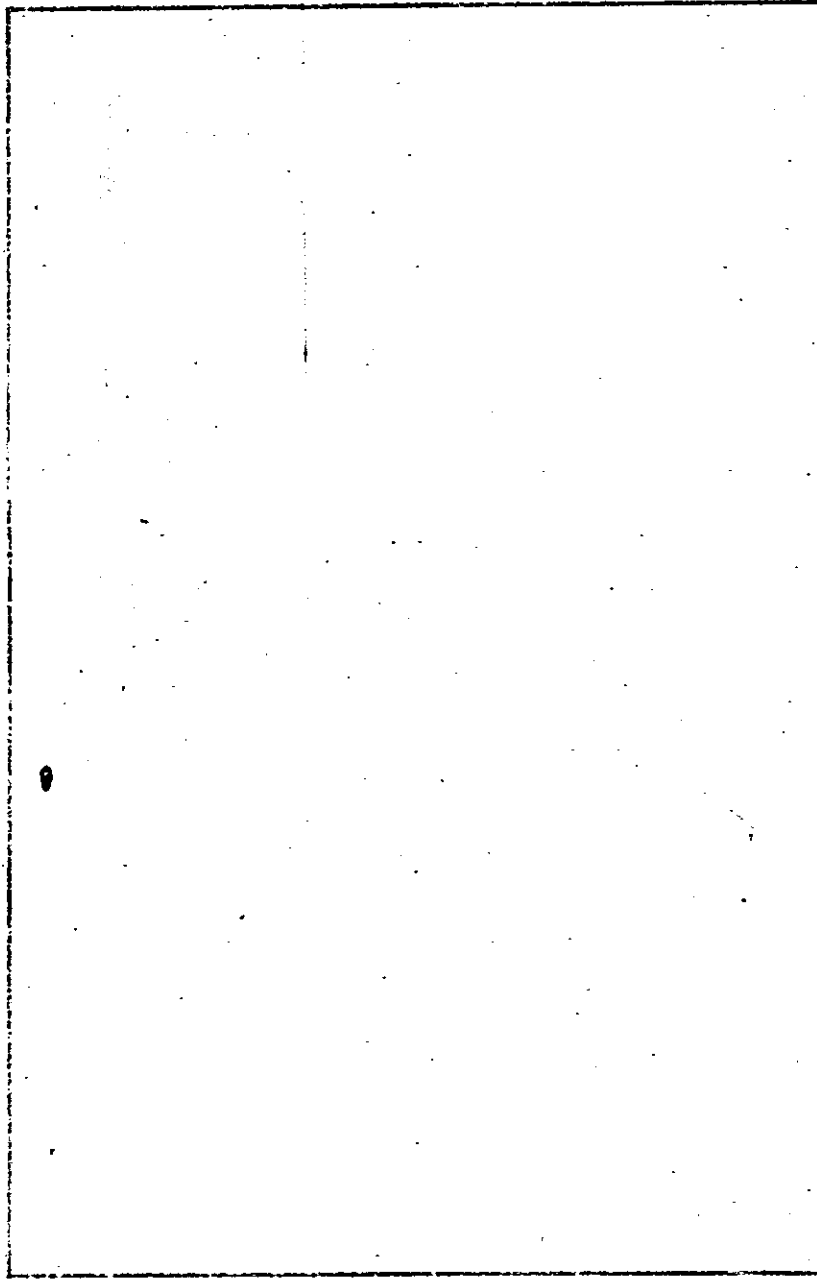


29th
Annual Report &
Accounts 2009 - 2010



POSITIVE ELECTRONICS LIMITED

29th
Annual Report
Reports Accounts
2009-2010

**POSITIVE
ELECTRONICS
LIMITED**

BOARD OF DIRECTORS

Mr. Shivan Sundar Jiwrajka
Mr. Pradeep Keyal
Mr. Pradeep Kumar Gaina

AUDITORS

Agrawal & Agrawal
Chartered Accountants
74, Bentinck Street
Calcutta - 700 001

BANKERS

Canara Bank

REGISTERED OFFICE

5, Commissariat Road
Hastings, Calcutta - 700 022

CONTENTS

Notice

Directors Report

Auditors Report and
Annexure

Balance Sheet

Profit & Loss Account

Schedules to
Balance Sheet and Profit &
Loss Account

Balance Sheet Abstract and
Company's General Business
Profile

Cash Flow Statement

NOTICE TO THE MEMBERS

NOTICE is hereby given that the Twenty Nine Annual General Meeting of the shareholders of POSITIVE ELECTRONICS LIMITED will be held on Thursday, the 3rd day of September, 2010 at 10.30 A.M. at Registered Office of the Company at 5, Commissariat Road, Hastings, Kolkata-700 022 to transact the following business: -

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2010 and the Audited Profit & Loss Account of the Company for the year ended on that date and the Report of the Board of Directors and Auditors' Report thereon.
2. To appoint a Director of the Company, Mr. Pradeep Kumar Gaine, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

Registered Office:
5, Commissariat Road,
Hastings, Kolkata -- 700 022
Dated: 11th August, 2010

By Order of the Board of Directors
Pradeep Kumar Gaine
Director

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his/her place and such proxy need not be a member of the Company.
2. The Register of Member and Share Transfer Book of the Company shall remain closed from 22nd September, 2010 to 30th September, 2010 (both days inclusive).
3. Proxy in order to be valid be deposited at the Registered Office of the Company at least 48 hours before the time of the meeting.

DIRECTOR'S REPORT TO THE MEMBERS

Your Directors are pleased to present the Twenty Nine Annual Report and the Audited Statement of Accounts for the year ended the 31st March 2010.

FINANCIAL RESULT:

Particulars	Amount in Rs.	
	2009-2010	2008-2009
Profit for the year before depreciation	211,779	287,427
Less: Depreciation	6,842	8,485
Profit before tax	204,937	278,942
Less: Provision for taxes	12,958	18,156
Profit after tax	191,979	260,786

OPERATION:

The Company has continued to trade into dry cell batteries during the year and will further explore operation. The Company will continue to explore other areas of activities in the coming years.

DIVIDEND:

With a view to augment resources for future needs, your Directors have prudently decided not to recommend any dividend for the year under review.

DIRECTORS:

Mr. Pradeep Kumar Gaine, a Director of the Company retires by rotation and being eligible offers himself for reappointment

AUDITORS:

M.s. Agrawal & Agrawal, Chartered Accountants, Auditors of the Company retire and are eligible for reappointment at the conclusion of the forthcoming Annual General Meeting and are recommended for reappointment. The Company has received confirmation from them to the effect that their reappointment, if made, would be within the prescribed limits under Section 224(1)(B) of the Companies Act, 1956. Your Directors recommend for their reappointment as Company Auditors.

PARTICULARS OF EMPLOYEES:

The Company has no employee, hence no disclosure is made under section 217(2A) of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors confirm as under:

- the Company accounts for the financial year ended 31st March, 2010 have been prepared in accordance with the applicable accounting standards;
- the management has 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;
- sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the accounts for the financial year ended 31st March, 2010 have been prepared on a 'going concern basis'.

Registered Office:
5, Commissariat Road,
Hastings, Kolkata - 700 022
Dated: 1.08.2010

By Order of the Board of Directors
P. Keyal
P.K. Gaine
Director

ANNEXURE 'A' TO DIRECTORS' REPORT - REPORT ON CORPORATE GOVERNANCE

I. COMPANY'S PHILOSOPHY

Pursuant to Revised Clause 49 of the Listing Agreement with the Stock Exchange, Compliance with the requirements of Corporate Governance is set out below :-

1. To enhance the long term interest of its shareholders and to provide good management, the adoption of prudent risk management techniques and compliance with the required standards of capital adequacy, thereby safeguarding the interest of its other stakeholders such as lenders, creditors, customers, suppliers and employees.
2. To identify and recognize the Board of Directors and the Management of the Company as the principal instruments through which good corporate governance principles are articulated and implemented. Further, to identify and recognize accountability, transparency and equality of treatment for all stakeholders, as central tenets of good corporate governance.
3. Positive Electronics Limited has during its way towards growth, adopted the Positive Electronics Limited Code of Conduct and Positive Electronics Limited Prevention of Insider Trading Program. The Company has in place an Information Security Policy that ensures proper utilization of the IT Resources.

II. BOARD OF DIRECTORS

(A) The Constitution of Board of Directors of the Company is governed by the Company's Act 1956 and the Revised Clause 49 of listing agreement. The Company's Board comprises a combination of executives and non- executive Directors. The Board presently consists of 3 Directors and its mix provides a combination of professionalism, knowledge and experience required in the line of Business of the Company. The Board is responsible to manage business of the Company. The functions, responsibilities, role and accountability of the Board are well defined.

The details of the composition of the Board as on 31.03.2010, attendance at the Board Meeting during the year and at the last Annual General Meeting, Number of Directorships, Membership/Chairmanship in other public companies are as follows:-

Sl No.	Name of the Director	Designation	Executive/ Non Executive/Promoter	Independent/Non Independent
1	Shyam Sundar Jiwarjaka	Director	Executive	Non Independent
2	Pradeep Kumar Gaine	Director	Non-Executive	Independent
3	Pradeep Keyal	Director	Non-Executive	Independent

(B) Attendance of Directors at Board Meetings, last Annual General Meeting (AGM) & number of other Directorship and Chairmanships/Memberships of Committees of each Director in various Companies as on 31st March, 2009 Board holds periodic meetings to review and discuss performance of the Company, its future plans, strategies and other pertinent items relating to the Company. During the financial year ended on 31st March, 2010, meeting of the Board of Directors was held 7(seventh) times on : 05.05.2009 ; 15.07.2009; 05.08.2009; 29.10.2009; 20.11.2009; 29.01.2010 and 31.03.2010.

<u>Name</u>	<u>Designation</u>	<u>Board Meetings Attended</u>	<u>Whether Last AGM Attended</u>	<u>Directorships held in other Public Limited</u>	<u>No.of Membership(s)/Chairmanship(s) of Board Committees in other Companies</u>
Pradeep Keyal	Independent Director	7	Yes	NIL	NIL
Pradeep Kumar Gaine	Independent Director	7	Yes	NIL	NIL
Shyam Sundar Jiwarajka	Non-Independent	7	Yes	NIL	NIL

Pursuant to clause 49 of Listing Agreement with Stock Exchanges, Memberships/Chairmanships of only Audit Committees and Shareholders Grievance committee in all Public Limited companies (excluding Positive Electronics Limited) have been considered.

The agenda and notes on agenda are circulated to the Board members in advance for facilitating meaningful and focused discussion at the Board Meeting. The Board members, in consultation with the chairman may bring up any matter for consideration of the Board.

The Board periodically reviews compliance report of all laws applicable to the Company. Steps are taken by the Company to rectify or comply the instances of non-compliance, if any noticed.

AUDIT COMMITTEE

Your Company has an Audit committee comprising of 2 (Two) Non executive Directors and one Executive Director.. All the members of the Audit Committee are financially literate and have accounting or related financial management expertise. The terms of reference of the Audit Committee included the power as laid down in clause 49(II)(C) and the role as stipulated in Clause 49(II)(D) of the listing agreement and review of the information as laid down in clause 49(II)(E)

During the financial year ended on 31st March, 2010, Six (6) meetings of the Audit committee were held 02/05/2009, 07/07/2009, 03.08.2009, 22/10/2009, 28/01/2010 and 18/03/2010. The composition of Audit Committee and the attendance of members during these meetings are as follows:-

<u>Name</u>	<u>Designation</u>	<u>Category</u>	<u>Meetings</u>
Mr. Shyam Sundar Jiwarajka	Member	Executive Director	6
Mr. Pradeep Kumar Gaine	Member	Independent Director	6
Mr. Pradeep Keyal	Chairman	Independent Director	6

The Chairman is a permanent invitee to the Committee. The representative of Statutory Auditors is permanent invitee to the Audit committee meetings.

Unaudited quarterly and audited annual financial results were reviewed, analyzed and confirmed by the committee before they were approved by the Board of Directors for submission to the stock exchanges and publication in newspaper in compliance of clause 41 of the Listing Agreement.

III. REMUNERATION COMMITTEE

Since the Company does not have remuneration Committee (constitution of which is a non-mandatory requirement) the details pertaining to the same are not provided.

IV. SHAREHOLDER'S INVESTOR GRIEVANCE COMMITTEE

Your Company constituted the Committee to oversee the redressal of shareholders' grievances relating to transfer of shares, non-receipt of annual report, dividend etc. During the financial year ended on 31st March, 2010, four (4) meetings of the Committee were held which was attended by all the members of the Committee. The composition of the Committee is as follows:-

<u>Name</u>	<u>Designation</u>	<u>Category</u>
Mr. Pradeep Kumar Gaine	Chairman	Independent Director
Mr. Pradeep Keyal	Member	Independent Director
Mr. Shyam Sundar Jiwrajka	Member	Executive Director

The details of the complaints, excluding correspondences which are not in the nature of complaints are given below:

No. of Complaints pending as on 1st April, 2009	0
No. of Complaints received during the year	0
No. of Complaints redressed during the year	0
No. of Complaints pending as on 31st March, 2010	0

V. CODE OF CONDUCT

The Board of Directors of the Company has formulated a code of conduct for all Board Members and Senior Management Personnel of the Company and Compliance thereof has been affirmed by all concerned. This Code of Conduct will be placed on Company's Website.

VI. DECLARATION FOR COMPLIANCE OF CLAUSE 49(I)(D)

This is to confirm that the Company has adopted a Code of Conduct for all the Board Members and Senior Management Personnel of the Company. It is further confirmed that the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct for the financial year ended 31st March, 2010.

VII. DETAILS OF DIRECTORS APPOINTED/RE-APPOINTED

Details of directors being appointed/re-appointed have been disclosed in the notice of the Annual General Meeting, i.e. brief resume, nature of expertise in specific functional areas, numbers of directorships and committee memberships and their shareholding in the Company.

VII. GENERAL BODY MEETINGS

(A) Location & time for the last three Annual General Meetings:

<u>Annual General Meeting</u>	<u>Date & Time</u>	<u>Venue</u>
31st March, 2009	23 rd September, 2009, at 10:30A.M	5, Commissariat Road Hastings, Kolkata,-700022, West Bengal, INDIA
31st March, 2008	30th September, 2008, at 10:30A.M	5, Commissariat Road Hastings, Kolkata,-700022, West Bengal, INDIA
31st March, 2007	21st September, 2007, at 11.30 A.M	5, Commissariat Road Hastings, Kolkata,-700022, West Bengal, INDIA

(B) No Special Resolution was passed in the last 3(Three) Annual General Meetings of the Company. No resolution through Postal Ballot was passed in the last year. No special resolution is proposed to be passed through Postal Ballot at the ensuing Annual General Meeting.

VIII. LOCATION AND TIME OF LAST TWO EXTRA-ORDINARY GENERAL MEETINGS

No Extra-Ordinary General Meetings have been held during last two financial years.

IX. POSTAL BALLOT

No Resolution has been passed during last three financial years through Postal Ballot Rules.

X. DISCLOSURES

(a) A statement in summary form of transactions with related parties in the Ordinary course of business is placed periodically before the Audit committee. The Company did not have any materially significant related party transactions, which may have potential conflict with the interest of the Company. For the list of disclosures of related party relationship and transactions as per Accounting Standard AS-18, "Related Party Disclosures", Additional Notes to the Annual Audited Accounts of the Company for the financial year ended on 31st March, 2010 may be referred to.

- (b) The Company has duly complied with the requirements of the regulatory authorities on capital market. No structures were imposed on the Company by the SEBI, or any statutory authority on any matter related to capital markets during the last three year.
- (c) There was no pecuniary relationship or transactions between the Company and the Non Executive Directors.
- (d) While preparing financial statements for the year under review, no accounting treatment which was different from that prescribed in the Accounting Standard issued by The Institute of Chartered Accountants of India was followed.
- (e) The Company does not presently have a Whistle Blower policy
- (f) The Board has received disclosures from senior management personnel relating to material financial and commercial transaction in which they and/or their relatives have personal interest.
- (g) A Management Discussion and Analysis Report has been included as a part of the Directors' Report to the Shareholders for the financial year ended 31st March, 2010.
- (h) The Company does not have any Indian Subsidiary Company and hence provision of an Independent Director of the Company on the Board of such Subsidiary Company is not applicable.

XI. MEANS OF COMMUNICATIONS

- The Company regularly provides information to the Stock Exchanges as per the requirements of the listing Agreement.
- The Quarterly/ Half Yearly/ Nine Months & Annual Results have been submitted to Calcutta Stock Exchange Ltd. and published in the leading English Newspapers and in vernacular language Newspaper.

XII. GENERAL SHAREHOLDER INFORMATION

Detailed information in this regard is provided in section "Shareholders Information" which forms part of this Annual Report.

XIII. SHAREHOLDERS' INFORMATION

a. Annual General Meeting

The information regarding Annual General Meeting for the financial year ended on 31st March 2010 is as follows :-

Day & Date	:	Thursday, 30th September, 2010
Time	:	11:30A.M.

- Venue : 5, Commissariat Road
Hastings, Kolkata-700022,
West Bengal, INDIA.
- b. Financial Year : 1st April 2009 to 31st March, 2010.
- c. Date of Book Closure : 27th September,2010 to 30th September,
2010
- d. Dividend Payment Date : No Dividend has been recommended for
the year under review.
- e. Listing of Shares : Calcutta Stock Exchanges
- h. Registrar & Share Transfer Agent : In House
- i. Share Transfer Systems : As on 31st March, 2010, None of the shares of the Company are in electronic form. The share transfers which are received in physical form are processed and the share certificates returned within a period of 15-20 days from the date of receipt of the transfer, subject to documents being valid and complete in all respects. The Company also obtains from a Practicing Company Secretary, half yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement with Stock Exchange and files a copy of the certificate with the Stock Exchange.
- j. Category of Shareholder as on 31st March 2010

<u>Category</u>	<u>No. of Shares Held</u>	<u>% of shareholdings</u>
Promoters & Promoter Group	1,31,020	65.51
Institutional Investors	--	--
Bodies Corporate		
Indian Public	68980	34.49
Total	2,00,000	100

Particulars of Shares	Equity Shares of Rs.10 each	
	Number	% of Total
Physical Form	2,00,000	100
Total	2,00,000	100

l. Outstanding GDRs./ADRs/Warrants or any convertible instruments, conversion data likely impact on Equity : Not Applicable.

m. Secretarial Audit:

i. Share Transfer Systems

As on 31st March, 2010, None of the shares of the Company are in electronic form. The share transfers which are received in physical form are processed and the share certificates returned within a period of 15-20 days from the date of receipt of the transfer, subject to documents being valid and complete in all respects. The Company also obtains from a Practicing Company Secretary, half yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement with Stock Exchange and files a copy of the certificate with the Stock Exchange.

n. Investors' Correspondence

Shareholders can contact the Company for Secretarial matters at t5, Commissariat Road Hastings, Calcutta-700 022

CEO CERTIFICATION

The Board of Directors Positive Electronics Limited

Ref- Financial Statements for the period ended March 31, 2010:

I Shyam Sundar Jiwarajka, Director, of the Company on the basis of the review of the financial statements for the year ended on 31st March, 2009 along with cash flow statement for that period and to the best of our knowledge and belief, certify under Clause 49 of the Listing Agreement that:-

- a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- b) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws a regulation.
- c) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ending March 31,2010, that are fraudulent, illegal or volatile of the Company's Code of Conduct.
- d) We accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting We have indicated to the Auditors and the Audit Committee:
 - o Significant changes in internal control over financial reporting during the year;
 - o Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - o Instances of significant fraud, if any, of which we became aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Shyam Sundar Jiwarajka
(Director)

Place: Kolkata

Date: 11th August, 2010

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members,
POSITIVE ELECTRONICS LIMITED
5, Commissariat Road
Hastings, Kolkata-700022,
West Bengal, INDIA.

We have examined the compliance of Corporate Governance by POSITIVE ELETRONICS LIMITED for the year ended on 31st March, 2010, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuing the compliance of the conditions of the corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance(s) is/ are pending for a period exceeding for one month against the Company as per the records maintained by the Shareholders/Investors Grievance Committee.

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

For Agarwal & Agarwal.
Chartered Accountants

Sd/-Durga Prasad Poddar
Partner
Membership No. 9543
Place:Kolkata
Date: 11 August, 2010

MANAGEMENT DISCUSSION & ANALYSIS

The purpose of this discussion is to provide an understanding of financial statements and a composite summary of performance of our business Management Discussion and Analysis (MDA) is structured as follows:

- Overview of Indian Economy
- Electronics Industry Overview
- Business Overview:
- Financial Performance and Highlights
- Internal Control Systems and adequacy
- Material Development in Human Resources

OVERVIEW OF INDIAN ECONOMY

On the eve of the First Five Year Plan, there were 5 Central Public Sector Enterprises(CPSEs) with a total investment of Rs. 29 crore. Both the number of enterprises and the total investment in CPSEs saw an increase over the years. On 31st March, 2009, there were as many 246 CPSEs (excluding 7 Insurance Companies) with a total investment of Rs.528951 crore Public sector enterprises have been set up to serve the broad macro-economic objectives of higher economic growth, self-sufficiency in production of goods and services (wherever so desired), long term equilibrium in balance of payments and low and stable prices. A large number of CPSEs have been set up as Green field projects consequent to the initiatives taken during the Five Year Plans. CPSEs, such as National Textile Corporation Ltd., Coal India Ltd. (and its subsidiaries) have, however, been taken over from the private sector consequent to their 'nationalization'. Industrial units, such as, Indian Petrochemicals Corporation Ltd., Modern Food Industries Ltd., Hindustan Zinc Ltd., Bharat Aluminum Company Ltd. , Maruti Udyog Nigam Ltd. etc. on the other hand, which were CPSEs earlier ceased, to be CPSEs after their 'privatization'. Along with other public sector majors, such as, State Bank of India in the banking sector, Life Insurance Corporation in the insurance sector, Indian Railways in transportation, the CPSEs are the leading companies of India with significant market-shares in sectors such as petroleum products, (e.g. ONGC, GAIL and Indian Oil), mining (e.g. Coal India Ltd. and NMDC Ltd.), power generation (e.g. NTPC Ltd. and NHPC), power transmission (e.g. POWERGRID),nuclear energy (e.g. Nuclear Power Corporation of India Ltd.), heavy engineering (e.g. BHEL), aviation industry (e.g. Hindustan Aeronautics Ltd. and NACIL), storage and public distribution system (eg. Food Corporation of India and Central Warehousing Corporation).

ELECTRONIC INDUSTRY OVERVIEW

The consumer electronics industry is a global business. In recent years, the consumer electronics industry is in the midst of a new wave of change. It is ushering in a dawn of convergence, of technologies, products and markets. Consumer electronics appliances like digital televisions are in a state of constant flux. The convergence of digital-based audio, video and information technology is a major reason. These changes began nearly two decades ago and have resulted in an avalanche of the state-of-the-art electronic devices in the market. Digitalization, miniaturization and mobility are the key elements for the modern consumer electronic products. Digitalization has transformed the consumer electronics sector, thereby delivering new and exciting entertainment products that have changed the way

we live. It has paved the way for digital devices such as DVD player/recorder and LCD TV. Miniaturization also accelerates the growth of the consumer electronics industry. The Indian consumer durables industry, too, has witnessed a considerable change in the past couple of years. Changing lifestyle, higher disposable income coupled with greater affordability and a surge in advertising have been instrumental in bringing about a sea change in the consumer behavior pattern.

A shift in consumer preferences towards higher-end, technologically advanced branded products has been quite discernible. This shift can be explained by narrowing disparities between the prices of branded and unbranded products coupled with the high quality of after sales service provided by the branded players. The shift has also been triggered by the availability of foreign branded products in India owing to lower import duties coupled with other liberal measures as introduced by the government. The growth in the consumer durables sector in India has been driven primarily by factors such as higher disposable income, emergence of the retail industry in a big way coupled with rising affluence levels of a considerable section of the population. The ongoing economic buoyancy in India, despite global economic melt-down, has offered opportunities for rapid growth of consumer durable industry and in particular, the home appliances market. In a nutshell, the industry is all set for a sustained growth over a long-term, fuelled by favorable consumer demographics, overall growth in services and industrial sectors.

FINANCIAL PERFORMANCE AND HIGHLIGHTS

- Income from operation stood at Rs 26,42,735/- Lacs for fiscal 2010
- Profit before Taxes of fiscal 2010 was Rs 2,04,937/- Lacs.
- Profit After Taxes of fiscal 2010 was Rs. 1,91,979/- Lacs
- Basic and dilutive Earnings per share for fiscal 2009 was Rs. 0.96 per share.

INTERNAL CONTROL SYSTEM & ADEQUACY

Internal Control Systems has been designed to provide reasonable assurance that assets are Safeguarded, transactions are executed in accordance's with management's authorization and properly recorded and accounting records are adequate for preparation of financial statements and other financial information. Internal check is conducted on a periodical basis to ascertain the adequacy and effectiveness of internal control systems.

MATERIAL DEVELOPMENT IN HUMAN RESOURCE

The Company continues to lay emphasis on developing and facilitating optimum human performance. Performance management was the key word for the Company this year.

Auditor's Report

The Members of POSITIVE ELECTRONICS LIMITED

1. We have audited the attached Balance Sheet of POSITIVE ELECTRONICS LIMITED, as at 31st March, 2010 and the Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date. 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.
2. We conducted our audit in accordance with the 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.
3. As required by the Companies (Auditor's Report) Order, 2003 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.
4. Further to our comments in the Annexure referred to in paragraph 3 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 and Profit and Loss account dealt with by this report are in agreement with the books of account submitted to us;
 - (iv) In our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors, as on 31st March 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2009 from being appointed as a director 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 and read with other notes appearing thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010;

(b) in the case of the Profit and Loss Account, of the 'profit' the year ended on that date; and

(c) in the case of Cash Flow Statement, of the cash flow for the year ended on that date.

For Agrawal & Agrawal
Firm Registration No. 306044E
Chartered Accountants

R. S. Poddar

(Durga Prasad Poddar)

Partner

Membership No. 9543

Kolkata
Dated, the *17th* day of *August* 2010



POSITIVE ELECTRONICS LIMITED

Annexure to the Auditors' Report
(Referred to in paragraph 3 of our report of even date)

- (i) (a) According to the information and explanation given to us, the Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) According to information and explanation given to us, major items of the fixed assets have been physically verified by the management during the year in accordance with a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. To the best of our knowledge, no material discrepancies were noticed on such verification.
- (c) On the basis of records examined by us and as explained to us, the company has not disposed off any fixed assets during the year.
- (ii) (a) As explained to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of accounts.
- (iii) The Company had not taken or given any loan, secured or unsecured from to companies, firms or parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence, the provisions of clause 4(iii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts and arrangements referred to in Section 301 of the Companies Act, 1956 have been entered into the register required to be maintained under that section.



- (iv) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public during the year to which the directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are applicable. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other tribunal.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) As informed to us, no cost records have been prescribed under section 209(1)(d) of the Companies Act, 1956.
- (ix) (a) According to the information and explanations given to us, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it except for delay in payment of provident fund dues. There are no arrears of income tax, wealth tax, sales tax, service tax, customs duty, excise duty and cess as at the last day of the financial year for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of sale tax, income tax, service tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
- (x) The Company has no accumulated losses. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not taken any loan from any bank or financial institution or issued debentures till the last day of the financial year under report. Hence, the provisions of clause 17(a) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.



- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a hit fund or a mutual benefit fund/society. Therefore, the provisions of clause 301 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, in respect of shares, securities, debentures and other investments held by the Company, proper records of transactions and contracts have been made maintained and timely entries have been made therein. The investments are held by the Company in its own name except for investments in shares purchased during the previous year, which have to be transferred in the name of the Company. However, the Company is holding valid transfer deeds in respect of such shares.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the Company has not taken any term loan.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that the funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) According to the information and explanations given to us, the Company has not issued any debentures.
- (xx) According to the information and explanations given to us, the Company has not raised any money by public issues during the year.
- (xxi) Based on the audit procedures performed by us and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For Agrawal & Agrawal
Firm Registration No. 306044E
Chartered Accountants

Durga Prasad Poddar
(Durga Prasad Poddar)
Partner
Membership No. 9543

Kolkata
Dated, the _____ day of _____, 2010



Balance Sheet as at 31st March, 2010

	Schedule		As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	1	2,000,000	2,000,000	
Reserves and Surplus	2	6,091,440	5,899,461	7,899,461
Total			8,091,440	7,899,461
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	3	327,632	327,632	
Less: Depreciation		290,648	283,806	
Net Block			36,984	43,826
Investment	4		1,896,265	1,896,265
Current Assets, Loans and Advances				
Sundry Debtors	5	537,681	1,743,756	
Cash and Bank Balances	6	5,974,387	3,151,570	
Other Current Assets	7	140,437	365,670	
Loans, Advances and Deposits	8	155,744	2,156,791	
		6,808,249	7,420,787	
Less: Current Liabilities and Provisions	9			
Current Liabilities		650,058	1,460,617	
Provisions			800	
		650,058	1,461,417	
Net Current Assets			6,159,191	5,959,370
Total			8,091,440	7,899,461
Notes to the Account	14			

In terms of our report of even date annexed herewith

For AGRAWAL & AGRAWAL
Firm Registration No. 306044E
Chartered Accountants

B.P.D.

Durga Prasad Poddar
Membership No. F9543
Partner

Kolkata

Dated, the 11th day of August, 2010

[Signature]
Director



Profit and Loss Account for the year ended 31st March, 2010

			Year Ended 31.03.2010 Rs.	Year Ended 31.03.2009 Rs.
INCOME				
Sales	10	2,011,318		1,550,808
Other Income	11	631,417	2,642,735	536,483
				2,087,291
EXPENDITURE				
Purchase	12	1,943,900		1,524,959
Administrative and Other Expenses	13	487,056		274,865
Depreciation	3	6,842	2,437,798	8,485
			204,937	1,808,349
Profit Before Tax				278,942
Less: Provision for taxes				
Income Tax - Current Year		13,500		17,000
Income Tax - Earlier Year		(543)		-
Fringe Benefit Tax - Current Year			12,958	800
Fringe Benefit Tax - Earlier Year			191,979	356
Profit After Tax				18,156
Balance brought forward from previous year			5,899,461	260,786
			6,091,440	5,638,672
Balance carried to Balance Sheet			200,000	5,899,461
Number of Equity shares			10	200,000
Nominal value of Equity Shares			0.96	10
Basic and dilutive earning per share				1.3

Notes to the Accounts

14

In terms of our report of even date annexed herewith

For AGRAWAL & AGRAWAL
Firm Registration No. 306844
Chartered Accountants

(Signature)
Durga Prasad Podar
Membership No. F9
Part

Kolkata
Dated, the _____ day of _____ 2010

FOR POSTAL ELECTRONICS LTD.

(Signature)
Director

(Signature)
DIRECTOR



SCHEDULES TO BALANCE SHEET

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
SCHEDULE - 1		
SHARE CAPITAL		
Authorised 2,40,000 Equity Shares of Rs. 10 each	2,400,000	2,400,000
	<u>2,400,000</u>	<u>2,400,000</u>
Issued, Subscribed and Paid Up 2,00,000 Equity Shares of Rs. 10 each fully paid up in cash	2,000,000	2,000,000
Total	<u>2,000,000</u>	<u>2,000,000</u>
SCHEDULE - 2		
RESERVES and SURPLUS		
Profit and Loss Account as per accounts annexed	6,091,440	5,899,440
Total	<u>6,091,440</u>	<u>5,899,440</u>

FOR POSITIVE ELECTRONICS LTD.

[Signature]
Director



Positive Electronics Limited

SCHEDULES TO BALANCE SHEET

SCHEDULE - 3
FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at	As at	Upto	For the year	Deductions	Upto	As at	As at
	01.04.2009 Rs.	31.03.2010 Rs.	01.04.2009 Rs.	Rs.	Rs.	31.03.2010 Rs.	31.03.2010 Rs.	31.03.2009 Rs.
Office Equipment	200,997	200,997	161,657	5,472	-	167,129	33,868	39,340
Computer	98,125	98,125	95,574	1,020	-	96,594	1,531	2,551
Furniture and Fixtures	28,510	28,510	26,575	350	-	26,925	1,585	1,935
Total	327,632	327,632	283,806	6,842	-	290,648	36,984	43,826
Previous year	327,632	327,632	275,321	8,485	-	283,806	43,826	

FOR POSITIVE ELECTRONICS LTD.

[Signature]
Director



SCHEDULES TO BALANCE SHEET

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
SCHEDULE - 4		
INVESTMENT (At Cost)		
LONG TERM, NON-TRADE		
Quoted		
6,000 Equity Shares of Nippo Batteries Company Limited of Rs 10 each (Market value Rs. 2,511,000, previous year Rs.1,769,400)	56,250	56,250
Unquoted		
10,00,000 Preference share of Moza Hosiery India Limited of Rs. 10 each	400,000	400,000
33,68,550 Equity Shares of Moza Hosiery India Limited of Rs. 10 each	1,347,420	1,347,420
2 Equity Share of Jadoonet Com. Limited of Rs 10 each	345	345
64,125 Equity share of Encompass Telesystem Software Limited of Rs. 10 each	25,650	25,650
7,500 Equity share of Fair Growth Financial Service Limited of Rs. 10 each	7,500	7,500
34,600 Equity Shares of Qualitron Components Limited of Rs. 10 each	32,300	32,300
25,000 Equity Shares of Sunderson Electronics (P) Limited of Rs. 10 each	12,500	12,500
13,800 Equity Shares of Punsomi India Limited of Rs. 10 each	13,800	13,800
500 Equity Shares of CRB Capital Market Limited of Rs. 10 each	500	500
	<u>1,840,015</u>	<u>1,840,015</u>
	<u>1,896,265</u>	<u>1,896,265</u>

SCHEDULE - 5
SUNDRY DEBTORS (Unsecured, considered good)

Debts outstanding for a period exceeding six months		
Other debts	537,681	1,743,756
Total	<u>537,681</u>	<u>1,743,756</u>

SCHEDULE - 6
CASH and BANK BALANCES

Cash in hand (As certified)		6,222	104
Balance with Scheduled Banks			
In current account	440,863	554,466	
In fixed deposit	5,527,302	2,600,000	3,154,466
Total		<u>5,974,387</u>	<u>3,154,570</u>



For POSITIVE ELECTRONICS LTD.

For POSITIVE ELECTRONICS LTD.

[Signature]

[Signature]
Director

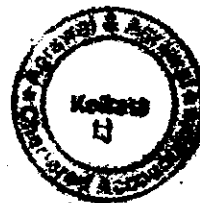
SCHEDULES TO BALANCE SHEET

	As at 31.03.2010 Rs.		As at 31.03.2009 Rs.	
SCHEDULE - 7				
OTHER CURRENT ASSETS				
(Unsecured, considered good)				
Interest Accrued on loan/deposit				
Total		<u>140,437</u>		<u>365,670</u>
		<u>140,437</u>		<u>365,670</u>
SCHEDULE - 8				
LOANS, ADVANCES and DEPOSITS				
(Unsecured, considered good)				
Loans				<u>2,000,000</u>
Advances: (Recoverable in cash or in kind or for value to be received or adjusted)				
Payments towards Income Tax and tax deducted at source (net of provision)	<u>140,393</u>		<u>141,441</u>	
Income Tax Refundable	<u>15,350</u>		<u>15,350</u>	
Total		<u>155,744</u>		<u>156,791</u>
		<u>155,744</u>		<u>2,156,791</u>
SCHEDULE - 9				
CURRENT LIABILITIES and PROVISIONS				
Current Liabilities				
Creditor for Goods	<u>600,000</u>		<u>1,430,740</u>	
Creditor for Expenses and others	<u>50,058</u>	<u>650,058</u>	<u>29,877</u>	<u>1,460,617</u>
Provisions				
Fringe benefit tax (net of payment)				<u>809</u>
Total		<u>650,058</u>		<u>1,461,417</u>

For POSITIVE ELECTRONICS LTD.

For POSITIVE ELECTRONICS LTD.

P.L.
Director



SCHEDULE-14

NOTES TO THE ACCOUNTS

I. Significant Accounting Policies adopted in the preparation and presentation of Financial Statements

A. General

- i) These accounts are prepared on the historical cost basis as on the accounting principles of going concern.
- ii) Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accounting principles.

B. Basis of Accounting

The Company follows the mercantile system of accounting, unless otherwise stated.

C. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of financial statements and the result of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

D. Fixed Assets

Fixed assets are stated at cost.

E. Depreciation

Depreciation on fixed assets has been provided on written down value method at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956.

F. Investment

Investments are stated at cost.

G. Impairment of Assets

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 impairment loss recognized in the prior accounting periods is reversed if there has been change in the estimate of recoverable amount. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

H. Sales

Sales are stated net of sales return scheme, rebates, trade discount and incentives.

I. Valuation of Inventories

Inventories are valued at lower of cost or net realisable value. Cost of inventories is ascertained on the first in, first out (FIFO) basis.

J. Taxation

Current tax is determined on the basis of the amount of income tax payable under the Income Tax Act, 1961. Deferred tax is recognized on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be realized in future.



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	YEAR ENDED 31.03.2010	YEAR ENDED 31.03.2009
	Rs.	Rs.
A CASH FLOW FROM OPERATION ACTIVITIES		
Net Profit before Tax and Extraordinary Items	204,937	278,942
Adjustment for:		
Depreciation	6,842	8,485
Interest Received	(511,417)	(416,483)
Dividend Received	(120,000)	(120,000)
Operating profit before Working Capital Changes	(419,638)	(249,056)
Adjustment for:		
Trade and other receivables	1,206,075	352,479
Inventories		
Trade and other payables	(810,559)	1,405,474
Cash Generated from Operations	(24,122)	1,508,897
Adjustment for:		
Income tax refund received	61,626	68,911
Fringe benefit tax paid	(801)	(660)
Income taxes paid		
Cash flow before Extraordinary Items	36,703	1,577,148
Extraordinary Items		
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	36,703	1,577,148
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Shares		(1,840,015)
Sale of Shares		2,000,000
Refund of loan given	2,000,000	-
Interest Received	663,114	45,418
Dividend received	120,000	120,000
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	2,783,114	325,403
C CASH FLOW FROM FINANCING ACTIVITIES		
Financing activities		
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	-	-
NET INCREASE/(DECREASE) IN CASH	2,819,817	1,902,551
OPENING CASH & CASH EQUIVALENTS	3,154,570	1,252,019
	5,974,387	3,154,570
CLOSING CASH & CASH EQUIVALENTS	5,974,387	3,154,570

Notes.

- Cash and cash equivalents consist of cash and bank balances as indicated in Schedule 6 to the Annual Accounts
- Total tax paid during the year including tax deducted at source on interest received amounted to Rs.73,536 (Previous year Rs 86,617)

For AGRAWAL & AGRAWAL
Firm Registration No. 300144E
Chartered Accountants

Durga Prasad Poddar
Membership No.9543
Partner

Kolkata

Dated

2010



Positive Electronics Limited

5, Commissariat Road Hastings, Calcutta- 700 022

PROXY FORM

Folio No:

No. of Shares held:

I/We ----- of ----- in the district of -----
----- being a member/members of M/s. Positive Electronics Limited, hereby appoint -----
----- of ----- in the District of ----- or failing him -----of-----
----- in the District of----- as my / our Proxy to vote for me/ us on my/our
behalf, at the Twenty Nienth Annual General Meeting to be held at 5,Commissariat Road Hastings,
Calcutta- 700 022on Thrusday the 30th day of September 2010 at 11..30 a.m and at any adjournment
thereof.

Signed this ----- day of -----, 2010



SIGNATURE _____

NOTE:

1. In the case of a Corporation this Proxy shall be either given under the Common Seal or signed on its behalf by an Attorney or Officer of the Corporation.
2. Proxies to be valid must be deposited at the Registered Office of the Company, not later than 48 hours before the time for holding the Meeting.

Book post

If undelivered please return to;

5, Commissariat RoadHastings,
Calcutta- 700 022