computed under Section 349 and 350 of the Companies Act, 1956.

However, in the event of loss or inadequacy of profits in the company in any financial year, Sh. Prakash Kumar Mohta shall be paid remuneration by way of salary and perquisite as minimum remuneration in accordance with the provisions of the Companies Act, 1956 and Para-1(C) of Section-II of Part-II of Schedule-XIII to the Companies Act, 1956 with the prior approval of Central Government. In view of experience of Shri Prakash Kumar Mohta, the salary pattern of the Managing Director(s) in similar other companies and challenging task ahead, the remuneration payable to Sh. Prakash Kumar Mohta by way of salary and perquisites is set out as below :-

- 1) Basic Salary : Rs. 7,00,000/- per month  
(Rs. Seven lacs only) with 15% increment every year
- 2) Allowances / Perquisites
  - a) Fixed Allowances : Rs. 1,00,000/- per month
  - b) Contribution to Provident Fund : To the extent it is not taxable under the Income Tax Act, 1961.
  - c) Gratuity : At a rate not exceeding 15 days salary foreach completed year of service or part thereof in excess of six months.
  - d) Leave : 35 days in a year.
  - e) Leave Encashment : Encashment of un-availed leave at the end of the tenure.
  - f) Leave Travel Allowance : Maximum upto 2 months' salary per year
  - g) Medical Reimbursement : Self & family on actual
  - h) Medical Insurance : Actual premium for self & family for treatment anywhere in India / abroad.
  - i) Gas/Electricity/Water supply for house hold purpose. : Monthly on actual basis.
  - j) Provision of Car with Driver in relation to the Company's Business.
  - k) Mobile Phone and Telephone at residence (not to be considered as perquisite).

However, till the approval of Central Government is received, the remuneration shall be paid to Shri Prakash Kumar Mohta as per Para-1(B) of Section II of Part-II of the Schedule XIII to the Companies Act, 1956 and after the receipt of Central Government approval as the case may be, the same will be given effect accordingly.

None of the Directors except the appointee himself and Shri Sakate Khaitan, being the relative of the appointee is deemed to be concerned or interested in the resolution.

The approval of the shareholders is sought by means of passing the Special Resolution as set out in the notice.

The Explanatory statement together with the accompanying notice may be treated as an abstract of terms of appointment and memorandum of interest in respect of appointment of Shri Prakash Kumar Mohta under Section 302 of the Companies Act, 1956.

**INFORMATION AS REQUIRED UNDER THE PROVISIONS OF SCHEDULE XIII OF THE COMPANIES ACT, 1956**

**I GENERAL INFORMATION :**

1) Nature of Industry :

The Company is into manufacturing industry with its core area of operations in manufacturing the Transformers and Erection & Installation of the Elevators.

2) Date or expected date of commencement of commercial production : 13th June, 1945.

3) Financial performance based on the given indicators:

(Rs. in Lacs)

Particulars	2010-11	2009-10	2008-09
Gross Turnover	20176.66	15930.93	23671.31
Total Expenses	19510.39	15360.26	21032.66
Profit before tax	254.94	948.50	831.65
Net Worth	15204.94	10633.22	9846.60

4) Export performance:

During the year ended 31.3.2011, Earnings out of Exports were `Nil'.

5) Foreign investments or collaborations :

As on March 31, 2011, the shareholdings of Overseas Body Corporates in the Company were 3.06%. There are no foreign collaborators.

**II INFORMATION ABOUT THE APPOINTEE**

1) Background details:

Shri Prakash Kumar Mohta, the proposed appointee, holds a Graduate Degree in Commerce and has over 30 years of experience as an Industrialist and in handling the Corporate Affairs efficiently. Presently, he is on the Board of Directors of many Companies. He joined ECE Industries Limited as a Director in January, 2007.

2) Past Remuneration, recognition or awards, job profile and his suitability

A sum of Rs. 21.00 lacs has been paid to Shri Prakash Kumar Mohta, being the remuneration and allowable perquisites as per Schedule XIII to the Companies Act, 1956 for the year ended 31st March, 2011.

Shri Prakash Kumar Mohta has rich experience and deep knowledge about the industry and has immensely contributed to the growth of the Company by his incisive and broad based knowledge of the domestic and international market.

Shri Prakash Kumar Mohta has taken several initiatives to focus on growth, value addition and cost effectiveness besides overseeing the company's business.

- 3) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person.

The prevalent levels of remuneration in manufacturing industries, in general, and the industry in particular, are higher. Taking into account his strategic role to turn around the Company, the proposed remuneration is below the industry levels and that of comparatively placed companies in India.

- 4) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.

He has pecuniary relationship with the Company in his capacity as a Managing Director and person acting in concert as Promoter. He is also related to Mr. Sakate Khaitan, who is the Non Executive Director of the Company.

### III OTHER INFORMATION :

- 1) Reasons of loss or inadequate profits, steps taken or proposed to be taken for improvement, expected increase in productivity and profits in measurable items

During the year 2010-11, the operations of Transformer business of the Company were affected due to adverse market conditions, increase in the input cost of major raw materials and cut throat competition.

The management is taking necessary and adequate steps to improve working and profitability of the Company by introducing new designs in manufacturing of Transformers and other cost cutting measures and will continue in its endeavour to improve company's performance.

With introduction of cost competitive new designs and measures taken for reduction in other costs, it is expected that the Company will earn profit in Transformer business. Elevator business during current year has shown good results in terms of turnover and profitability and expected to achieve 40% to 50% higher growth in the year 2011-12.

### IV DISCLOSURES :

- 1) The proposed remuneration package : As detailed in the Resolution and Explanatory Statement.

By Order of the Board

Place : New Delhi  
Dated : 05th July 2011

(Deepak Garg)  
Company Secretary

## DIRECTORS' REPORT

TO THE SHAREHOLDERS

Dear Shareholders,

We have pleasure in presenting the Sixty Fifth Annual Report with Audited Accounts of the Company for the year ended 31st March, 2011.

### FINANCIAL RESULTS

Particulars	31.03.2011 (Rs. In lacs)	31.03.2010 (Rs. In lacs)
Turnover	<u>20,176.66</u>	<u>15,930.93</u>
Gross Profit/(Loss) from ordinary activities before depreciation	(247.33)	178.78
Profit from exceptional items	<u>631.10</u>	<u>884.42</u>
	383.77	1063.20
Less : Depreciation	<u>128.83</u>	<u>114.70</u>
Profit before Tax	254.94	948.50
Provision for ;		
(i) Current Income Tax	45.60	178.71
(ii) Deferred Tax Charge / (Credit)	<u>0.27</u> <u>45.87</u>	<u>(42.40)</u> <u>136.31</u>
Profit after Tax	209.07	812.19
Add : Balance Brought Forward	<u>3,998.38</u>	<u>3,311.77</u>
Profit available for Appropriation	<u><u>4,207.45</u></u>	<u><u>4,123.96</u></u>
Appropriations as under :		
1. Proposed Dividend	21.94	21.94
2. Provision for Dividend Tax	3.56	3.64
3. Transfer to General Reserve	25.00	100.00
4. Balance in P&L Account carried forward	<u>4,156.95</u>	<u>3,998.38</u>
	<u><u>4,207.45</u></u>	<u><u>4,123.96</u></u>

### REVIEW OF PERFORMANCE

The sales turnover for the current year is Rs. 201.77 Crores against Rs. 159.31 Crores in the previous year. The total gross profit for the year ended 31st March, 2011 comes to Rs. 383.77 Lacs (Previous Year Rs. 1063.20 lacs). After providing Rs. 128.83 lacs (Previous year Rs. 114.70 lacs) for depreciation and Rs. 45.87 lacs as provision for taxation (Previous Year Rs. 136.31 lacs), there remains a surplus of Rs. 209.07 lacs (Previous year Rs. 812.19 lacs). Though the sales turnover of the Transformer division has increased, there is heavy pressure on the margins due to increased cost and squeezed realization. The Elevator Division showed improvement with increased turnover and margins.

### DIVIDEND

We recommend payment of Dividend for the year 2010-2011 @ Re. 0.25 per share (2.5%) 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, will retire as Statutory Auditors of the Company at the conclusion of the Sixty Fifth Annual General Meeting and being eligible offer themselves for reappointment. The Board recommends the appointment of M/s Singhi & Co., Chartered Accountants as the Statutory Auditors for the financial year 2011-12.

## 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 2010-2011 have been paid in full to Bombay Stock Exchange as well as to National Stock Exchange.

## DIRECTORS

Shri O.P. Khaitan, Director of the Company is retiring by rotation and being eligible offer himself 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 2010-2011 the Company has deposited Rs. 116045/- (Rupees One lac Sixteen thousand forty five only) in the "Investor Education & Protection Fund" established by the Central Government towards unclaimed/unpaid dividend for the financial year 2002-2003.

## 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 : 05th July 2011

(P.K. Mohta) (Vikram Prakash)  
Chairman & Managing Director 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, 2011.

#### A. Conservation of Energy

In line with the company's commitment towards conservation of energy, Transformer Division at Sonapat has installed auto reactive Power Capacitor bank for main penal which maintain the power factor constant and reduces the current consumption.

In Elevator introduction of LED Lights for the lighting of the cabin as well as emergency light during power failure and switching off car lights and fan when not in use, help to reduce the consumption of Electric Power.

#### 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)

The company in its Transformer Factory has modernized Vaccum Circuit Breakers with all safety tripping devices.

In Elevator introduction of the new State of Art of Controller EMC 100 with the latest electronics implemented with the option of duplex control system. This has very compact size and light weight. The software has also been designed for better response time and lower waiting time for passengers.

##### 2. Technology Absorption, Adapatation & Renovation

Adaptation of new energy efficient signaling systems which includes the elevator position display units, new imported call registration push buttons etc.

Efforts are being made for implementation of Scaffold-less installation of high rise elevators.

Adoption of new design software in Transformer Manufacturing for better economy and quality.

#### 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 Transformer Industry in particular is passing through a difficult period due to increasing costs and cut-throat competition resulting in lower realization. However with the focus on efficiency and quality, the long-term outlook seems to be positive.

### SEGMENTWISE PERFORMANCE

The key business segment of the Company "Equipments for Power Transmission and Distribution" accounted for 83.82% of the gross turnover in 2010-2011. The other segments accounted for 16.18% of gross turnover.

#### A. Business Segment – Equipment for Power Transmission and Distribution

Particulars	2010-11	2009-10	% Change (Negative)/Positive
Gross Turnover (Rs. in Lacs)	16,911.80	13,526.51	25.03
Operating Profit/(Loss) (Rs. in Lacs) (after depreciation and before interest)	(389.26)	417.29	(193.28)

#### B. Business Segment – Elevators

Particulars	2010-11	2009-10	% Change (Negative)/Positive
Gross Turnover including components (Rs. in Lacs)	3,209.96	2,349.93	36.60
Operating Profit/(Loss) (Rs. in Lacs) (after depreciation and before interest)	214.30	(63.84)	235.68

### OUTLOOK

Elevator division has done better both in turnover and profitability, we expect the unit to do better in the times ahead.

In spite of several efforts of restructuring of the transformer business and aggressive improvement in operational efficiencies, the segment has incurred losses due to increased costs and lower realization. Steps are being taken for improved new designs and structures..

### 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

ECE 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, supplements 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	2010-2011	2009-2010
Sales/ Income from Operations	20176.66	15930.93
Other Income	605.06	647.37
Other Income (exceptional items)	631.10	884.42
Depreciation	128.83	114.70
Profit before Tax	254.94	948.50
Income Tax	45.87	136.31
Net Profit	209.07	812.19
Proposed Dividend (incl. Dividend tax)	25.50	25.58

#### 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 2010-2011, Eight Board Meetings were held on 10.05.2010, 13.05.2010, 23.06.2010, 31.07.2010, 05.08.2010, 26.10.2010, 05.02.2011 and 25.02.2011:

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 31.03.2011 (No. of shares)
Sh. P. K. Mohta	Chairman & Managing Director	5	Yes	4	(Nil) 1	2,66,318
Sh. O. P. Khaitan	*Non Executive	8	No	7	(4) 6	100
Sh. Vikram Prakash	*Non Executive	7	Yes	5	(4) 2	200
Sh. Sakate Khaitan	Non Executive	Nil	Yes	Nil	Nil	200
Sh. M. K. Jajoo	*Non Executive	2	No	4	(Nil) 2	200

\*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 10.05.2010, 31.07.2010, 26.10.2010 and 05.02.2011. Shri Vikram Prakash, Chairman and Shri O.P. Khaitan, member of the Committee attended four meetings. Shri P.K. Mohta, member attended three meetings. Besides the Committee members, Shri R. Prasad, President (Corporate Affairs, Finance & Legal), Shri Rajat Sharma, Vice President (Corporate Finance

& Taxation) and Shri 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 five members ;

1. Shri Vikram Prakash, Director
2. Shri Om Prakash Khaitan, Director
3. Shri Mahendra Kumar Jajoo, Director
4. Shri R. Prasad, President (Corporate Affairs, Finance & Legal)
5. 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 10.05.2010, 31.07.2010, 26.10.2010 and 05.02.2011 and the same were attended by Shri Vikram Prakash, Shri R Prasad, Shri Rajat Sharma and Shri Deepak Garg. Shri O.P. Khaitan and Shri M.K. Jajoo were inducted into the committee with effect from 25.02.2011.

#### 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 were the members of the Committee. Two meetings of Rights Issue Committee were held on 31.05.2010 and 20.07.2010. Shri Vikram Prakash and Shri O.P. Khaitan attended two meetings. Shri P.K. Mohta did not attend any meeting. The Payment of Rs.5000/- per meeting to each member of the committee towards sitting fees was paid to every member for attending

the meeting of Rights issue committee. Since the rights issue of the Company was concluded on 28.07.2010, there is no matter(s) relating to the same is to be discussed. Consequently the Rights Issue Committee was dissolved.

Each Director was 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' Commission and sitting fee for the financial year 2010-2011 to the Directors of the Company are given below :-

S. No.	Name of Directors	Sitting Fee (Rs.)				Director's Remuneration /Commission (in Rs.)	Total (in Rs.)
		Board Meeting	Audit Committee Meeting	Investor's Grievance Committee Meeting	Rights Issue Committee Meeting		
1	Shri P.K. Mohta	-	-	-	-	*22,80,000	22,80,000
2	Shri O.P. Khaitan	40,000	20,000	-	10,000	-	70,000
3	Shri Vikram Prakash	35,000	20,000	8,000	10,000	-	73,000
4	Shri Sakate Khaitan	Nil	-	-	-	-	Nil
5	Shri M.K. Jajoo	10,000	-	-	-	-	10,000

Besides dividend on Equity shares held by the Directors, a payment of Rs. 2,50,000/- (Rupees Two lacs fifty thousand only) was made to Shri 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 Body Meetings held in last 3 years are as under:

Year	AGM/EOGM	Location	Date	Time
2010-11	EOGM	Hindi Bhawan, 11, Vishnu Digamber Marg, New Delhi	28.03.2011	04.00 PM
2010-11	AGM	NCUI Convention Centre, 3, Khelgaon Marg New Delhi	30.09.2010	03.30 PM
2009-10	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
2008-09	AGM	Rajendra Bhawan, 210, Deen Dayal Upadhyay Marg, New Delhi	27.08.2008	03.00 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, Management Discussion & Analysis Report and Annual Accounts. The 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](http://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.

## SHAREHOLDER'S INFORMATION

### 1. ANNUAL GENERAL MEETING

Date and time	:	22nd September 2011 at 03:30 P.M.
Venue	:	Hindi Bhawan, 11, Vishnu Digamber Marg (Rouse Avenue), New Delhi - 110002

### 2. FINANCIAL CALENDAR

Financial Reporting	
For the quarter ending June 30, 2011	: By 14th August, 2011
For the quarter ending Sept., 30, 2011	: By 14th November, 2011
For the quarter ending Dec. 31, 2011	: By 14th February, 2012
For the year ending March 31, 2012	: By 15th May, 2012
Annual General Meeting for the Year Ending 31st March, 2012	: By the end of September, 2012.

3. DATE OF BOOK CLOSURE	:	From 16th September 2011 To 22nd September 2011
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4. DIVIDEND PAYMENT DATE	:	5th October 2011
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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 fee for the year 2010-11 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, Mumbai : 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 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, 2010	254.00	187.50	63,673	221.00	185.55	1,24,940
May, 2010	224.50	124.95	3,05,111	221.00	124.40	4,87,213
June, 2010	136.90	125.00	91,520	147.75	124.00	59,593
July, 2010	169.90	121.10	7,63,127	169.95	128.20	1,81,721
August, 2010	164.45	135.40	1,42,301	166.25	132.60	2,02,210
September, 2010	163.80	135.00	3,27,627	164.00	135.00	6,05,976
October, 2010	163.95	137.05	1,02,753	163.70	138.25	1,78,655
November, 2010	148.00	128.00	58,981	144.00	125.55	69,559
December, 2010	145.00	120.10	47,546	141.00	121.65	34,918
January, 2011	132.90	108.00	14,378	132.90	100.30	16,948
February, 2011	135.00	92.05	73,179	135.90	86.60	99,535
March, 2011	122.95	101.00	38,257	124.90	93.50	3,47,563

## 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 Audit is also conducted by a Practicing Company Secretary and the Reconciliation of Share Capital Audit Report is issued by the Practicing Company Secretary and the same is submitted to both the Stock Exchanges.

## 10. DISTRIBUTION OF SHAREHOLDING AS ON 31st MARCH, 2011

No. of Equity shares held	No. of shareholders	No. of shares held	Percentage of share holding
1 to 500	5,243	4,49,343	5.12
501 to 1000	287	2,06,760	2.36
1001 to 5000	249	4,92,140	5.61
5001 to 10000	21	1,64,795	1.88
10001 to above	42	74,63,272	85.03
<b>TOTAL</b>	<b>5,842</b>	<b>87,76,310</b>	<b>100.00</b>

## 11. CATEGORIES OF SHAREHOLDING AS ON 31st MARCH, 2011

Category	Number of shareholders	Number of shares held	Percentage of share holding
A. Promoters	9	38,93,587	44.36
B. Non-Promoters			
Financial Institutions & Banks	3	3,77,245	4.30
Body Corporates	180	20,05,562	22.85
Individuals	5,603	22,09,809	25.18
Non Resident Indians (NRIs)	44	21,607	0.25
Overseas Corporate Bodies(OCBs)	3	2,68,500	3.06
<b>Total</b>	<b>5,842</b>	<b>87,76,310</b>	<b>100.00</b>

## 12. DEMATERIALISATION OF SHARES AND LIQUIDITY

Over 86% of the paid-up equity share capital of the Company has been dematerialised upto 31st March, 2011. 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 volume of shares traded during the year 2010-2011 is given above, under the heading "Stock Market Data".

13. LOCATION OF COMPANY'S UNITS : As given at the beginning 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 : 011-23314237-39  
Fax : 011-23310410  
E-mail : grievances@eceindustriesltd.com

c) E-Mail address of the Company for the purpose of registering complaints by Investors:  
grievances@eceindustriesltd.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, Shri Vikram Prakash and Shri Mahendra Kumar Jajoo as members 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 31.3.2011.

### 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 : 05th July, 2011

(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 for the year ended on 31st March, 2011 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 quarter 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 quarter and that the same have been disclosed in the notes to the financial statements; and
  - (iii) there was no instance of fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company’s internal control system.

(P. K. Mohta)  
Chief Executive Officer

Place : New Delhi  
Date : 27th May, 2011

(R. Prasad)  
Chief Financial Officer

## CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

CIN No. : L31500DL1945PLC008279

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

Paid Up Capital : Rs. 8,77,63,100/-

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 Bombay Stock Exchange and The National Stock Exchange for the financial year ended 31st March 2011. 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. Our 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 our examination of the records produced explanations and information furnished, we 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

Sd/-  
[Tumul Maheshwari]  
Proprietor  
C.P. No. 5554

Place : New Delhi  
Dated : 27th May, 2011

## AUDITORS' REPORT

TO THE SHAREHOLDERS OF ECE INDUSTRIES LIMITED

We have audited the attached Balance Sheet of ECE INDUSTRIES LIMITED, as at 31st March, 2011 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, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011, 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, 2011.
  - 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

B.K.Sipani  
Partner  
Membership No. 088926

Place : New Delhi  
Dated : 27th May, 2011

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 within 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 (Appeals), 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	15.52	Assistant Commissioner Commercial Taxes, Ernakulam
Andhra Pradesh General Sales Tax Act, 1957(Central)	Demand towards Works Contract Tax	2001-02, 2003-04	10.94	Commercial Tax Officer, Andhra Pradesh
Uttar Pradesh Trade Tax Act, 1948	Demand towards Non-Submission of Forms/ Concessional Forms	2007-08	0.58	Deputy Commissioner (Assessment), Uttar Pradesh
Tamilnadu Commercial Tax Act	Commercial Tax	2000-01	71.62	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
Central Excise Act, 1944	Demand towards Excise Duty	1998-99	5.82	Andhra Pradesh, High Court
U P Municipal Laws (Cess Act)	Demand towards Water Cess	1992-93	0.60	Tehsildar, Gaziabad, (U.P.)

\* 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.
- (xii) 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 raised Rs. 43.88 Lacs through the Rights Issue during the year and end use of money disclosed in Note No. 15 of Schedule No. 24 and the same has been verified by us.
- (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

Place : New Delhi  
Date : 27th May, 2011

B.K.Sipani  
Partner  
Membership No. 088926

## BALANCE SHEET AS AT 31ST MARCH, 2011

(Rs. in Lacs)

	Schedule	As at 31.03.2011	As at 31.03.2010
<b>I. SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	877.80	438.99
Reserves and Surplus	2	<u>14,327.14</u>	<u>10,194.23</u>
		<u>15,204.94</u>	<u>10,633.22</u>
<b>LOAN FUNDS</b>			
Secured Loans	3	162.53	2,504.52
DEFERRED TAX LIABILITIES (NET)	4	0.66	0.39
<b>TOTAL</b>		<u>15,368.13</u>	<u>13,138.13</u>
<b>II. APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	5	3,672.77	2,870.62
Less : Accumulated Depreciation/Amortization		<u>1,634.05</u>	<u>1,612.21</u>
Net Block		2,038.72	1,258.41
Capital Work-In-Progress		<u>376.24</u>	<u>200.49</u>
		<u>2,414.96</u>	<u>1,458.90</u>
<b>INVESTMENTS</b>	6	183.81	301.46
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	7	3,415.67	6,561.34
Sundry Debtors	8	8,698.84	6,554.68
Cash and Bank balances	9	1,239.77	369.79
Other Current Assets	10	22.48	2.29
Loans and Advances	11	<u>4,918.42</u>	<u>1,898.39</u>
		18,295.18	15,386.49
<b>LESS : CURRENT LIABILITIES AND PROVISIONS</b>			
Current Liabilities	12	4,837.80	3,338.81
Provisions	13	<u>688.02</u>	<u>669.91</u>
		5,525.82	4,008.72
<b>NET CURRENT ASSETS</b>		<u>12,769.36</u>	<u>11,377.77</u>
<b>MISCELLANEOUS EXPENDITURE</b>	14	-	-
(To the extent not written off / adjusted)			
<b>TOTAL</b>		<u>15,368.13</u>	<u>13,138.13</u>
<b>NOTES TO ACCOUNTS</b>	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  
Firm Reg. No. : 302049E

For and on behalf of the Board of Directors

B.K. Sipani  
Partner  
Membership No. 088926  
Place : New Delhi  
Dated: 27th May, 2011

(Deepak Garg)  
Company Secretary

(P.K. Mohta)  
Chairman & Managing Director

(Vikram Prakash)  
Director



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

(Rs. in Lacs)

	Schedule	For the year ended 31.03.2011	For the year ended 31.03.2010
<b>INCOME</b>			
Turnover (Gross)	15	20,176.66	15,930.93
Less : Excise Duty		<u>1,647.49</u>	<u>1,163.96</u>
Turnover (Net)		18,529.17	14,766.97
Other Income	16	<u>1,236.16</u>	<u>1,531.79</u>
		<u>19,765.33</u>	<u>16,298.76</u>
<b>EXPENDITURE</b>			
Purchases of Traded Goods		86.94	54.39
Raw Materials, Stores and Other Materials Consumed	17	13,553.73	11,699.04
Personnel Expenses	18	1,056.47	964.98
Operating and Other Expenses	19	3,031.12	2,570.05
Decrease / (Increase) in Inventories	20	1,472.77	(256.59)
Managerial Remuneration / Directors' Commission	21	24.33	25.49
Depreciation / Amortization		128.83	114.70
Interest Expense	22	<u>156.20</u>	<u>178.20</u>
		<u>19,510.39</u>	<u>15,350.26</u>
<b>PROFIT BEFORE TAX</b>		254.94	948.50
Current Income Tax		(45.60)	(177.53)
Deferred Tax (Charge) / Credit		(0.27)	42.40
Provision for Income tax for earlier years (net)		0.003	(1.18)
Total Tax (Expense)		<u>(45.87)</u>	<u>(136.31)</u>
<b>NET PROFIT FOR THE YEAR</b>		209.07	812.19
Balance brought forward from the previous year		<u>3,998.38</u>	<u>3,311.77</u>
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		<u>4,207.45</u>	<u>4,123.96</u>
<b>APPROPRIATIONS:</b>			
Proposed Dividend		21.94	21.94
Tax on Dividend		3.56	3.64
Transfer to General Reserve		25.00	100.00
Surplus carried to Balance Sheet		<u>4,156.95</u>	<u>3,998.38</u>
<b>TOTAL</b>		<u>4,207.45</u>	<u>4,123.96</u>
<b>EARNINGS PER SHARE (Rs.)</b>	23	2.88	18.51

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  
 Firm Reg. No. : 302049E

For and on behalf of the Board of Directors

 B.K. Sipani  
 Partner  
 Membership No. 088926  
 Place : New Delhi  
 Dated: 27th May, 2011

 (Deepak Garg)  
 Company Secretary

 (P.K. Mohta)  
 Chairman & Managing Director

 (Vikram Prakash)  
 Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011**

(Rs. in Lacs)

	For the year ended 31.03.2011	For the year ende 31.03.2010
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax	254.94	948.50
Adjustments for :		
Depreciation	128.83	114.70
Miscellaneous Expenditure written off	-	66.58
(Profit)/Loss on disposal of Fixed Assets (Net)	10.45	12.65
Dividend income on long term Investments(other than Trade)	(26.25)	(75.69)
Rights issue expenses	61.41	-
Interest expenses	156.20	178.20
Interest Income	(235.37)	(19.18)
Net Provision for doubtful debts, loans and advances/(Adjusted)	2.65	3.20
Profit on sale of Investments	(649.94)	(887.82)
Operating Profit / (Loss) before working capital changes	(302.38)	341.14
Movement in working capital		
(Increase)/Decrease in Sundry Debtors	(2,141.50)	1,284.09
(Increase)/Decrease in Inventories	3,145.67	(1,486.85)
Decrease/(Increase) in Loans and Advances	38.10	(621.86)
Increase/(Decrease) in Current liabilities & Provisions	1,518.14	(396.96)
Cash generated from/(Used in) operations	2,258.03	(880.44)
Direct Tax Paid (Net)	196.27	(330.40)
Net cash from/(used in) operating activities	2,454.30	(1,210.84)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(1,105.61)	(344.50)
Sale of Fixed Assets	10.28	5.42
Sale of investments	767.59	988.52
Movement in Fixed & Call Deposits	1.41	1.22
Inter Corporate Deposits to Bodies Corporate	(3,300.00)	-
Interest Received	215.17	17.59
Dividend Received	26.25	75.69
Net cash from/(used in) Investing Activities	(3,384.91)	743.94
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from short term borrowings	(2,333.56)	197.48
Proceeds from long term borrowings	(8.43)	(8.02)
Preceeds from Rights issue	4388.16	-
Rights issue expenses	(61.41)	-
Interest Paid	(156.20)	(178.20)
Dividend Paid	(25.58)	(128.34)
Net cash from/(used in) financing activities	1,802.98	(117.08)
Net Increase/(decrease) in Cash and Cash equivalents(A+B+C)	872.37	(583.98)
Cash and Cash equivalents at the beginning of the year	359.09	943.07
Cash and Cash equivalents at the end of the year	1,231.46	359.09
Cash on hand	11.28	6.86
Cheques on hand	-	101.27
Balance with Scheduled Banks		
In Current Accounts	427.31	249.56
In Cash Credit Accounts	792.87	1.40
Unclaimed Divident Accounts	8.20	9.17
Fixed and Call Deposit Accounts	0.03	1.04
Post Office and Treasury Savings Bank Accounts	0.08	0.48
	1,239.77	369.78
Less : Fixed Deposit, Margin activity & Post office and treasury saving bank accounts Considered in Investing Activity & Unclaimed Dividend lying with Bank	8.31	10.69
	1,231.46	359.09

For Singhi & Co.  
Chartered Accountants  
Firm Reg. No. : 302049E

For and on behalf of the Board of Directors

B.K. Sipani  
Partner  
Membership No. 088926  
Place : New Delhi  
Dated: 27th May, 2011

(Deepak Garg)  
Company Secretary

(P.K. Mohta)  
Chairman & Managing Director

(Vikram Prakash)  
Director

**SCHEDULES TO THE BALANCE SHEET**

(Rs. in Lacs)

	As At 31.03.2011	As At 31.03.2010
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
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>
<b>ISSUED</b>		
88,21,540* (Previous Year 44,33,385) Equity Shares of Rs.10/- each	<u>882.15</u>	<u>443.34</u>
<b>SUBSCRIBED AND PAID UP</b>		
87,76,310* (Previous Year 43,88,155) Equity Shares of Rs.10/- each fully paid-up	<u>877.63</u>	<u>438.82</u>
Forfeited Shares Money	<u>0.17</u>	<u>0.17</u>
	<u>877.80</u>	<u>438.99</u>
<p>*43,88,155 Equity shares were issued at a premium of Rs.90/- each and allotted on Rights basis in the ratio of 1:1 during the Financial Year 2010-11.</p> <p>*Net of buy back of 13,44,957 equity shares of Rs.10/- each in earlier years.</p> <p>*28,02,855 equity shares issued as fully paid bonus shares by way of capitalisation of General Reserve &amp; Capital Redemption Reserve in earlier years.</p>		
<b>SCHEDULE - 2</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>SHARES BUY BACK RESERVE</b>		
Balance as per last account	<u>134.50</u>	<u>134.50</u>
	<u>134.50</u>	<u>134.50</u>
<b>SECURITIES PREMIUM ACCOUNT</b>		
Balance as per last account	361.35	361.35
Add : Premium received on Rights Issue	3,949.34	-
	<u>4,310.69</u>	<u>361.35</u>
<b>GENERAL RESERVE</b>		
Balance as per last account	5,700.00	5,600.00
Add:Transferred from Profit and Loss Account	25.00	100.00
	<u>5,725.00</u>	<u>5,700.00</u>
Balance in Profit & Loss account as per annexed accounts	4,156.95	3,998.38
	<u>14,327.14</u>	<u>10,194.23</u>

**SCHEDULES TO THE BALANCE SHEET (CONTD.)**

(Rs. in Lacs)

	As At 31.03.2011	As At 31.03.2010
<b>SCHEDULE - 3</b>		
<b>SECURED LOANS</b>		
<b>LOANS FROM BANKS</b>		
Cash Credit facilities from Banks	154.42	2,487.98
(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 Sonepat, Ghaziabad and part of Hyderabad unit of the Company)		
Vehicle Loan from Bank	8.11	16.54
(Secured by the vehicle financed under the scheme)		
	<u>162.53</u>	<u>2,504.52</u>
<b>SCHEDULE - 4</b>		
<b>DEFERRED TAX (LIABILITIES)/ASSETS(NET)</b>		
<b>Deferred Tax Assets</b>		
Effect of expenditure debited to Profit and Loss Account but allowable for tax purposes in following years	226.84	199.89
Provision for Doubtful Debts, Advances and Deposits	-	6.79
Gross Deferred Tax Assets (A)	<u>226.84</u>	<u>206.68</u>
<b>Deferred Tax Liabilities</b>		
Differences in Depreciation as per Tax books and Financial books	227.50	207.07
Gross Deferred Tax Liabilities (B)	<u>227.50</u>	<u>207.07</u>
Net Deferred Tax(Liabilities)/Assets (A-B)	<u>(0.66)</u>	<u>(0.39)</u>
Deferred Tax (Charge) / Credit for the year	<u>(0.27)</u>	<u>42.40</u>

**SCHEDULES TO THE BALANCE SHEET (CONTD.)**

**SCHEDULE - 5  
FIXED ASSETS**

(Rs. in Lacs)

Description	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As at 01.04.2010	Additions	Deductions/ Adjustments	Total as at 31.03.2011	As at 01.04.2010	For the year	On deduction/ adjustments	Total Depreciation upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
Land including Lease Hold Building, Roads & Culverts	28.85	0.00	0.00	28.85	0.71	0.02	0.00	0.73	28.12	28.14
Plant & Machinery	604.27	48.04	0.00	652.31	238.54	14.95	0.00	253.49	398.82	365.73
Electric & Gas Installation	1813.17	542.59	94.09	2261.67	1162.79	76.45	86.12	1153.12	1108.55	650.39
Furniture & Fitting	54.00	0.00	0.00	54.00	27.66	1.35	0.00	29.01	24.99	26.34
Intangibles (Software)	236.47	19.14	4.85	250.76	137.22	16.31	3.56	149.97	100.79	99.25
Motor & Other Vehicles	5.65	312.11	5.65	312.11	5.65	8.46	5.65	8.46	303.65	0.00
Capital work-in-progress	128.20	7.98	23.11	113.07	39.64	11.29	11.66	39.27	73.80	88.56
Capital Advances	2870.61	929.86	127.70	3672.77	1612.21	128.83	106.99	1634.05	2038.72	1258.41
<b>TOTAL</b>										
Previous Year's Total	2909.04	150.54	188.96	2870.61	1668.41	114.70	170.90	1612.21	1258.41	-

**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. 176.77 lacs (WDV Rs.76.88 lacs) (Previous Year Gross Rs. 164.96 lacs and WDV Rs. 74.91 lacs).

**SCHEDULES TO THE BALANCE SHEET (CONTD.)**

(Rs. in Lacs)

	As At 31.03.2011	As At 31.03.2010
<b>SCHEDULE - 6</b>		
<b>INVESTMENTS (OTHER THAN TRADE)</b>		
<b>LONG TERM INVESTMENTS (AT COST) (QUOTED):</b>		
<b>FULLY PAID EQUITY SHARES OF RS. 10/- EACH</b>		
1,19,163 (Previous year 1,19,163) in Aditya Birla Nuvo Ltd.	178.81	178.81
'Nil' (Previous year 2,25,800) in Kesoram Industries Ltd.	-	117.65
31,670 (Previous year 31,670) in Grasim Industries Ltd. (Note 1)	-	-
13,915 (Previous Year 'Nil') in Ultratech Cement Ltd. (Note 3)	-	-
<b>FULLY PAID EQUITY SHARES OF RS. 2/- EACH</b>		
2,25,800 (Previous year 2,25,800) in Kesoram Textile Mills Ltd. (Note 2)	-	-
	<u>178.81</u>	<u>296.46</u>
<b>LONG TERM INVESTMENTS (AT COST) (UNQUOTED)</b>		
<b>FULLY PAID EQUITY SHARES OF RS. 10/- EACH</b>		
50,000 (Previous year 50,000) in Kesoram Insurance Broking Service Ltd.	5.00	5.00
<b>TOTAL</b>	<u><u>183.81</u></u>	<u><u>301.46</u></u>

Aggregate Value of Investments	Current Year		Previous Year	
	Market Value (Rs. in lacs)	Books Value (Rs. in lacs)	Market Value (Rs. in lacs)	Books Value (Rs. in lacs)
Quoted	1,915.14	178.81	2,773.55	296.46
Unquoted	-	5.00	-	5.00

Note-1: Received pursuant to the scheme of arrangement between Grasim Industries Ltd. and Indian Rayon & Industries Ltd. during the year 1999-2000.

Note-2: Received on account of transfer of textile division by Kesoram Industries Ltd. to Kesoram Textile Mills Ltd. during the year 1999-2000.

Note-3: Pursuant to Scheme of arrangement between Grasim Industries Ltd. and Samruddhi Cement Ltd., 31670 Equity Shares of Samruddhi Cement Ltd., were received during the year and out of which 7318 equity shares were sold. By virtue of holding of 24352 equity shares of Samruddhi Cement Ltd. 13915 equity shares of Ultratech Cement Ltd. in the ratio of 7:4 were received in pursuance of the further scheme of amalgamation between Samruddhi Cement Ltd. and Ultratech Cement Ltd.

**SCHEDULES TO THE BALANCE SHEET (CONTD.)**

(Rs. in Lacs)

	As At 31.03.2011	As At 31.03.2010
<b>SCHEDULE - 7</b>		
<b>INVENTORIES</b>		
(Including Material in Transit)		
Raw Materials	1,197.12	2,894.19
Stores, Spares and Other Materials	350.40	326.23
Work-in-Progress		
a) Own Manufactured	1,577.12	2,864.98
b) Long Term Contracts in Progress	<u>240.11</u>	<u>213.59</u>
- On Percentage Completion Method	1,817.23	3,078.57
Finished Goods		
a) Own Manufactured	30.73	233.81
b) Traded Goods	<u>17.17</u>	<u>16.39</u>
Scrap	3.02	12.15
	<u>3,415.67</u>	<u>6,561.34</u>
<b>SCHEDULE - 8</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured)		
Debts outstanding for a period exceeding six months		
Considered Good	2,335.55	2,396.19
Considered Doubtful	14.14	16.79
Other Debts		
Considered Good	<u>6,363.29</u>	<u>4,158.49</u>
	8,712.98	6,571.47
Less : Provision for Doubtful Debts	<u>14.14</u>	<u>16.79</u>
	<u>8,698.84</u>	<u>6,554.68</u>
<b>SCHEDULE - 9</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on hand	11.28	6.86
Cheques in hand	-	101.27
With Scheduled Banks in :		
Cash Credit Accounts	792.87	1.40
Current Accounts	427.31	249.56
Unclaimed Divident Accounts	8.20	9.17
Fixed and Call Deposit Accounts	0.03	1.04
Post Office and Treasury Savings Bank Account	0.08	0.48
(Pass Book lodged with outside parties)		
	<u>1,239.77</u>	<u>369.79</u>
<b>SCHEDULE - 10</b>		
<b>OTHER CURRENT ASSETS</b>		
Interest Accrued on Deposits etc.	<u>22.48</u>	<u>2.29</u>
	<u>22.48</u>	<u>2.29</u>

**SCHEDULES TO THE BALANCE SHEET (CONTD.)**

(Rs. in Lacs)

	As At 31.03.2011	As At 31.03.2010
<b>SCHEDULE - 11</b>		
<b>LOANS AND ADVANCES (Unsecured)</b>		
Considered Good		
Advances Recoverable in Cash or in Kind or for Value to be Received	316.69	278.08
Loans to employees	3.76	2.07
Inter Corporate Deposits with Bodies Corporate	3,300.00	-
Deposits - Others	608.16	568.10
Advance payment of tax/refund receivable	230.55	472.42
Claims and other accounts receivable	46.19	68.34
Balance with Excise authorities	<u>413.07</u>	<u>509.38</u>
	4,918.42	1,898.40
Considered Doubtful		
Advances Recoverable in Cash or in Kind or for Value to be received/deposits	<u>3.65</u>	<u>3.65</u>
	4,922.07	1,902.04
Less : Provision for Doubtful Advances	<u>3.65</u>	<u>3.65</u>
	<u><u>4,918.42</u></u>	<u><u>1,898.39</u></u>
<b>SCHEDULE - 12</b>		
<b>CURRENT LIABILITIES</b>		
Acceptances	32.79	-
Sundry Creditors for Goods, Services & Expenses :-		
Dues to Micro, Small and Medium Enterprises (Refer Point No. 12 of Schedule - 24)	-	-
Dues to others	3,814.40	2,763.81
Advances from and Credit balance of Customers and others	926.00	518.96
Sundry Deposits	56.14	46.60
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.	<u>8.20</u>	<u>9.17</u>
	<u><u>4,837.80</u></u>	<u><u>3,338.81</u></u>
<b>SCHEDULE - 13</b>		
<b>PROVISIONS</b>		
Proposed Dividend on Equity Shares	21.94	21.94
Tax on Proposed Dividend	3.56	3.64
Provision for Leave Encashment	59.48	42.62
Provision for Warranties*	530.04	528.71
Provision for Loss on Onerous Contracts**	48.00	48.00
Provision for Contingency against sales tax demands***	<u>25.00</u>	<u>25.00</u>
	<u><u>688.02</u></u>	<u><u>669.91</u></u>



**SCHEDULES TO THE BALANCE SHEET (CONTD.)**

(Rs. in Lacs)

Particulars	Balance as at 01.04.2010	Additions during the year	Amounts used during the the year*	Unused amounts reversed during the year	Balance as at 31.03.2011
* Provision for Warranties	528.71 (361.70)	148.27 (210.27)	- (-)	146.94 (43.26)	530.04 (528.71)
** Provision for Loss on Onerous Contracts	48.00 (48.00)	- (-)	- (-)	- (-)	48.00 (48.00)
*** Provision for Contingeny against sales tax demands	25.00 (25.00)	- (-)	- (-)	- (-)	25.00 (25.00)
Current Year	601.71	148.27	-	146.94	603.04
Previous Year	(434.70)	(210.27)	(-)	(43.26)	(601.71)

\* 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(b) of Schedule 24 - Notes to Accounts.

(Rs. in Lacs)

	As At 31.03.2011	As At 31.03.2010
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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

Less : Transferred to Profit and Loss Account during the year - 66.58

- - <u>          </u> <u>          </u>	- - <u>          </u> <u>          </u>
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## SCHEDULES TO THE PROFIT AND LOSS ACCOUNT

(Rs. in Lacs)

	For the year ended 31.03.2011	For the year ended 31.03.2010
<b>SCHEDULE - 15</b>		
<b>TURNOVER (GROSS)</b>		
Finished Goods	16,507.05	13,266.38
Contract Jobs	2,831.45	2,121.25
Maintenance and Service Revenue	244.01	165.33
Other Sales	594.15	377.97
	<u>20,176.66</u>	<u>15,930.93</u>
<b>SCHEDULE - 16</b>		
<b>OTHER INCOME</b>		
Interest Received (Gross, Tax deducted at Source Rs. 16.90 lac, Previous Year Rs. 2.50 lacs)	235.37	19.18
Dividend on Long Term Investments (Other than Trade)	26.25	75.69
Rent and Licence Fee	104.05	59.74
Royalty Received	37.20	37.20
Debts previously written off, recovered	20.48	32.59
Foreign Exchange Fluctuation (Net of loss Rs. 0.31 lacs)	2.89	149.49
Excess Liabilities written back (including unclaimed balances of Rs. 6.17 lacs, Previous Year Rs. 53.24 lacs)	75.50	226.63
Profit on sale of Long Term Investments (other than trade)	649.94	887.82
Miscellaneous Income	84.48	43.46
	<u>1,236.16</u>	<u>1,531.79</u>
<b>SCHEDULE - 17</b>		
<b>RAW MATERIALS, STORES AND OTHER MATERIALS CONSUMED</b>		
Raw Materials Consumed		
Inventories as at March 31, 2010	2,894.19	1,680.32
Add : Purchases during the year (Net)	11,443.58	12,507.46
	<u>14,337.77</u>	<u>14,187.78</u>
Less : Inventories as at March 31, 2011	<u>1,197.12</u>	<u>2,894.19</u>
Raw Materials Consumed	13,140.65	11,293.59
Stores and Other Materials Consumed (Including on Elevator Errection & Contract Jobs)	413.08	405.45
	<u>13,553.73</u>	<u>11,699.04</u>
<b>SCHEDULE - 18</b>		
<b>PERSONNEL EXPENSES</b>		
Salaries, Wages and Bonus*	943.10	864.71
Contribution to Gratuity Fund	8.81	6.99
Contribution to Provident and Other Funds	59.04	48.72
Staff and Workmen Welfare Expenses	45.52	44.56
	<u>1,056.47</u>	<u>964.98</u>

\*Inclusive of 'Nil' (Previous Year Rs. 66.58 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 31.03.2011		For the year ended 31.03.2010	
<b>SCHEDULE - 19</b>				
<b>OPERATING AND OTHER EXPENSES</b>				
Processing and Material Handling Expenses		869.60		585.36
Repairs and Renewals :				
Buildings		19.63		52.66
Machinery		31.22		96.52
Others		57.69		61.43
Power and Fuel		184.37		167.46
Rent		44.70		26.19
Rates and Taxes		22.35		39.20
Insurance		10.47		13.15
(Decrease)/Increase of Excise duty on Stock		(10.64)		(55.28)
Auditors' Remuneration :				
Audit Fee	7.00		7.00	
Quarterly review of accounts	3.00		3.00	
Certification etc.	-		2.75	
Out-of-pocket expenses	0.46	10.46	1.33	14.08
Travelling and Conveyance (including Directors travelling Rs.9.35 lacs, Previous Year Rs.17.20 lacs)		167.40		167.40
Legal & Professional Charges (including Rs.2.50 lacs paid to a Director, Previous year Rs. 2.00 lacs)		133.27		146.92
Carriage outward and other Selling Expenses (Net of income of Rs.41.49 lacs, Previous Year Rs.27.19 lacs)		179.61		10.34
Commission on Sales (other than sole selling agents)		224.18		203.76
After Sales Services		177.71		420.20
Sales tax & Turnover tax		32.68		8.48
Cash Discount		13.25		22.48
Contractual deductions / Recoveries by customers		344.62		169.35
Debts, Advances and Other Debit Balances written off	124.95		59.98	
Less : Provision for Doubtful Debts and Advances Adjusted	2.65	122.30	4.46	55.52
Provision for Doubtful Debts		-		7.65
Rights Issue Expenses		61.41		-
Loss on sale of fixed assets (net of profit Rs. 0.02 lacs)		10.45		12.65
Bank Charges		123.81		145.08
Miscellaneous Expenses		200.58		199.45
		<u>3,031.12</u>		<u>2,570.05</u>

**SCHEDULES TO THE PROFIT AND LOSS ACCOUNT (CONTD.)**

(Rs. in Lacs)

	For the year ended 31.03.2011		For the year ended 31.03.2010	
<b>SCHEDULE - 20</b>				
<b>DECREASE/(INCREASE) IN INVENTORIES</b>				
Inventories as at March 31, 2011				
Work-in-Progress		1,817.23		3,078.57
Finished Goods				
- Own Manufactured	30.73		233.81	
- Traded Goods	<u>17.17</u>	47.90	<u>16.39</u>	250.20
Scrap		<u>3.02</u>		<u>12.14</u>
		<u>1,868.15</u>		<u>3,340.91</u>
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	<u>16.39</u>	250.20	<u>11.82</u>	812.50
Scrap		<u>12.15</u>		<u>8.72</u>
		<u>3,340.92</u>		<u>3,084.32</u>
Decrease/(Increase) in Inventories		<u>1,472.77</u>		<u>(256.59)</u>

**SCHEDULE - 21**

**DIRECTORS REMUNERATION**

1. Directors Commission\*\*

A. Remuneration to Chairman & Managing Director:

I. Salary\*

21.00

21.00

II. Provident Fund

1.80

22.80

1.80

22.80

B. Directors Commission

-

1.56

22.80

24.36

2. Director's Sitting Fee

1.53

1.13

24.33

25.49

\* 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	254.94	948.50
Add:		
Expense charged towards Voluntary Retirement Scheme	-	66.58
Directors' Sitting Fee	1.53	1.13
Provision for Doubtful Debts and Advances Adjusted	-	7.65
Remuneration to Managing Director	22.80	22.80
Director Commission	<u>-</u>	<u>1.56</u>
	279.27	1,048.22
Less :		
Provision for Debts & Advances adjusted during the year	2.65	4.46
Profit on sale of investments including long term	649.94	887.82
Profit/(Loss) under Section 349 of the Companies Act 1956	<u>(373.32)</u>	<u>155.94</u>
Commission permissible @1% to the Directors excluding Chairman and Managing Director	-	1.56

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 31.03.2011	For the year ended 31.03.2010
<b>SCHEDULE - 22</b>		
<b>INTEREST EXPENSE</b>		
Interest paid to Banks & Others	<u>156.20</u>	<u>178.20</u>
	<u>156.20</u>	<u>178.20</u>
<b>SCHEDULE - 23</b>		
<b>EARNINGS PER SHARE</b>		
Net Profit as per Profit and Loss Account	209.07	812.19
Shares outstanding at the beginning of the year (Numbers)	4388155	4388155
Shares outstanding at the end of the year (Numbers)	8776310	4388155
Weighted Average Equity Shares in calculating Basic and Diluted Earning Per Share (Numbers)	7261495	4388155
Basic & Diluted Earning Per Share (Rs.)	2.88	18.51

## 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 in respect 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 employee 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) 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.

(e) 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.

(f) 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.

#### (g) 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. Exchange differences arising in respect of fixed assets acquired from outside India on or before accounting period commencing after December 07, 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.

#### (h) 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.

(i) 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.

(j) 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.

(k) 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.

(l) 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.

(m) 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.

(n) Cash and Cash Equivalents

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.

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. Segment Information

(a) Business Segments:

As of March 31, 2011, there are three business segments i.e. Electrical Equipments for Power Transmission and Distribution (comprising of Meter, Transformer and Switchgear), Elevator and Others. 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 electro mechanical and electronic meters, distribution and power transformers and switchgear.

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.

Other includes Contract Division carries out contracts of railways electrification.

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, 2011 and March 31, 2010 and certain assets and liability information regarding business segments at March 31, 2011 and March 31, 2010.

## (b) Segment Information Disclosure

(Rs. in lacs)

Particulars	Electrical Equipment for Power Transmission and Distribution		Elevator		Others		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Revenue								
External Turnover	16,911.80	13,526.51	3,209.96	2,349.93	54.91	54.50	20,176.67	15,930.94
Other Income	75.74	395.81	45.16	44.35	0.36	0.61	121.26	440.77
Total Income	16,987.54	13,526.51	3,255.12	2,349.93	55.27	54.50	20,297.93	16,371.71
Results								
Segment results Profit/(Loss)	(389.26)	417.29	214.30	63.84	(12.10)	(25.94)	(187.06)	455.19
Unallocated Corporate Expenses(Net)							598.20	671.53
Operating Profit							411.14	1,126.72
Interest Paid							156.20	178.20
Current Income Tax							(45.60)	(177.53)
Deffered Tax (Charge)							(0.27)	42.40
Excess provision for Income Tax for earlier years written back							0.003	(1.18)
Profit from Ordinary Activities							209.07	812.21
Other Information								
Segment Assets	13,294.16	14,277.01	2,192.34	1,333.77	450.75	462.48	15,937.25	16,073.26
Unallocated Corporate Assets							4,956.08	1,073.58
Total Assets							20,893.28	17,146.84
Segment Liabilities	3,037.42	2,284.41	1,384.84	915.95	226.63	123.89	4,648.89	3,324.25
Unallocated Corporate Liabilities							1,039.47	3,163.41
Total Liabilities							5,688.36	6,487.66
Capital Expenditure	857.04	248.49	227.69	15.01	-	-	1084.73	263.50
Corporate Office Capital Expenditure	-	-	-	-	-	-	20.90	81.03
Total Capital Expenditure							1,105.63	344.53
Depreciation	83.88	70.09	36.83	36.78	0.24	0.61	120.95	107.48
Unallocated Depreciation	-	-	-	-	-	-	7.88	7.22
Total Depreciation							128.83	114.70
Other Non Cash Expenses								
Provision for Doubtful Debts and Loans	-	7.65	-	-	-	-	-	7.65
Deferred Revenue Expenditure	-	66.59	-	-	-	-	-	66.59

**4. Related Party Disclosure :**
**(a) Names of the Related Parties**
**Key Management Personnel** Mr. P.K.Mohta - Chairman & Managing Director

Enterprises owned or significantly influenced by key management personnel or their relatives (i) Nil

Relatives of key management personnel (i) Mr. Sakate Khaitan, Director - Son-in-law of Shri P.K.Mohta

**(b) Related Party Disclosure :**
**1. Key management Personnel**

(Rs. in lacs)

S. No.	Particulars	Shri P.K.Mohta Chairman & Managing Director	
		2010-11	2009-10
(i)	Salary/Perquisites	21.00*	21.00*
(ii)	Provident/Superannuation Fund	1.80	1.80
(iii)	Dividend	0.67	3.18

\*Excluding Gratuity and Leave Encashment provision on actuarial basis.

**2. Relatives of Key Management Personnel**

(Rs. in lacs)

Particulars	2010-11	2009-10
Directors' Sitting Fee Shri Sakate Khaitan	0.00	0.05

**5. Leases**

In case of assets taken on lease

**Operating Lease :**

(Rs. in lacs)

Particulars	2010-11	2009-10
Lease payments for the year	0.77	0.77
Sub Lease :		
Sub-lease payments received (or receivable) recognised in the statement of profit and loss for the period	37.13	35.49

**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:	2010-11	2009-10
	(Rs. in lacs)	(Rs. in lacs)
Net employee benefit expense (recognised in Employee Cost)		
Current service cost	18.70	14.73
Interest cost on benefit obligation	10.69	10.63
Expected return on plan assets	(11.31)	(11.57)
Net actuarial (gain) / loss recognised in the year	6.44	(6.80)
Net benefit expense	<u>24.52</u>	<u>6.99</u>
Actual return on plan assets	12.79	11.42
Balance sheet:		
Defined benefit obligation	(158.02)	(130.76)
Fair value of plan assets	133.58	123.77
Less: Unrecognised past service cost	-	-
Plan asset / (liability)	<u>(24.44)</u>	<u>(6.99)</u>
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	130.75	137.87
Interest cost	10.69	10.63
Current service cost	18.70	14.73
Benefits paid	(10.03)	(25.52)
Actuarial (gains) / losses on obligation	7.91	(6.96)
Closing defined benefit obligation	<u>158.02</u>	<u>130.76</u>
Changes in the fair value of plan assets are as follows:		
Opening fair value of plan assets	123.77	137.87
Expected return	11.31	11.57
Contributions by employer	7.05	-
Benefits paid	(10.03)	(25.52)
Actuarial gains / (losses)	1.48	(0.16)
Closing fair value of plan assets	<u>133.58</u>	<u>123.77</u>

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	8.50
Expected rate of return on assets	9.25	9.25
Salary Rise	6.00	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)	(Rs. in lacs)
Defined benefit obligation	158.02	130.76
Plan assets	133.58	123.77
Surplus / (deficit)	(24.44)	(6.99)
	As on 31.03.11	As on 31.03.10
	(Rs. in lacs)	(Rs. in lacs)
<b>7. Capital Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Advance paid Rs. 64.75)	156.16	245.11
<b>8. Contingent Liabilities not provided for</b>		
(a) 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. The Hon'ble High Court of Delhi on December 24, 2010 vide its order in ITA No. 417 of 2007 with ITA No. 1069 of 2007 has dismissed the Income Tax Department's appeal.	Nil	1436.00
(b) Demands raised by Sales Tax (VAT)/Cess/Excise 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."	238.67*	232.12*

\*Details are as given below\*\*

Name of the statute	Nature of dues	2010-2011 (Rs. In lacs)	2009-2010 (Rs. In lacs)
Orissa Sales Tax Act. 1947	Demand towards Work contract tax for 1997-1999 and 2001-2002	26.24	26.24
Bihar Sales Tax Act. 1983	Demand towards work contact tax for 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 for 1994-96 and 1998-99	17.33	17.33
Andhra Pradesh General Sales Tax Act 1957 (Central)	Demand towards shortage of C forms for 1995-96 and 1998-99 and Works Contract for 1994-96	12.09	12.09
Delhi Works Contract Tax Act. 1999	Demand towards Works Contract Tax for 2002-03 & 2004-05	20.43	20.43
West Bengal Sales Tax Act, 1994 (Local) & Central	Sales Tax revision for 1994-97 and 2002-03	15.26	15.26
UP Trade Tax Act, 1948	Demand towards CST Forms for 2007-08 (Previous figure includes Rs.13.422 lacs relating to year2003-04, 2004-05, 2005-06 and 2006-07)	0.58	14.00
Andhra Pradesh General Sales Tax Act 1957 (Central)	Demand towards Works Contract Tax for 2001-02 & 2003-04.	10.94	3.62
M.P. Trade Tax	Demand towards M.P.Sales Tax for 2002-03	-	16.00
Delhi Sales Tax Act, 1975 (Central)	Demand towards non submission of forms/ concessional forms for1979-80, 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 for 1980-81, 1987-88	3.55	3.55
Karnataka state Sales Tax Act, 1963	Demand towards Work Contract Tax for 1997-98, 1998-99, 1999-2000	15.52	15.06
Tamilnadu Commercial Tax Act	Commercial Tax 2000-01	71.62	49.85
Gujrat State Sales tax Act, 1969	Demand towards various Sales Tax cases	2.78	2.78
Central Excise Act, 1944	Demand towards Excise duty for 1998-99	5.82	-
U P Municipal Laws	Demand towards Water cess for 1992-93	0.60	-
Total		238.67	232.12

(e)

(Rs in lacs)

	As on 31.03.11	As on 31.03.10
Other claims against the Company not acknowledged as debts	58.98	42.50
Details are as given below**:		
Labour Cases	0.50***	5.36***
Demands raised by Provident Fund/Employee State Insurance Department	7.78***	2.43***
Other Claims	50.70***	34.71***



\*\* Based on the legal opinion, 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 has filed an appeal before the Hon'ble High Court of Andhra Pradesh against the above order of the City Civil Court at Hyderabad. The management does not anticipate any loss/liability to arise on this account.

11. Derivative Instruments and unhedged Foreign Currency Exposure :

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

Particulars	Currency	As on 31.03.2011 (Amt. in lacs)	As on 31.03.2010 (Amt. in lacs)
Acceptances	USD	0.73	NIL

Particulars	As on 31.03.2011 (Rs. in lacs)	As on 31.03.2010 (Rs. in lacs)
(b) Foreign Currency Receivable (Not Hedged)	0.56	-
(c) Foreign Currency in hands	0.98	-

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

	2010 – 2011 (Rs. In lacs)	2009 – 2010 (Rs. In lacs)
13.1 Value of total imports (C.I.F) (on Accrual basis)		
(i) Raw Materials	479.30	3662.11
(ii) Stores and Others Materials	-	-
(iii) Capital Goods	-	-
13.2 Expenditure in Foreign Currency (on Accrual basis)		
(i) Interest	3.72	29.87
(ii) Others	9.33	8.25
13.3 Earnings in Foreign Exchange		
Export of goods (F.O.B.)	-	-
13.4 Net Dividend Remitted in Foreign Exchange:		
Period to which it relates	2009-10	2008-09
Number of non-resident shareholders	2	2
Number of Equity shares held on which dividend was due	1,54,500	1,05,000
Amount remitted (in USD)	854.91	5,554.05

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

S.No	Particulars	2010-2011		2009-2010	
		Qty (M.T.)	(Rs. In lacs)	Qty (M.T.)	(Rs. In lacs)
(i)	Wires & Sections	1176.92	4,562.38	1025.28	3,270.71
(ii)	Core	2000.03	2,758.00	1967.94	4,243.64
(iii)	Others	-	5,820.27	-	3,779.25
			13,140.65		11,293.60

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

S.No	Particulars	2010-2011		2009-2010	
		Value (Rs. In lacs)	Percentage	Value (Rs. In lacs)	Percentage
(i)	Raw Materials				
	(a) Indigenous	11,162.31	84.94	8,174.56	72.38
	(b) Imported	1,978.34	15.06	3,119.04	27.62
		13,140.65	100.00	11,293.60	100.00
(ii)	Stores and Other Materials				
	(a) Imported	3.15	0.76	-	-
	(b) Indigenous	409.93	99.24	405.45	100.00
		413.08	100.00	405.45	100.00

### 14.3 Particulars Pertaining to Finished Goods Etc. :

S. No.	Class of Goods	Year	Unit	Licenced Capacity	Installed Capacity	Actual Production	Purchase		Opening Stock		Closing Stock		Sales	
							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			N.A.										
	Lower, Higher and Multifunctions	2011	Nos.		1800000	0	0	0	0	0	0	0	0	0
		2010			(2 shift basis)	-	-	-	(43,732)	(16.28)	-	-	-	-
2.	Three Phase Static Meters			N.A.										
	SMC & Whole Current LCD	2011	Nos.		120000	0	0	0	0	0	0	0	0	0
	Multifunction	2010			(2 shift basis)	-	-	-	(10,511)	(5.95)	-	-	-	-
3.	Transformers	2011	MVA	N.A.	10392	3094.900		-	43.900	209.53	0.000	0	3138.8	15922.26
		2010			(3 shift basis)	(2,285.425)		-	(101.500)	(759.05)	(43.900)	(209.53)	(2,343.025)	(13,027.73)
4.	Switchgear & Control Boards	2011	Nos.	N.A.	1200	0	-	-	-	-	-	-	0	-
		2010			(2 shift basis)	(13)	-	-	-	-	-	-	(13)	(28.47)
5.	Contract Jobs													
	(i) Elevators' Assembly & Installation	2011	Nos.	N.A.	-	-	-	-	-	-	-	-	-	2630.17
		2010			-	-	-	-	-	-	-	-	-	(2,067.16)
	(ii) Railway Traction	2011	TKM	-	-	-	-	-	-	-	-	-	-	54.91
		2010			-	-	-	-	-	-	-	-	-	(54.09)
6.	Miscellaneous Trade items	2011	-	-	-	-	-	86.94	-	16.40	-	17.20	-	394.02
		2010	-	-	-	-	-	(54.39)	-	(11.82)	-	(16.40)	-	(195.44)
7.	Maintenance & Services Revenue	2011	-	-	-	-	-	-	-	-	-	-	-	244.01
		2010	-	-	-	-	-	-	-	-	-	-	-	(165.34)
8.	Components for Elevator	2011	-	N.A.	-	-	-	-	-	24.28	-	30.73	-	190.77
		2010	-	-	-	-	-	-	-	(19.40)	-	(24.28)	-	(125.02)
9.	Spares	2011	-	-	-	-	-	-	-	-	-	-	-	174.17
		2010	-	-	-	-	-	-	-	-	-	-	-	(90.03)
10.	Scrap	2011	-	-	-	-	-	-	-	12.15	-	2.99	-	566.35
		2010	-	-	-	-	-	-	-	(8.73)	-	(12.15)	-	(177.65)
	<b>TOTAL</b>	2011	-	-	-	-	-	86.94	-	262.36	-	50.92	-	20,176.66
		2010	-	-	-	-	-	(54.39)	-	(821.23)	-	(262.36)	-	(15,930.93)

**NOTES :**

- (a) N.A. : Not applicable in terms of Governments of India's Notification No. S. Q. 477(E) dated 25th July, 1991.  
(b) 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.  
(c) The differences in quantitative tallies are on account of internal consumption, free replacements, samples, defectives etc.

15. The Company had issued 43,88,155 Rights Shares of Rs. 10/- each at a price of Rs. 100/- per share (including premium of Rs. 90/- per share) in August, 2010. Out of the fund raised of Rs. 43.88 Crores, the Company had incurred towards capital expenditure / utilized Rs. 15.21 Crores for the purposes as stated in Letter of Offer dated June 23, 2010.

In pursuance of approval granted by the shareholders of the Company in their Extra Ordinary General meeting held on 28th March, 2011, the Company has utilized the unspent Rights issue proceeds amounting to Rs. 28.67 Crores for the operations of the Company and/ or reduction in bank borrowings and / or in various deposits.

16. Previous year figures have been regrouped wherever necessary.

In terms of our attached Report of even date

For Singh & Co.  
Chartered Accountants  
Firm Reg. No. : 302049E

For and on behalf of the Board of Directors

B.K. Sipani  
Partner  
Membership No. 088926  
Place : New Delhi  
Dated: 27th May, 2011

(Deepak Garg)  
Company Secretary

(P.K. Mohta)  
Chairman & Managing Director

(Vikram Prakash)  
Director

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		31.03.2011
II Capital Raised during the year (Amount in Rs.Thousands)		
Public Issue		Nil
Right Issue		43881
Bonus Issue		Nil
Private Placement		Nil
III. Position of Mobilisation and Deployment of Funds (Amount In Rs. Thousands)		
Total Liabilities		1536813
Total Assets		1536813
Sources of Funds :		
Paid-up Capital		87780
Reserves & Surplus		1432714
Secured Loans		16253
Unsecured Loans		-
Liabilities under Deferred Payment		66
Application of Funds :		
Net Fixed Assets		241496
Investments		18381
Net Current Assets		1276936
Miscellaneous Expenditure		-
Accumulated Losses		-
Deferred Tax Assets (Net)		-
IV. Performance of Company (Amount in Rs. Thousands)		
Gross Turnover		2017666
Total Expenditure		1951039
Profit Before Tax		25494
Profit After Tax		20907
Earning Per Share (Rs.)		2.88
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 : 27th May, 2011

(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 and vote for me/us, on my/our behalf, at the 65th Annual General Meeting of the Company to be held on Thursday, the 22nd September, 2011 at 03.30 P.M. and at any adjournment thereof.

Signed this.....Day of.....2011.



-----  
Signature of Proxy  
holder / Representative

-----  
Signature of Registered  
holder

Affix Revenue Stamp here
--------------------------------

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 65th Annual General Meeting of the Company held at 'Hindi Bhawan', 11, Vishnu Digamber Marg (Rouse Avenue), New Delhi - 110002 on Thursday, the 22nd September, 2011 at 03.30 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.



## FINANCIALS FOR THE LAST TEN YEARS

Sl Particulars	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
1 Gross Turnover	20176.66	15930.93	23671.31	21305.63	24369.01	10319.42	8678.73	8190.03	8819.36	9562.29
	Rs. in lacs									
2 Gross Earning	383.77	1063.20	942.13	2818.44	968.00	419.06	209.85	350.94	1073.67	217.55
	Rs. in lacs									
3 Taxes	45.87	136.31	230.00	872.29	108.45	117.90	(19.44)	105.00	180.00	60.00
	Rs. in lacs									
4 Cash Flow from Operations	337.90	926.89	712.13	1946.15	859.55	301.16	229.29	245.94	893.67	157.55
	Rs. in lacs									
5 Depreciation	128.83	114.70	110.48	130.47	113.07	105.17	102.38	94.75	96.18	115.59
	Rs. in lacs									
6 Net Earnings	209.07	812.19	601.65	1815.68	746.48	195.99	126.91	151.19	797.49	41.96
	Rs. in lacs									
7 Equity Share Capital	877.80	438.98	438.98	438.98	438.98	438.98	438.98	438.98	457.76	573.47
	Rs. in lacs									
8 Earning per Share	2.88	18.51	13.71	41.38	17.01	4.47	2.86	3.45	13.93	0.73
	Rupees									
9 Net Worth per Equity Share	173.25	242.32	224.39	213.61	175.30	161.21	158.74	157.49	150.63	114.75
	Rupees									
10 Total Dividend	21.94	21.94	109.70	109.70	109.70	76.79	65.82	65.82	120.67	71.66
	Rs. in lacs									
11 Corporate Dividend Tax	3.64	3.64	18.64	18.64	18.64	10.77	9.40	8.43	15.46	-
	Rs. in lacs									
12 Dividend per Equity Share	0.25	0.25	2.50	2.50	2.50	1.75	1.50	1.50	2.75	1.25
	Rupees									
13 Net Block	2414.96	1458.90	1282.78	1567.51	1211.82	1078.11	1001.77	860.17	863.16	951.37
	Rs. in lacs									
14 Reserves & Surplus	14327.14	10194.23	9407.62	9062.65	7253.11	6634.98	6526.55	6474.86	6435.03	6005.14
	Rs. in lacs									
15 Debt/Equity Ratio	-	-	0.01	0.02	0.04	0.07	0.001	0.002	0.005	0.08



Registered Office :  
"ECE HOUSE" 28-A, Kasturba Gandhi Marg  
New Delhi - 110 001  
Ph : 23314237 / 38 / 39  
Fax : 91-11-23310410  
E-mail : [eceho@satyam.net.in](mailto:eceho@satyam.net.in)