



ASIAN ELECTRONICS LIMITED

ANNUAL REPORT

2010-2011

Generating Savings for Generations

A HISTORICAL PERSPECTIVE

Particulars	Year ended March 31,				
	2011	2010	2009	2008	2007
<i>(Rs. in lacs except data per share, other information, no. of shareholders and Ratios)</i>					
Revenue account					
Gross Revenue	14732	22782	21398	22236	38006
Operating profit (PBDIT)	(4209)	3775	2429	5914	10266
Financial Charges	2472	2812	2130	2340	1663
Depreciation	440	439	461	1025	899
Exceptional Items	805	443	698	17882	-
Provision for taxation - Current	-	-	-	-	1012
- Deferred	-	-	-	43	1
- F.B.T.	-	-	33	39	28
- Excess Provision written back	-	213	-	(4)	-
Loss/Profit after tax	(7926)	294	503	(15411)	7705
Cash generation	(6082)	963	266	(14386)	8604
PBIDT as a percentage of total revenue - before exceptional item	(29)	17	11	27	27
PBIDT as a percentage of total revenue - after exceptional item	(34)	15	15	(54)	27
Return on net worth before exceptional item - %	(53.73)	(0.68)	0.75	12	22
Return on net worth after exceptional item - %	(48.75)	1.35	2.30	(73)	22
Capital account					
Share capital	1694	1495	1453	1452	1392
Net worth	16260	22383	21756	21225	35196
Loan funds	16860	13366	23885	20803	16501
Net block	3346	3784	4236	5536	4910
Net current assets	17901	20411	35522	31085	43802
Debt-Equity Ratio	1.04	0.60	1.09	0.98	0.47
Per share data					
Earnings per Share of Rs.5/- (w.e.f. 2007-2008)	(24.48)	0.97	1.68	(52)	53
Book value of Share of Rs.5/- (w.e.f. 2007-2008)	46	73	73	71	253
Dividend %	Nil	Nil	NIL	NIL	45
Other information					
Number of shareholders	51343	50951	45876	28483	8952

ANNUAL REPORT 2010-11

Board of Directors

Mr. Arun B. Shah	<i>Executive Chairman</i>
Mr. Haresh G. Desai	<i>Director</i>
Dr. Deepak Divan	<i>Director</i>
Mr. Suresh Sharma	<i>Alternate Director to Dr. Deepak Divan</i>
Mr. Dipankar De	<i>Nominee Director of IDBI Bank Ltd. (upto 18.6.2010)</i>
Mr. D. G. Prasad	<i>Director</i>
Mr. Hemendra Srivastava	<i>Nominee Director of IDBI Bank Ltd. (upto 31.10.2010)</i>
Mr. S. Ananthkrishnan	<i>Nominee Director of IDBI Bank Ltd. (upto 28.6.2011)</i>
Mr. S. Neelakanta Iyer	<i>Executive Director & Jt. Chief Executive Officer (Manufacturing Operations) [w.e.f. 1.06.2011]</i>
Mr. Rajesh Mehta	<i>Executive Director & Jt. Chief Executive Officer (Technology & Finance) [w.e.f. 1.06.2011]</i>
Mr. Rasik D Goradia	<i>Executive Director (Non Board Member) (Ceased to be Company Secretary & Compliance Officer w.e.f. 31.3.2011)</i>

AGM (Finance & Legal) & Company Secretary

Mr. Charudatta A. Kulkarni (w.e.f. 1.4.2011)

Jt. Chief Financial Officer

Mr. Snehal J. Shah
(Ceased to be Jt. Chief Financial Officer w.e.f. 31.7.2011)

Auditors

Messrs Sorab S. Engineer & Co.

Solicitors

Messrs Legasis Partners
India Law Alliance

Bankers

Bank of India
HDFC Bank Ltd.
Uco Bank
The Hongkong and Shanghai Banking Corporation Ltd.
IDBI Bank Ltd.
State Bank of India

R & T Agent

Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W), Mumbai – 400 078.
Phones: (91-22)25923837 (10 Lines),
(91-22) 5555454 (40 Lines)
Fax: (91-22) 25672693, (91-22) 5555353
E-mail: helpline@linkintime.co.ins

Registered Office

D-11, Road No. 28,
Wagle Industrial Estate,
Thane – 400 604.

Corporate Office

1219, Maker Chambers V,
Nariman Point,
Mumbai – 400 021.

Branch Offices

Ahmedabad
Bangalore
Kolkata
Chennai
Delhi
Hyderabad

Works

Plot No. 68, MIDC Industrial Area,
Satpur, Nashik – 422 007.

DTA Unit

Plot No. 2, Survey No. 1B/2C,
Near Octroi Naka, Vilholi, Nashik – 422 010.

EOU

Survey No. 15, Plot No. 1,
Mumbai-Agra Road, Near Octroi Naka,
Vilholi, Nashik – 422 010.

HP Unit

Hadbast No. 932, Khasra No. 228,
Village Jakhroda,
P.O. Partha, Panchayat – Narayani,
Tehsil Kasauli, Dist. Solan,
Himachal Pradesh.

Silvassa Unit

Survey No. 113/6,
Tirupati Industrial Estate,
Near 66 KV Road,
Amli, Silvassa – 396 230.

Annual General Meeting

Thursday, 22nd September, 2011 at 10.00 a.m.

Venue

Registered Office of the Company at
D-11, Road No. 28, Wagle Industrial Estate,
Thane 400 604.

Transport Facility

A bus has been arranged for transport from Thane Railway Station (East) to enable the Members to attend the Annual General Meeting (AGM) at the Registered Office of the Company at Thane on Thursday, 22nd September, 2011 at 10.00 a.m. The bus will leave at 9.30 a.m. sharp from Thane Station (East) near Anand Cinema. Members interested in attending the AGM may avail the facility.

Secretarial Department of the Company is situated at the Registered Office of the Company at Thane.

Phone: (91-22) 25835504

Fax: (91-22) 25827636

Website: www.aelgroup.com

Email: secdept@aelgroup.com

We request you to send us your e-mail address on above mentioned e-mail ID to enable us to communicate with you more often.

CONTENTS

● Notice	2
● Directors' Report	7
● Auditors' Report	25
● Balance Sheet	28
● Profit & Loss Account	29
● Cashflow Statement	30
● Schedules	31
● Balance Sheet Abstract	54
● Consolidated Accounts	55



NOTICE OF THE 46TH ANNUAL GENERAL MEETING

Notice is hereby given that the Forty Sixth Annual General Meeting of the Members of Asian Electronics Ltd. will be held at the Registered Office of the Company at D-11, Road No. 28, Wagle Industrial Estate, Thane – 400 604, on Thursday, the 22nd day of September, 2011 at 10.00 A.M, for the purpose of transacting the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Accounts of the Company and the Reports of the Directors and Auditors for the year ended March 31, 2011.
2. To appoint a Director in place of Mr. D. G. Prasad, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

4. To consider and, if thought fit to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. S. Neelakanta Iyer, who was appointed as Additional Director of the Company with effect from 1st June, 2011 and who ceases to hold office at the ensuing Annual General Meeting, as such in terms of Section 260 of the Companies Act, 1956 but being eligible for appointment and in respect of whom notice specifying his candidature for the office of Directorship is received, be and is hereby appointed as Director of the Company.”

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

“RESOLVED THAT Mr. Rajesh Mehta, who was appointed as Additional Director of the Company with effect from 1st June, 2011 and who ceases to hold office at the ensuing Annual General Meeting, as such in terms of Section 260 of the Companies Act, 1956 but being eligible for appointment and in respect of whom notice specifying his candidature for the office of Directorship is received, be and is hereby appointed as Director of the Company.”

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

“RESOLVED THAT pursuant to the provisions of Sections 269, 198, 309, 310, 311 and all other applicable provisions of the Companies Act, 1956 (“the Act”) (including any statutory modification or re-enactment thereof for the time being in force) read with Schedule XIII of the Act and subject to the approval of Central Government and such other approvals, permissions and sanctions, as may be required, and subject to such conditions and modifications, as may be prescribed or imposed by any of the authorities in granting such approvals, permissions and sanctions, approval of the Company be accorded to the appointment and remuneration of Mr. S. Neelakanta Iyer as the Executive Director & Jt. Chief Executive Officer (Manufacturing

Operations) of the Company for a period of 2 years with effect from 1st June, 2011.

FURTHER RESOLVED THAT the Compensation Committee of the Company be and is hereby authorized to enter into and execute appropriate agreement with Mr. S. Neelakanta Iyer outlining detailed terms and conditions of his appointment as the Executive Director & Jt. Chief Executive Officer (Manufacturing Operations).

FURTHER RESOLVED THAT where in any financial year during the currency of the tenure of the Executive Director & Jt. Chief Executive Officer (Manufacturing Operations), the Company has no profits or its profits are inadequate, the Company may pay to the Executive Director & Jt. Chief Executive Officer (Manufacturing Operations) remuneration by way of salary, perquisites and other allowances and benefits as may be specified by the Compensation Committee constituted under the supervision of the Board, subject to the receipt of the requisite approvals, if any.

FURTHER RESOLVED THAT for the purpose of giving effect to this Resolution the Board of Directors of the Company (hereinafter referred to as the ‘Board’ which term shall be deemed to include any duly authorised Committee thereof, for the time being exercising the powers conferred on the Board by this Resolution) be authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard and further to execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient.”

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

“RESOLVED THAT pursuant to the provisions of Sections 269, 198, 309, 310, 311 and all other applicable provisions of the Companies Act, 1956 (“the Act”) (including any statutory modification or re-enactment thereof for the time being in force) read with Schedule XIII of the Act and subject to the approval of Central Government and such other approvals, permissions and sanctions, as may be required, and subject to such conditions and modifications, as may be prescribed or imposed by any of the authorities in granting such approvals, permissions and sanctions, approval of the Company be accorded to the appointment and remuneration of Mr. Rajesh Mehta as the Executive Director & Jt. Chief Executive Officer (Technology & Finance) of the Company for a period of 2 years with effect from 1st June, 2011.

FURTHER RESOLVED THAT the Compensation Committee of the Company be and is hereby authorized to enter into and execute appropriate agreement with Mr. Rajesh Mehta outlining detailed terms and conditions of his appointment as the Executive Director & Jt. Chief Executive Officer (Technology & Finance).

FURTHER RESOLVED THAT where in any financial year during the currency of the tenure of the Executive Director &

ANNUAL REPORT 2010-11

Jt. Chief Executive Officer (Technology & Finance), the Company has no profits or its profits are inadequate, the Company may pay to the Executive Director & Jt. Chief Executive Officer (Technology & Finance) remuneration by way of salary, perquisites and other allowances and benefits as may be specified by the Compensation Committee constituted under the supervision of the Board, subject to the receipt of the requisite approvals, if any.

FURTHER RESOLVED THAT for the purpose of giving effect to this Resolution the Board of Directors of the Company (hereinafter referred to as the 'Board' which term shall be deemed to include any duly authorised Committee thereof, for the time being exercising the powers conferred on the Board by this Resolution) be authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard and further to execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient."

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

"RESOLVED THAT pursuant to the Special Resolution passed by the Shareholders of the Company, under the provisions of Section 77, 79A, 81, 81(1A) and other applicable provisions of the Companies Act, 1956, at their General Meetings held on 12th February, 2010 and 30th September, 2009, approving the Employees Stock Option Scheme 2009 (ESOS 2009) for grant of an aggregate of 51,80,057 Stock Options to Directors and Employees of the Company, Holding Company and Subsidiary Company and pursuant to the Resolution of the meeting of the Compensation Committee of the Board of Directors held on 31st March, 2010, granting 2,50,000 Stock options each to four Directors of the Company aggregating to 10,00,000 Stock Options, exercisable into equivalent number of equity shares of the Company at an exercise price of Rs. 28/- per share and pursuant to the comprehensive powers of administration of the ESOS 2009 scheme granted to the Compensation Committee of the Board of Directors, post-facto approval of the Company be and is hereby accorded to the revision of the exercise price of the said 10,00,000 Stock Options by the Compensation Committee of the Board of Directors, vide its resolution dated 23rd March, 2011, from Rs. 28/- per share to Rs. 12.60/- per share with retrospective effect and the said revision of exercise price be and is hereby noted by the General Meeting.

RESOLVED FURTHER THAT except the revision of exercise price as aforesaid, all other terms and conditions of the grant of the aforesaid 10,00,000 Stock Options shall remain unchanged as mentioned in the resolution passed for the grant of the said Stock Options.

RESOLVED FURTHER THAT any one of the Directors of the Company or Mr. R. D. Goradia, Executive Director or Mr. Charudatta A. Kulkarni, Company Secretary, be and are hereby authorised severally to do all acts, deeds, matters and things

necessary for the purpose of giving effect to the foregoing resolution."

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

"RESOLVED THAT pursuant to the Special Resolution passed by the Shareholders of the Company, under the provisions of Section 77, 79A, 81, 81(1A) and other applicable provisions of the Companies Act, 1956, at their General Meetings held on 8th September, 2005, 23rd December, 2006, 27th September, 2007 and 29th November, 2008, approving the Employees Stock Option Scheme 2005 (ESOS 2005) for grant of an aggregate of 8,50,000 Stock Options to Directors and Employees of the Company, Holding Company and Subsidiary Company and pursuant to the Resolution of the meeting of the Compensation Committee of the Board of Directors held on 31st March, 2010, granting 3,51,550 Stock options to certain Executives/Officers of the Company, exercisable into equivalent number of equity shares of the Company at an exercise price of Rs. 28/- per share and pursuant to the comprehensive powers of administration of the ESOS 2005 scheme granted to the Compensation Committee of the Board of Directors, post-facto approval of the Company be and is hereby accorded to the revision of the exercise price of the said 3,51,550 Stock Options by the Compensation Committee of the Board of Directors, vide its resolution dated 23rd March, 2011, from Rs. 28/- per share to Rs. 12.60/- per share with retrospective effect and the said revision of exercise price be and is hereby noted by the General Meeting.

RESOLVED FURTHER THAT except the revision of exercise price as aforesaid, all other terms and conditions of the grant of the aforesaid 3,51,550 Stock Options shall remain unchanged as mentioned in the resolution passed for the grant of the said Stock Options.

RESOLVED FURTHER THAT any one of the Directors of the Company or Mr. R. D. Goradia, Executive Director or Mr. Charudatta A. Kulkarni, Company Secretary, be and are hereby authorised severally to do all acts, deeds, matters and things necessary for the purpose of giving effect to the foregoing resolution."

By Order of the Board of Directors
For **Asian Electronics Ltd.**

Regd. Office :
D-11, Road No. 28,
Wagle Industrial Estate
Thane - 400 604

Charudatta A. Kulkarni
AGM (Finance & Legal)
& Company Secretary

Thane, 18th August, 2011



Notes:

- [a] The explanatory statement relating to the special business mentioned in the notice as required under Section 173(2) of the Companies Act, 1956, is annexed to the Notice.
- [b] A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
- [c] The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday the 21st September, 2011 to Thursday the 22nd September, 2011 [both days inclusive].
- [d] Members are requested to quote their folio number in all correspondence with the Company.
- [e] Consequent upon the amendment of Section 205A of the Act and the introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend for the subsequent years remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company, shall be transferred to the Investor Education and Protection Fund (the Fund) set up by the Government of India and no payments shall be made in respect of any such claims by the Fund.
- The Company has already transferred unclaimed dividends declared upto the financial year ended 31st March, 2003 to the Investor Education & Protection Fund established under Section 205C pursuant to Sub-section (6) of Section 205A of the Companies Act, 1956.
- Members who have not yet encashed their dividend warrant(s) for the financial year ended March 2004 onwards, are requested to make their claims to the Company accordingly, without any delay. It may be noted that the unclaimed dividend for the financial year ended 31st March, 2004 is due for transfer to the Fund on 24th October, 2011.
- [f] The Companies (Amendment) Act, 1999 has introduced nomination facility for Shareholders. Those shareholders who are interested in making nomination are requested to file with the Company the prescribed Form 2B which can be obtained from the Company on request.
- [g] Corporate members intending to send their authorized representatives to attend the meeting are requested to send their duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the meeting.
- [h] Members holding shares in the dematerialised mode are requested to intimate all changes with respect to their bank details, mandate, nomination, power of attorney, change of address, change in name etc. to their Depository Participant (DP). These changes will be automatically reflected in Company's records, which will help the Company to provide efficient and better service to the members.

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

ITEM NO. 4

Mr. S. Neelakanta Iyer was appointed as Additional Director of the Company with effect from 1st June, 2011 and pursuant to the provisions of Section 260 of the Companies Act, 1956 his appointment as Additional Director ceases at ensuing Annual General Meeting. The Company has received notice from a member specifying the candidature of Mr. S. Neelakanta Iyer for the Directorship of the Company under Section 257 of the Companies Act, 1956. The Board proposes his appointment for your approval.

Mr. S. Neelakanta Iyer has been in the forefront to implement the best practices practiced globally in the field of manufacturing operations. Mr. Iyer's hunger for excellence makes him an excellent choice for being appointed as the Director of the Company.

The Board of Directors recommends the Resolution at Item No. 4 of the Notice.

None of the Directors except Mr. S. Neelakanta Iyer is interested or deemed to be interested in the proposed resolution.

ITEM NO. 5

Mr. Rajesh Mehta was appointed as Additional Director of the Company with effect from 1st June, 2011 and pursuant to the provisions of Section 260 of the Companies Act, 1956 his appointment as Additional Director ceases at ensuing Annual General Meeting. The Company has received notice from a member specifying the candidature of Mr. Rajesh Mehta for the Directorship of the Company under Section 257 of the Companies Act, 1956. The Board proposes his appointment for your approval.

Mr. Rajesh Mehta has been the pillar of the Research & Development activity in the Company. As President (R&D), Mr. Mehta helped the Company develop certain products which have become envy of the Company's peers in the lighting industry. Mr. Mehta's presence on the Board of Directors shall add immense value to the deliberations of the Board.

The Board of Directors recommends the Resolution at Item No. 5 of the Notice.

None of the Directors except Mr. Rajesh Mehta is interested or deemed to be interested in the proposed resolution.

ITEM NO. 6

Mr. S. Neelakanta Iyer, is heading the all India manufacturing operations of the Company and prior to his appointment as Executive Director & Jt. Chief Executive Officer (Manufacturing Operations), was associated with the Company in the role of President – Manufacturing Operations. With the ever increasing focus of the Company on improving the efficiencies and economies in manufacturing operations, Mr. Iyer has stood the test of time and has excelled even in the most testing and demanding circumstances. Mr. Iyer has been in the forefront in implementing techniques such as Total Quality Management (TQM), Kaizen etc. in his constant bid towards improving the efficiency of the manufacturing operations. Mr. Iyer has truly succeeded in taking the manufacturing operations to the next level

and the Management is confident that the Company would be able to harness much more benefit of his expertise if he is given a wider role in the management of the Company.

It is recommended that the appointment of Mr. S. Neelakanta Iyer as Executive Director & Jt. Chief Executive Officer (Manufacturing Operations) of the Company for a period of 2 years with effect from 1st June, 2011, on the terms and conditions as may be specified by the Compensation Committee of the Board of Directors, be approved, if deemed fit and proper.

The Board of Directors recommends the Resolution at Item No. 6 of the Notice. Approval of the members is necessary in view of provisions of Schedule XIII of the Companies Act, 1956.

Approval of the Central Government, if required, will be obtained with regard to remuneration payable to Mr. S. Neelakanta Iyer to comply with the requirement of Schedule XIII of the Companies Act, 1956.

Mr. S. Neelakanta Iyer is concerned and interested in the Resolution at Item No. 6 since it relates to his own appointment and remuneration. None of the other Directors of the Company is, in any way, concerned or interested in the Resolution.

ITEM NO. 7

Mr. Rajesh Mehta is heading the Asian Technology Centre of the Company based at Pune and prior to his appointment as Executive Director & Jt. Chief Executive Officer (Technology & Finance) was associated with the Company in the role of President – Research & Development. Mr. Mehta is in-charge of the Research & Development activities undertaken by the Company. As the Company operates in the technology driven Energy Efficient Lighting Industry which is evolving by the day, R&D forms the most important focus of the Company as it strives to maintain its position in the forefront of the technology race.

With a view to maintain the first mover's advantage and the technological edge, which the Company enjoys in the lighting industry, it is proposed to avail of the services of Mr. Rajesh Mehta in the capacity of Executive Director & Jt. Chief Executive Officer (Technology & Finance).

It is recommended that the appointment of Mr. Rajesh Mehta as Executive Director & Jt. Chief Executive Officer (Technology & Finance) of the Company for a period of 2 years with effect from 1st June, 2011, on the terms and conditions as may be specified by the Compensation Committee of the Board of Directors, be approved, if deemed fit and proper.

The Board of Directors recommends the Resolution at Item No. 7 of the Notice. Approval of the members is necessary in view of provisions of Schedule XIII of the Companies Act, 1956.

Approval of the Central Government, if required, will be obtained with regard to remuneration payable to Mr. Rajesh Mehta to comply with the requirement of Schedule XIII of the Companies Act, 1956.

Mr. Rajesh Mehta is concerned and interested in the Resolution at Item No. 7 since it relates to his own appointment and remuneration. None of the other Directors of the Company is, in any way, concerned or interested in the Resolution.

ITEM NO. 8

The Board of Directors, at its Meeting held on 5th January, 2009, had passed a Resolution approving AEL - Employees Stock Option Scheme 2009 (ESOS - 2009 Scheme). The Shareholders of the Company, at their Extraordinary General Meeting held on 12th February, 2009 and Annual General Meeting held on 30th September, 2009, had passed Special Resolutions pursuant to the provisions of Sections 77, 79A, 81 and 81(1A) of the Companies Act, 1956, approving the above Scheme.

The Company has already obtained In-principle Approval from Bombay Stock Exchange Ltd. vide their letter No. DCS/IPO/NP/ESOP-IP/544/2009-10 dated 2nd September, 2009 and from National Stock Exchange of India Ltd. vide their letter No. NSE/LIST/117722-C dated 4th September, 2009.

The Compensation Committee of the Board of Directors at its Meeting held on 31st March, 2010 had passed a Resolution approving grant of 2,50,000 Stock Options each to four Non-Executive Directors of the Company viz. Mr. Haresh G. Desai, Dr. Deepak Divan, Mr. Suresh Kumar Sharma and Mr. D. G. Prasad under the ESOS 2009 Scheme on the terms and conditions as contained in the Resolution granting the said Stock Options. According to the Scheme, the vesting period is one year from the date of grant. Accordingly, the vesting period expired on 30th March, 2011 and within five years thereafter, the said Directors are entitled to exercise the Options and convert the same into equivalent number of Equity Shares at an exercise price of Rs. 28/- per Equity Share.

However, by 22nd March, 2011, the market price of the shares of the Company on the Stock Exchanges had dropped considerably to around Rs. 12.60/- per share. In view of such depressed level of market price of shares, exercise of stock options at an exercise price of Rs. 28/- per share became unviable for all the grantees. Therefore, on 23rd March, 2011, keeping in mind the spirit of the ESOP scheme of rewarding the grantees, it was proposed to revise the exercise price to Rs. 12.60/- per share, which was the closing price of the share on the Stock Exchanges on the previous day i.e. 22nd March, 2011. Accordingly, the Compensation Committee of the Board of Directors, which is comprehensively authorized by the shareholders at their general meetings held on 12th February, 2009 and 30th September, 2009, to do all acts, deeds and things necessary to implement and administer the ESOS 2009 scheme, revised the exercise price from Rs. 28/- per share to Rs. 12.60/- per share, to bring the exercise price in consonance with the prevailing market price of the shares of the Company.

Although the Compensation Committee of the Board of Directors is adequately authorized to implement and administer the ESOS 2009 scheme, including revising the exercise price, the Company proposes to note and retrospectively approve the aforesaid revision of exercise price, by the Compensation Committee of the Board of Directors, of the 10,00,000 Stock Options granted to four Non-Executive Directors of the Company under the Employee Stock Option Scheme, 2009 of the Company, as a matter of good corporate governance and abundant caution.

The Resolution at Item No. 8 of the Notice is recommended to the Shareholders for passing as a Special Resolution.



ITEM NO. 9

The Shareholders of the Company have approved the Employee Stock Option Scheme, 2005 (ESOS 2005) by passing Special Resolutions pursuant to the provisions of Sections 77, 79A, 81 and 81(1A) of the Companies Act, 1956, at the Extra-Ordinary General Meeting held on 8th September, 2005 and have subsequently amended the ESOS 2005 scheme at the Annual General Meetings held on 23rd December, 2006, 27th September, 2007 and 29th November, 2008.

The Company has already obtained In-principle Approval from Bombay Stock Exchange Ltd. vide their letter No. DCS/IPO/NP/ESOP-IP/544/2009-10 dated 2nd September, 2009 and from National Stock Exchange of India Ltd. vide their letter No. NSE/LIST/117722-C dated 4th September, 2009.

The Compensation Committee of the Board of Directors at its Meeting held on 31st March, 2010 had passed a Resolution approving grant of 3,51,550 Stock Options to certain Executives/Officers of the Company under the ESOS 2005 Scheme on the terms and conditions as contained in the Resolution granting the said Stock Options. According to the Scheme, the vesting period is one year from the date of grant. Accordingly, the vesting period expired on 30th March, 2011 and within seven years thereafter, the said Executives/Officers are entitled to exercise the Options and convert the same into equivalent number of Equity Shares at an exercise price of Rs. 28/- per Equity Share.

However, by 22nd March, 2011, the market price of the shares of the Company on the Stock Exchanges had dropped considerably to around Rs. 12.60/- per share. In view of such depressed level of market price of shares, exercise of stock options at an exercise price of Rs. 28/- per share became unviable for all the grantees. Therefore, on 23rd March, 2011, keeping in mind the spirit of the ESOP scheme of rewarding the grantees, it was proposed to revise the exercise price to Rs. 12.60/- per share, which was the closing price of the shares of the Company on the Stock Exchanges on the previous day i.e. 22nd March, 2011. Accordingly, the Compensation Committee of the Board of Directors, which is comprehensively authorized by the shareholders at their Annual General Meeting held on 8th September, 2005 and most recently at the Annual General Meeting held on 29th November, 2008, to do all acts, deeds and things necessary to implement and administer the ESOS 2005 scheme, revised the exercise price from Rs. 28/- per share to Rs. 12.60/- per share, to bring the exercise price in consonance with the prevailing market price of the shares of the Company.

Although the Compensation Committee of the Board of Directors is adequately authorized to implement and administer the ESOS 2005 scheme, including revising the exercise price, the Company proposes to note and retrospectively approve the aforesaid revision of exercise price, by the Compensation Committee of the Board of Directors, of the 3,51,550 Stock Options granted to certain Executives/Officers of the Company under the Employee Stock Option Scheme, 2005 of the Company, as a matter of good corporate governance and abundant caution.

The Resolution at Item No. 9 of the Notice is recommended to the Shareholders for passing as a Special Resolution.

By Order of the Board of Directors
For **Asian Electronics Ltd.**

Regd. Office :
D-11, Road No. 28,
Wagle Industrial. Estate
Thane - 400 604

Charudatta A. Kulkarni
AGM (Finance & Legal)
& Company Secretary

Brief resume of Directors being appointed/re-appointed at the Annual General Meeting to be held on 22nd September, 2011:

Nature of their expertise in specific functional areas and names of companies in which they hold directorship and membership/ chairmanship of Board Committees, as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges in India, is as under:

Name of Director	Mr. D.G. Prasad	Mr. S. Neelakanta Iyer	Mr. Rajesh I. Mehta
Date of Birth	30th June, 1948	20th April, 1958	2nd November, 1960
Date of Appointment	29th August, 2009	1st June, 2011	1st June, 2011
Expertise in specific General Functional Area	Finance	Manufacturing Operations	Technology & Finance
Qualification	B.Com. F.C.A.	B.E. (E & TC)	B.E. (Electrical)
List of outside Directorship held (Public Limited Companies)	1. Suvan Life Sciences Limited 2. Mediaone Global Entertainment Limited	Nil	Nil
Chairman/Member of the Committee of the Board of Directors of the Company.	1. Audit Committee - Member 2. Compensation Committee - Member	Nil	Nil
Chairman/Member of the Committee of Directors of other companies in which he / she is Director.			
a) Audit Committee	1. Suvan Life Sciences Limited - Chairman	Nil	Nil
b) Share Transfer & Investor Grievances Committee	Nil	Nil	Nil
c) Remuneration Committee	Nil	Nil	Nil
d) Executive Committee	Nil	Nil	Nil
Number of Shares of the Company held on 31-03-2011	250	Nil	Nil

By Order of the Board of Directors
For **Asian Electronics Ltd.**

Regd. Office:
D-11, Road No. 28,
Wagle Indl. Estate,
Thane - 400 604.
Thane, 18th August, 2011

Charudatta A. Kulkarni
AGM (Finance & Legal) &
Company Secretary

DIRECTORS' REPORT

To the Members,

Your Directors present the Forty-Sixth Annual Report on the business and operations of the Company for the year ended March 31, 2011.

FINANCIAL RESULTS

	[Rupees in Lacs]	
Year ending March 31,	2011	2010
Gross revenue	14732	22782
Operating profit (PBIDT)	(4209)	3775
Finance Expenses	2472	2812
Depreciation	440	439
Profit before tax & Exceptional items	(7121)	524
Exceptional items	(805)	(443)
Profit / (Loss) after tax	(7926)	81
Excess provision of Income Tax of earlier year written back.	-	213
Profit after current tax and deferred	(7926)	294
Tax and Exceptional items		
Balance brought forward	215	(79)
Balance carried to Balance Sheet	(7711)	215

DIVIDEND

In respect of the year under review, i.e., the year 2010-2011, in the absence of profits your Directors do not propose to declare any dividend.

OPERATIONS

During the year under review, the Company has achieved gross revenue of Rs. 147.32 crores as against Rs. 227.82 crores in the previous year.

Sales of lighting products comprises of domestic sales and export sales.

DOMESTIC SALES

The Company's sales suffered significantly for want of working capital and delayed recoveries from markets. The trading activities have yielded marginal returns but in the process have used some of the inventories.

EXPORT SALES

The Export Sales was to the tune of Rs. 8.40 crores for the year under review as compared to Rs. 20.71 crores in the previous year. The Company has consciously focused on this segment and taken steps to grow exponentially during the coming years. New products like the Power Products and the LED Products were introduced to new customers in this year. During the year, a patented Product 'E2T5' was exclusively developed complying to European specifications. The Power Products and LED related special designs are likely to cater to both the Export and Domestic markets and will play a major role in the business prospects of the Company in the coming years.

RESEARCH AND DEVELOPMENT

The Company has set up state of art Asian Technology Centre (ATC)

in Pune, Maharashtra, which is ISO 9001:2008 compliant. ATC has designed & developed products conforming to Global Certification agencies like UL/ETL etc. in Power Protection Devices & Solid State LED lighting. It has also achieved significant progress in Research & Development for LED Garage Parking Lights for the Global market, LED Tubelights, Bulbs, cost rationalization and conventional CFL Down Lighters, OTS Products, Solar Products and Streetlights. The Company has also obtained the ISI certification for manufacture of CFLs. The awareness for LED-based products is growing fast in India and therefore the Company's foray into this product segment is a timely step towards establishing its presence in the marketplace for innovative and modern lighting solutions.

ATC follows Global practices of 'NPI' (New Product Introduction) and 'TOT' (Transfer of Technology) for conducting Research & Development activities. The team at ATC consisting of more than 40 engineers and 15 support staff has more than 100 man-years of experience of working together between them.

Major milestones during the year under review have been:

- UL certified LED Garage Parking Light for exports
- UL / ETL certified Power Protection Devices including 4 models of PM20-208, PM20-240, PM30-240, HEMX range.
- LED Tubelight, the Loomlight, for successful replacement of conventional tubelights in the Textile industry.
- TOT audit by independent external agency.
- Development of LED lighting products for the "general lighting" space.

An expenditure of over Rs. 2 crores a year is likely to yield a significant push to technology and business in years to come.

FINANCE

As advised during the last report, the Company had approached its lenders for rescheduling the debt over a longer period. The Company's finances further deteriorated due to lower capacity utilization, higher interest and reduced margins. Faced with defaults, the Company approached CDR through its largest creditor, IDBI Bank in Jan 2011. The proposal is pending approval of the requisite number of creditors. The Board of Directors is of the opinion that the Company's survival solely depends on the approval of such a package. The management is still in negotiation for such approval. In the meantime, the Company is facing law suits from LIC Mutual Fund and from HSBC for recoveries of their dues.

The enclosed statement forming part of the report gives details such as Financial Position at a glance, Distribution of Income etc.

CAPITAL EXPENDITURE

As at 31st March, 2011, the gross fixed assets stood at Rs. 9864.23 lacs and the net fixed assets at Rs. 3345.87 lacs. Additions to Fixed Assets during the year amounted to Rs.2.90 lacs.

INVENTORIES, RECEIVABLES AND CURRENT ASSETS

The management has done a detailed analysis of its current assets as reported in the previous year. For the reasons explained below, the



Board is of the opinion that the realizable value of assets has gone down significantly:

Inventories: Rs. 8364.69 lacs. The inventories include a large portion of products meant for a specific client who has legal disputes with the Company and hence not realizable. Also a large volume of components, WIP remained unutilized for such products in domestic and exports markets. The total diminution of value is estimated at Rs. 3000.00 lacs (36%).

Receivables: Rs. 13167.87 lacs. The Company has disputed export receivables where a lawsuit has been lost and also other cases where quality counter claims and customers' reorganization have delayed recoveries. On domestic front, large number of debtors have raised counter claims. Coupled with a reduced turnover, this has made recoveries more difficult. The Company has issued legal notices in over 200 cases. However, the Board of Directors feels, in normal course of business, the recoveries will be difficult to the extent of Rs. 5215.16 lacs.

Advances: Rs. 2812.82 lacs. In many cases, the Company had advanced certain amounts for long term business contracts. The amounts of Rs. 261.00 lacs seem difficult of recoveries in view of reduced business activities.

In view of the above, current assets as stated above are not at realizable values as stated in the Balance Sheet

SUBSIDIARY COMPANIES

In furtherance of the various objectives as mentioned in the last year's Report, the Company has effective from 1st October, 2009 transferred the following Divisions to two 100% subsidiaries (SPVs) as under:

- a. Business of ESCO Division, i.e. financing of Projects / Products to customers on energy saving basis, and all activities related thereto together with all related assets, liabilities and entitlements at book values as at the time of transfer, on a going concern basis. The name of this 100% subsidiary is AEL ESCO PRIVATE LIMITED.
- b. Business of Projects Division, i.e. State Electricity Board Projects and all activities related thereto together with all related assets, liabilities and entitlements at book values as at the time of transfer on a going concern basis. The name of this 100% subsidiary is AEL PROJECTS PRIVATE LIMITED.

The Accounts for the year ended 31st March, 2010 and 31st March, 2011 have incorporated all such transactions at the book value at the time of transfer and the difference between the book values of identified assets and liabilities of ESCO Division amounting to Rs. 5174.34 Lacs and of Project Division amounting to Rs. 1129.15 Lacs are shown as investment in the proposed subsidiaries.

Pending approval of secured / unsecured lenders, the Company has, for the time being, shown the said investment under Investment Suspense Account in Schedule 6 of the Accounts as on 31st March, 2010 and 31st March, 2011. On account of transfer of these two Divisions to two separate subsidiaries, the Company has also prepared Consolidated Balance Sheet and Profit & Loss Account which forms part of the Annual Report 2009-2010 and 2010-2011.

The Company is looking out for strategic partners in these activities once the fate of CDR is known.

RIGHT ISSUE

The Company has received the Observation Letter from SEBI bearing No. CFD/DIL/ISSUES/SP/VB/17386/2010 dated 25th August, 2010. The validity of the said SEBI Observation Letter was for one year from the date of issuance i.e. upto 24th August, 2011.

SEBI has directed Lead Manager M/s. Vertex Securities Limited, to update the Draft Letter of Offer as per the observations enumerated by it in the said Observation letter.

In the meanwhile, in order to get the approval of the Bankers to the Company for the Company's proposal for Corporate Debt Restructuring (CDR), the issue size is proposed to be increased to Rs. 68.90 Crore. No sooner the approval for proposed CDR is received, the updation of the Draft Letter of Offer will be undertaken by the Company to ensure that the Rights Issue is completed at the earliest.

ACCOUNTS

The accompanying Financial Statements of the Company have been prepared on a going concern basis.

In preparation of these accounts, the Accounting Standards made applicable by the Institute of Chartered Accountants of India have been followed.

We have selected appropriate accounting policies which have been applied consistently and have made judgments and estimates that are reasonable and prudent so as to ensure that the accounts give a true and fair view of the state of affairs of the Company as at 31st March, 2011 and of the loss of the Company for the year ended on that date.

We have taken proper and sufficient care for maintenance of appropriate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.

AUDITORS' REPORT

As regards observations as contained in Auditors' Report dated 7th June, 2011, regarding transfer of related loans and debentures of ESCO and Project Divisions to wholly owned subsidiaries, Stock Options granted to Directors and Employees, litigations initiated by LIC Mutual Fund, Bank of India and other Banks for recovery of their dues and diminution in the value of investments, old / unsaleable stocks, sundry debtors and loans and advances, a reference may please be made to Note No. 2, 4 to 7, 9 and 11 of Schedule 21(III) to the financial statements respectively, which are self-explanatory.

PARTICULARS OF THE EMPLOYEES

None of the Employees were drawing salary of Rs. 60,00,000/- or more per annum, if employed throughout the year or Rs. 5,00,000/- or more per month, if employed for part of the year.

DIRECTORS

Retirement by rotation

In accordance with the provisions of the Articles of Association of the Company and the provisions of Companies Act, 1956, Mr. D. G. Prasad retires by rotation at the ensuing Annual General Meeting and is eligible for reappointment. The Board recommends his reappointment.

Nominee Director

IDBI Bank Ltd. (IDBI) vide its letter dated 5th June, 2010, appointed Mr. Hemendra Srivastava as its Nominee Director on the Board of Directors of the Company with effect from 19th June, 2011 in terms of the provisions of Loan Agreement dated 23rd March, 2007 and withdrew the nomination of Mr. Dipankar De, then existing Nominee Director of IDBI Bank on the Board of Directors of the Company, with effect from 19th June, 2011.

Subsequently, IDBI Bank Ltd. (IDBI) vide its letter dated 18th October, 2010 has appointed Mr. S. Ananthkrishnan, its Executive Director, as its Nominee Director on the Board of Directors of the Company with effect from 1st November, 2010 in terms of the provisions of Loan Agreement dated 23rd March, 2007 and has withdrawn the nomination of Mr. Hemendra Srivastava, then existing Nominee Director of IDBI Bank on the Board of Directors of the Company, with effect from 1st November, 2010.

IDBI Bank Ltd. vide its letter dated 28th June, 2011 has withdrawn the name of Mr.S.Ananthkrishnan as Nomine Director of IDBI on the Board of Directors of the Company with effect from 28th June, 2011.

The Board placed on its record its sincere appreciation for the valuable contribution made by Mr. Dipankar De, Mr. Hemendra Srivastava and Mr. S. Ananthkrishnan during their respective tenures as Nominee Directors of IDBI.

Mr. S. Neelakanta Iyer, who is associated with the Company as President (Manufacturing Operations) since April, 2007, has been appointed as Executive Director and Jt. CEO (Manufacturing Operations) of the Company with effect from 1st June, 2011.

Mr. Rajesh I. Mehta, who is Managing Director of INTEGRAL Technologies Pvt. Ltd., which is conducting research and development activities of the Company since last two years, has been appointed as Executive Director and Jt. CEO (Technology & Finance) with effect from 1st June, 2011.

Your Directors are pleased to report that the rich and varied experiences of Mr.Neelakanta Iyer and Mr. Rajesh Mehta will immensely benefit the Company.

AUDITORS

M/s. Sorab S. Engineer & Co., Chartered Accountants who are the statutory auditors of the Company, hold office until the conclusion of ensuing Annual General Meeting and are eligible for re-appointment. The members are requested to consider appointment of Statutory Auditors for the current financial year 2011-2012.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION ETC.

Information on Conservation of Energy, Technology Absorption, Foreign Exchange Earning and Out-go as required to be disclosed pursuant to Section 217 [1] (e) of the Companies Act, 1956, read with Companies [Disclosures of Particulars in the Report of Board of Directors] Rules, 1988 is given in the Annexure forming part of this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2011, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that were 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 of the Company for the year under review;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors had prepared the accounts for the financial year ended 31st March, 2011 on a 'going concern' basis.

CORPORATE GOVERNANCE

A separate report on Corporate Governance along with Auditor's certificate on its compliance is attached as an annexure to this report.

DEPOSITORY SYSTEM

As the members are aware, the Company's shares are compulsorily tradable in electronic form. As on 31st March, 2011, 98.84% of the Company's total paid-up capital representing 3,50,41,997 shares are in dematerialized form. In view of the numerous advantages offered by the Depository system, Members holding shares in physical mode are requested to avail of the facility of dematerialization of the Company's shares with either of the Depositories.

ACKNOWLEDGEMENTS

Your Directors take this opportunity to thank the Financial Institutions, Banks, Central & State Government authorities, Regulatory authorities, Stock Exchanges and the Stakeholders for their continuous co-operation and support to the Company.

Your Directors also thank customers, vendors and investors for their faith and support. Your Directors also place on record their deep sense of appreciation of the contribution made by employees at all levels. Their continuous support and their competence, hard work, team spirit and solidarity will make all the difference to the business of your Company.

On behalf of the Board of Directors

Place: Thane
Date: 18th August, 2011

Arun B. Shah
Executive Chairman



ANNEXURE TO THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2011.

ADDITIONAL INFORMATION AS REQUIRED UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

(A) ENERGY CONSERVATION MEASURES TAKEN

- (a) 1. **Improving Energy saving / efficiency of Equipments & Systems.**
- Use of Automatic Power factor Correction banks, to improve Power Factor wherever the inductive Loads in prevalent.
 - Use of Occupancy Sensors for lighting application to save energy whenever the premises are without occupant.
 - Use of Energy Efficient Electronics Ballast in lighting fixtures with T5 technology in place of Conventional Old lighting fixtures with T8 or T12 lamps.
 - Reduction in Daily A.C. running time, switching OFF lights & Air conditioning during lunch breaks and whenever not required.
 - Saving of Diesel with provision of small Generator, appropriate utilization whenever full load with machineries is not required.
 - Use of Centralized ACs @ Production floors.
 - Initiative of publishing the work instructions at various places for optimized usage of tools and gadgets.
 - Use of Daylight sensor based products.
2. **Improving Energy saving / efficiency of Manufacturing Process:**
- Use of machineries only when in operation.
 - Improvement in Downtime of machineries.
 - Reducing the temp. Zones while Machine in Idle conditions.
 - No use of machineries during Load cutting periods (Power shutdown).
 - Reducing the cycle time of Product Manufacturing processes.
 - Reducing the Burn in time of product with the help of cyclic timer.
- (b) **Additional investments and proposals, if any, : being implemented for reduction of consumption of energy.**
- Use of Energy saving type of lighting products like LED based product for further savings compared to Fluorescent type of products, use of LED streetlight instead of Fluorescent or HPSV lamps.
 - Exploring use of solar AC
 - Use of Controllers or Timers for Intermittent OFF for ACs.
 - Reduction of Temperature in AC zone by reducing the Light fixture or Heating element.
 - Appropriate usage of Light fixtures with LED at working areas for sufficient/ optimum light only.
- (c) **Impact of the measures at (a) and (b) above : for reduction of energy consumption and consequent impact on the cost of production of goods.**
- These steps will generate savings in electricity consumption. However, these savings will have no appreciable impact on cost of production as the Company's production processes are not energy intensive.

(B) TECHNOLOGY ABSORPTION

(a) Research and Development

Specific areas in which R & D carried out by the Company.

1. The Company has successfully developed energy efficient retrofit lighting systems, which is protected by Patents registered in U.S.A. and under registration in Europe as also in India. The Company is developing effective intelligent lighting solutions with introduction of New LED Technology & power Protection Devices for various markets.
2. The Company has set up Asian Technology Centre (ATC) in Pune, Maharashtra, which is ISO 9001:2008 complaint. ATC has designed & developed products conforming to Global Certification agencies like UL/ ETL, etc in Power Protection Devices & Solid State LED) lighting. It has also achieved significant progress in Research & Development for Led Garage Parking lights for the Global market, LED Tubelights, Bulbs, cost rationalization, & conventional CFL down lighters, OTS Products, Solar Products and Streetlights. The Company has also obtained the ISI certification for manufacture of CFLs. The awareness for LED-based products is growing fast in India and therefore the Company's foray into this product segment is

a timely step towards establishing its presence in the marketplace for innovative and modern lighting solutions. ATC follows Global practices of 'NPI' (New Product Introduction) and 'TOT' (Transfer of Technology) for conducting the Research & Development activities. The team at ATC consisting of more than 40 engineers and 15 support staff has more than 100 man-years of experience of working together. Major milestones during the last year have been:

- UL certified Led Garage Parking Light for exports
- UL / ETL certified Power Protection Devices including 4 models of PM20-208, PM20-240, PM30-240, HEMX range.
- Led tubelight, the Loomlight for successful replacement of conventional tubelights in the Textile industry.
- TOT audit by independent external agency.
- Development of Led lighting products for the "general lighting" space.

Benefit derived as a result of the above R & D
Future plan of action

- : The Company sees a bright future in commercially exploiting the above product.
- : 1. Adopting the new LED technology by introducing the various range of Energy saving products.
2. To intensify the R&D efforts in power quality improvement and energy conservation products.
3. To develop and introduce variants of the Retrofit Lighting Systems to suit different market segments.
4. To develop and market cost effective intelligent lighting solutions for optimizing energy cost.
5. To develop technologies to use "lighting as a network".
6. To set up specialized 'Asian Technology Centre'.

Expenditure on R & D

- (a) Capital : Nil
- (b) Recurring : Rs. 5.50 lacs
- (c) Total : Rs. 5.50 lacs
- (d) R & D expenditure as a percentage
of the total turnover : 0.037%

(b) Technology Absorption, Adaptation and Innovation

Efforts, in brief made towards technology
absorption, adsorption, adaptation and innovation

- : The Company has introduced various new and improved models of Electronic Ballasts, LED Based products & Power Protection devices for different applications.

Benefit derived as a result of the above efforts.

The Company has launched different products with separate designs of Ballasts for different market segments, & introduction of new products like LED based, Power protection devices for US market, thus enhancing its product range offered to its customers.

Technology Imported during the last 5 years.

- (a) Technology Imported : Not Applicable
- (b) Year of Import : Not Applicable
- (c) Status : Not Applicable

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

(a) Activities relating to Exports (Initiatives
taken in increasing exports, development
of newexport markets for products
and services and export plans)

- : The Company is in process of making marketing arrangements with giants in U.S.A. and elsewhere to market Company's E+ Tube light & Power Protection devices in various global export markets.

(b) Foreign Exchange Earned : Rs. 839.95 lacs

(c) Foreign Exchange Used : Rs. 439.64 lacs



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Business Review

Asian Electronics has not only been the pioneer in the energy efficient lighting industry but has also emerged as a premium quality brand with strong brand leadership and a robust distribution channel. The business prospects of the Company appeal even more when viewed in the backdrop of the new age Indian consumer who demands quality products from a respected brand even if he has to pay a premium for it. We, at Asian, strive to ensure that the trust shown by our customers in us is not only maintained but further strengthened at any cost. Quality wise, we are proud to proclaim that we are at par with the products of the global leaders in the power saving lighting industry.

Opportunities

In Indian Market:

Our vast marketing network, which has presence across the length and breadth of the country, has taken the brand of the Company right into the hearts of the customers. We feel that the performance of our vast marketing network can be augmented significantly if certain factors hindering its performance are addressed satisfactorily. These factors have been discussed in detail later in this Report. The Company is stressing on increasing its range of product offerings, which it believes, has immense business potential going forward. With the huge populace becoming aware of the benefits of energy efficient lighting, the industry in which we operate assures a stable and sustainable growth over a long term.

In International Markets:

The products of the Company have presence in the developed markets of US and Europe. New product launches, which are distributed through the Joint Venture partners of the Company, ensure that the business prospects for the products of the Company, in these international markets, maintain a rising trend. Buoyed by the positive response received from the US and European markets, the Company may consider venturing into other countries in the future. Besides ensuring stable cash flows, the Company looks at the international markets for growth and for hedging against uncertainties.

Threats:-

The business is subject to a set of hostilities arising out of the following:

1. Debt burden of secured and unsecured lenders:

The Company has been facing scarcity of working capital for quite some time. It has been hindering the overall operations of the Company. After a long and protracted spell of discussions, the Company's financiers chose to explore Corporate Debt Restructuring (CDR) mechanism to find an amicable solution. However, this is yet to reach its conclusion. The Company sincerely hopes for the CDR proposal to be approved without much delay failing which the Company would struggle to survive the financial crunch it finds itself into.

2. Meeting Customer Expectations:

In the industry that the Company operates in, prompt deliveries are the order of the day. The customers do not have mercy for "delayed" deliveries in the competitive world. The paucity of Working Capital cycle has impacted business of the Company badly.

3. Recoveries of old Dues:

Huge receivables of the Company have been locked into litigations. The Company is pursuing the recoveries vigorously and is hopeful of recovering them. However, the response to legal process of recovery has been very slow and not likely to yield results quickly.

4. Government and Semi-Government Dues:

Huge funds had got stuck with various Municipal Corporations under the ESCO model of business and the Maharashtra State Electricity Board in respect of the Capacitor Panels under Sale and Lease-back module. The funds involved in disputes with Municipal Corporations and MSEB have not seen any immediate hopes of recovery. The Company is pursuing the recovery process with respective parties and is hopeful of substantial recovery.

5. Global events:

Chances of a slowdown of the World Economy, mainly European economy, is quite possible for the short term due to current global developments. As the Company is having substantial share of its exports business concentrated in Europe, any adverse event, like a slowdown, occurring there would adversely impact growth in the short term for the Company.

6. Cost of Raw material:

The volatility in the prices of all the major raw materials may adversely affect profit margins of the Company. The Company has adopted various measures to hedge itself from impact of the price rise to minimize the effect of escalating prices of raw materials.

7. Foreign Exchange:

With the ever increasing focus of the Company on export markets, any adverse movement in the foreign exchange rates shall affect the margins of the Company. The Company has adopted various measures to hedge itself from any such adverse movements.

8. Entering into new markets or new products:

As discussed we have been entering into new geographies which will have its own challenges. We are also planning to launch new products which may need new policies. The new initiatives will bring new challenges in near future. We believe that we have sufficient management bandwidth to pass through these cycles

with past experiences. We are also putting in place various safeguards to ensure that we do not encounter any unexpected surprises.

Amidst the adversity as above, your management has kept a simple goal of building current businesses as the first priority and has achieved the following:

- a. Created an island of customers to service with their own support of Working Capital in overseas and local markets.
- b. built commercially viable business opportunities in new products.
- c. took recovery of stuck assets as a special project and survive the rot.
- d. reduced overheads to almost negligible in relation to size of the business.

The markets too have seen violent fluctuations in material prices and hence availability.

However, the menace of unorganized trade (cheaper imported products) seems to be on wane. This development has been heartening for the Company. But the Company cannot let its guard down.

Our aim is to bring in stability in short run and be an established contract manufacturer in due course of time.

Financial Performance

For Financial Performance, reference may please be made to the Financial Statements forming part of the Directors' Report.

Human Resources

The Company assigns the highest importance to its human resources which are very critical for company like ours. The Human Resources (HR) function of the Company continuously strives to achieve the mission of the Company by creating a favourable work environment and by institutionalizing a performance oriented work culture.

The Company has put in place processes to ensure it attracts and retains the talented personnel.

The industrial relations were cordial throughout the year under review. The Company has not lost a single day of work due to industrial unrest.

Internal Controls and their adequacy

The Audit Committee of the Board of Directors has been constituted as per the provisions of Section 292A of the Companies Act, 1956 and Corporate Governance requirement specified by the Stock Exchanges.

The internal audit for various functions and aspects is conducted by the In-house Internal Audit Department which conducts reviews and evaluations and present their reports to the Audit Committee and the management at regular intervals.

The In-house Internal Audit Reports dealing with internal control systems are considered by the Audited Committee and appropriate actions are being taken, wherever necessary.

Risks and Concerns

As is the case with any industrial enterprise, the Company is exposed to a number of risks. The Company assesses the risks every year which include regulatory risks, financial risks, competition risks and risks of input cost increase etc.

The In-house Internal Audit Department plays a key roll in providing the Management as well as Audit Committee, assurance of overall control system and effectiveness of the risk management process.

Your Management tries to keep all these risks in control, to the extent it is possible, by developing a frame work for risk identification, risk management and control and risk reporting and review.

Caution

The Company's objectives, expectations or predictions as described in the statement in the Management Discussion and Analysis Report may be forward looking within the meaning of applicable Rules of the Regulatory Authorities. Actual Results may defer materially from those expressed in the statement.

Important factors that could influence Company's operations include global and domestic supply and demand conditions affecting selling price of finished goods, input availability and changes in the government regulations, tax laws, economic developments, development within the country and other factors such as litigation and industrial relations.



FINANCIAL POSITION AT A GLANCE

	Year ended 31.3.2011 Rs. in lacs	Year ended 31.3.2010 Rs. in lacs	Year ended 31.3.2009 Rs. in lacs
CAPITAL			
ASSETS OWNED			
1. Fixed Assets (Net)	4125.03	4920.52	5335.91
2. Investments	11088.96	11086.96	4783.47
3. Current Assets (Net)	17901.03	20410.57	35521.82
4. Miscellaneous Expenditure	5.04	4.94	-
TOTAL	33120.06	36422.99	45641.20
FINANCED			
1. Loans (Secured)	16325.97	12799.56	18406.39
2. Loans (Unsecured)	534.41	566.02	5478.89
3. Net Worth*	16259.68	23057.41	21755.92
TOTAL	33120.06	36422.99	45641.20
* Represented by			
Share Capital	1693.60	1495.03	1453.37
Stock Options outstanding	-	443.03	-
Equity Share Warrants	-	231.17	-
Reserves (Net)	14566.08	20888.18	20302.55
TOTAL	16259.68	23057.41	21755.92
REVENUE			
INCOME EARNED			
1. Sale of products and services	14549.02	22440.57	21179.29
2. Other Income	182.69	341.37	223.78
TOTAL	14731.71	22781.94	21403.07
INCOME DISTRIBUTED			
1. Materials	16104.62	15612.32	13410.78
2. Employee Cost	782.53	1057.33	1341.18
3. Administrative, Sales & Other Expenses	2054.49	2337.24	4215.22
4. Lease Rent	-	-	7.43
5. Financial Expenses	2471.97	2811.80	2130.12
6. Depreciation	439.85	439.16	460.82
7. Taxation:			
Current Tax	-	-	-
Deferred Tax- Charge	-	-	-
Fringe Benefit Tax	-	0.05	33.04
Excess provision for Tax of Earlier year written back	-	(212.95)	-
8. Exceptional Items	804.63	443.03	(698.29)
9. Dividend	-	-	-
10. Retained Income	(7926.38)	293.96	502.77
TOTAL	14731.71	22781.94	21403.07

FINANCIAL POSITION AT A GLANCE

	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007
CAPITAL ACCOUNTS (Rs. in lacs)					
Share Capital	1694	1495	1453	1452	1392
Reserves & Surplus	14566	20888	20303	19773	33804
Borrowings:- Secured	16326	12800	18406	14793	11504
Unsecured	534	566	5479	6010	4997
Gross Block	9864	9867	9977	14829	13225
Net Block	3346	3784	4236	5536	4910
Net Current Assets	17901	20411	35522	31085	43802
REVENUE ACCOUNTS (Rs. in lacs)					
Sales and Other Income	14732	22782	21398	22236	38006
Gross Profit before extra-ordinary item, interest and depreciation	(4210)	3775	2429	5914	10266
Interest	2472	2812	2130	2340	1663
Depreciation	440	439	461	1025	899
Profit before extra-ordinary items and tax	(7122)	524	(162)	2549	7705
Exceptional Items	805	443	698	(17882)	-
(Loss)/Profit after extra-ordinary items and tax	(7926)	81	503	(15411)	7705
Excess provision of Income Tax of earlier year written back	-	213	-	-	-
Net earnings available for appropriation	(7926)	294	503	(15411)	6663
Dividend amount	-	-	-	-	763
Retained earnings	(7926)	294	503	(15411)	5900
SELECTED INDICATORS					
Return on Capital Employed %	(21.89)	12.79	7.23	(35.98)	14.87
Current Ratio	2.68	2.33	3.32:1	-	6.36:1
Earnings per share of Rs.5/- (w.e.f. 2007-2008)	(24.48)	0.97	1.68	(52)	53
Total Borrowings/Shareholder's Funds	1.04	0.60	1.09	0.98	0.47
Book value per share of Rs.5/- (w.e.f. 2007-2008)	46	73.00	73	66	236
Dividend %	-	-	-	-	45
Fixed Assets Turnover	4.40	6.02	5.05	3.9	7.48



ANNEXURE TO THE DIRECTORS' REPORT

Information relating to Corporate Governance

I. Company's philosophy on Code of Governance :

The Company believes in implementing and observing good Corporate Governance practices. The Company's Corporate Governance philosophy is based on values such as transparency, professionalism and accountability. The Company always endeavors to improve on these areas on an ongoing basis.

The Company has adopted a Code of Conduct for the Members of the Board and Senior Management Personnel in compliance with the provisions of Clause 49 of the Listing Agreement.

A copy of the Code of Conduct is available on the website of the Company www.aelgroup.com.

All the Members of the Board and the Senior Management Personnel of the Company have affirmed compliance to the Code of Conduct as on 31st March, 2011, and a declaration to that effect signed by the Executive Chairman is attached and forms part of this Report.

II. Board of Directors (Board)

The Board as on 31st March, 2011 comprises of 6 Directors of whom 1 is Alternate Director. Out of remaining Directors, 1 is Executive and 4 are in Non-Executive capacity. The Non-Executive Directors are eminent professionals with experience in over all management, finance and law, who bring a wide range of skills and experience to the Board. None of the Directors has materially significant pecuniary or business relationship with the Company.

a. Composition of the Board

Name of Director	Promoter, Executive, Non-Executive, Independent	No. of other Directorship held @	No. of other Committees of which he is a Chairman	No. of other Committee(s) of which he is a member	No. of Shares held in the Company as at 31.3.2011
Mr. Arun B. Shah	Executive, Promoter	12	-	-	33,20,549
Mr. Hareesh G. Desai	Non-Executive, Independent	3	-	-	1,000
Dr. Deepak Divan	Non-Executive, Independent	2	-	-	-
Mr. Suresh Sharma Alternate Director to Dr. Deepak Divan	Non-Executive, Independent	-	-	-	-
Mr. Dipankar De *	Non-Executive, Independent	-	-	-	-
Mr. D. G. Prasad	Non-Executive, Independent	4	2	1	250
Mr. Hemendra Srivastava **	Non-Executive, Independent	-	-	-	-
Mr. S. Ananthakrishnan***	Non-Executive, Independent	1	-	1	-

@ Includes private Companies and Alternate Directorships

* Ceased to be a Nominee Director of IDBI Bank Ltd. w.e.f. 19th June, 2010

** Appointed as a Nominee Director of IDBI Bank Ltd. w.e.f. 19th June, 2010 and ceased to be a Nominee Director of IDBI Bank Ltd. w.e.f. 1st November, 2010.

*** Appointed as a Nominee Director of IDBI Bank Ltd. w.e.f. 1st November, 2010

b. Number of Board Meetings :

During the year, the Board of Directors met five times on the following dates:-

20 th April, 2010	31 st May, 2010	12 th August, 2010
10 th November, 2010	15 th February, 2011	-

c. Attendance of Directors :

Name of Director	Meetings Attended	Attended last AGM on 21 st September, 2010
Mr. Arun Shah	5	Yes
Mr. Hareesh G. Desai	5	Yes
Dr. Deepak Divan	-	No
Mr. Suresh Sharma	-	No
Mr. Dipankar De *	1	No
Mr. D. G. Prasad	5	No
Mr. Hemendra Srivastava **	1	No
Mr. S. Ananthakrishnan ***	1	No

* Ceased to be a Nominee Director of IDBI Bank Ltd. w.e.f. 19th June, 2010

** Appointed as a Nominee Director of IDBI Bank Ltd. w.e.f. 19th June, 2010 and ceased to be a Nominee Director of IDBI Bank Ltd. w.e.f. 1st November, 2010.

*** Appointed as a Nominee Director of IDBI Bank Ltd. w.e.f. 1st November, 2010

III. Committee of Directors :

Good Corporate Governance requires that the Non-Executive Directors of the Company are more actively involved in providing guidance to full time management on policy matters as well in the monitoring of actions carried out by operating management. This involvement is formalised and institutionalised through constitution of designated committees of the Board. The Committees are intended to provide the fora for periodical and regular exchange of information and ideas between the Non-Executive Directors and the operating management.

The Board has accordingly constituted Committees at its meeting held on 27th January, 2000 which comply with the requirements of clause 49 of the Listing Agreement with the Stock Exchanges and the applicable provisions of the Companies (Amendment) Act, 2000. The said Committees were reconstituted from time to

ANNUAL REPORT 2010-11

time by Resolutions passed by the Board of Directors of the Company.

(A) Audit Committee:-

As on 1st April, 2010, the Audit Committee comprised of the following Directors:

- (1) Mr. Haresh G. Desai
- (2) Dr. Deepak Divan
- (3) Mr. D.G. Prasad

Mr. Haresh G. Desai is the Chairman of the Audit Committee. Mr. R. D. Goradia, Executive Director & Company Secretary was Secretary to the Committee upto 31st March, 2011. The role and terms of reference to the Audit Committee covers the areas mentioned under Clause 49 of the Listing Agreement as amended from time to time and Section 292A of the Companies Act, 1956. The Audit Committee met four times during the year 2010-2011 on 31st May, 2010, 12th August, 2010, 10th November, 2010 and 15th February, 2011.

The attendance of each Audit Committee member is as under:

Name of the Audit Committee Members	No. of meetings attended
Mr. Haresh G. Desai	4
Dr. Deepak Divan	-
Mr. D. G. Prasad	4

The meetings were also attended by Executive Chairman – Mr. Arun B. Shah, Jr. Chief Financial Officer – Mr. Snehal J. Shah and Mr. Punit Sheth – General Manager (Finance & Accounts) as special invitees. The Secretary – Mr. R. D. Goradia attended all the Meetings.

The Statutory Auditors and Internal Auditors are invitees to the meetings.

The Statutory Auditors attended all the Meetings.

The Internal Auditors attended the Audit Committee Meeting held on 31st May, 2010.

(B) Executive Committee:-

The Executive Committee of the Board of Directors as on 1st April, 2010 comprised of the following Directors:

Mr. Arun B. Shah, Chairman

Mr. Haresh G. Desai, Director

This Committee deals with routine matters like bank account operation, authorisation to employees in respect of Excise, Sales Tax, Tender submission etc. as also some matters specifically delegated by the Board from time to time.

During the year under review, thirteen meetings were held on the following dates:-

- 5.4.2010, 4.6.2010, 9.7.2010, 12.8.2010, 13.8.2010, 20.9.2010, 28.9.2010, 15.10.2010, 22.11.2010, 14.12.2010, 12.1.2011, 18.1.2011 and 17.3.2011.

Attendance of each of the Executive Committee Members is as under:

Name	No. of Meetings attended
Mr. Arun Shah	13
Mr. Haresh G. Desai	13

The Secretary - Mr. R.D. Goradia attended all the meetings.

(C) Committee for Transfer of Shares:-

The Committee for Transfer of Shares as on 1st April, 2010 comprised of the following Directors:

Mr. Arun B. Shah, Chairman

Mr. Haresh G. Desai, Director

Mr. R. D. Goradia, Executive Director & Company Secretary was Secretary to the Committee upto 31st March, 2011.

During the year under review, 12 meetings were held on 15.4.2010, 30.4.2010, 15.5.2010, 15.6.2010, 30.6.2010, 26.7.2010, 16.8.2010, 31.8.2010, 14.9.2010, 30.9.2010, 15.1.2011 and 15.3.2011. The attendance of each Share Transfer Committee Members is as under:

Name & Designation	No. of Meetings attended
Mr. Arun B. Shah, Chairman	12
Mr. Haresh G. Desai, Director	12

The Secretary, Mr. R. D. Goradia attended all the meetings.

(D) Shareholders' / Investors' Grievances Committee

(a) The Shareholders' / Investors' Grievances Committee as on 1st April, 2010 comprised of the following Directors:

1) Mr. Haresh G. Desai, Chairman

2) Mr. Arun B. Shah, Director

During the year under review, the Shareholders' / Investors' Grievances Committee met once on 4th March, 2011.

This meeting was attended by Mr. Haresh G. Desai and Mr. Arun B. Shah. The meeting was also attended by the Secretary, Mr. R. D. Goradia.

Compliance Officer: Mr. R. D. Goradia, Executive Director & Company Secretary upto 31st March, 2011.

(b) Number of shareholder complaints / requests received during the year:

During the year under review, total 62 investor's complaints / requests were received.

All the complaints / requests received during the year ended 31st March, 2011 were solved within the time to the satisfaction of the investors / shareholders and no complaints were pending as on 31st March, 2011 for more than 30 days. All the shares received for transfer / transmission have been transferred / transmitted and no transfer is pending as on 31st March, 2011.



(E) Remuneration Committee

Matters of remuneration of Executive Directors are considered by the Board of Directors of the Company, with the interested Executive Director(s), not participating or voting. The terms of remuneration of Executive Directors are approved by the shareholders at the Annual General Meeting. Therefore no separate remuneration committee has been constituted.

The Board of Directors decides the remuneration of non-executive Directors which consist of sitting fees as well as commission based on net profits of the Company.

REMUNERATION OF DIRECTORS FOR 2010-2011

Name of the Director	Sitting Fees (Rs. in lacs)	Salaries, Commission Perquisites (Rs. in lacs)	Service Contract, Notice Period, Severance Fees.
Mr. Arun Shah	1.52	-	-
Mr. Haresh G. Desai	2.32	-	-
Dr. Deepak Divan	-	-	-
Mr. Suresh Sharma	-	-	-
M. Dipankar De, Nominee Director of IDBI Bank Ltd.	0.20	-	Sitting Fees directly paid to IDBI Bank Ltd.
Mr. Hemendra Shrivastava, Nominee Director of IDBI Bank Ltd.	0.20	-	-
Mr. S. Ananthkrishnan, Nominee Director of IDBI Bank Ltd.	0.20	-	Sitting Fees directly paid to IDBI Bank Ltd.
Mr. D.G. Prasad	2.00	-	-

(F) Compensation Committee

The Compensation Committee as on 1st April, 2010 comprised of the following Directors:

- 1) Mr. Haresh G. Desai, Chairman
- 2) Mr. Arun B. Shah, Director
- 3) Mr. D.G. Prasad, Director

Mr. R. D. Goradia was Secretary of the said Committee upto 31st March, 2011.

During the year under review, one Meeting of the Compensation Committee was held 30th March, 2011.

The Compensation Committee passed Circular Resolution No. 1/2010-2011 dated 23rd March, 2011 revising the exercise price of 10,00,000 Stock Options granted under Employee Stock Option Scheme 2009 and also passed Circular Resolution No. 2/2010-2011 dated 23rd March,

2011 revising the exercise price of 3,51,550 Stock Options granted under Employee Stock Option Scheme 2005. The said Circular Resolutions were noted by the Compensation Committee at its Meeting held on 30th March, 2011.

The Meeting held on 30th March, 2011 was attended by Mr. Haresh G. Desai, Mr. Arun B. Shah and Mr. D.G. Prasad.

Secretary, Mr. R. D. Goradia also attended the meeting.

IV. General Body Meetings

- (1) The details of Annual General Meetings held in the last three years are as under:

	Date	Time	Venue
(i) 43 rd Annual General Meeting	29 th November, 2008	4.00 p.m.	Registered Office of the Company at Thane.
(ii) 44 th Annual General Meeting	30 th September, 2009	11.00 a.m.	Registered Office of the Company at Thane.
(iii) 45 th Annual General Meeting	21 st September, 2010	2.00 p.m.	Registered Office of the Company at Thane.

All resolutions moved at the last AGM were passed unanimously on a show of hands by the shareholders present at the meeting.

Details of Special Resolutions passed in the previous three AGMs are given hereunder:-

Date	Matter
29.11.2008	1) Modification of Employee Stock Option Scheme and Employee Stock Purchase Scheme. 2) Ratification and approval of Employee Stock Option Scheme and Employee Stock Purchase Scheme.
30.9.2009	1) Appointment and remuneration of Mr. Arun B. Shah as the Executive Chairman of the Company. 2) Modification of ESOS 2009 Scheme.
21.9.2010	1) Amendment of the Articles of Association of the Company.

- (2) Postal Ballot (under Section 192A):-

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

- (3) Extraordinary General Meetings:-

Day	Date	Time	Venue
Thursday	21 st February, 2008	11.00 a.m.	Registered Office of the Company at Thane.
Thursday	12 th February, 2009	11.00 a.m.	Registered Office of the Company at Thane.
Monday	6 th July, 2009	11.00 a.m.	Registered Office of the Company at Thane.

ANNUAL REPORT 2010-11

Following are Special Resolutions passed at the Extraordinary General Meetings held in the last three years:

EGM held on	Whether Special Resolution passed	Summary
21.2.2008	Yes	1) Approval of proposal for raising long term funds by issue of securities on preferential basis and/or issue of securities including GDRs and FCCBs.
12.2.2009	Yes	<p>1) Approval for change of management control of the Company in terms of first proviso and second proviso to regulation 12 of SEBI SAST Regulation and waving and foregoing any right and releasing the new management from the obligation of making public announcement and subsequent open offer in terms of SEBI SAST Regulations.</p> <p>2) Approval for appointment of new management team of Asian Electronics Ltd. led by Mr. Arun B. Shah, Non-Executive Chairman & Director in terms of first proviso and second proviso to regulation 12 of SEBI SAST Regulation and waving and forgoing any right and releasing the new management from the obligation of making public announcement and subsequent open offer in terms of SEBI SAST Regulations.</p> <p>3) Approval for Draft of Asian Electronics Limited – Employees Stock Option Scheme - 2009 ('AEL ESOS 2009') which could give rise to the issue of up to 51,80,057 [Fifty One Lakh Eighty Thousand Fifty Seven Only] equity shares of the Company of the face value of Rs. 5/- (Rupees five Only) each, fully paid up ("Securities") aggregating to 13% (Cumulative limit for this Resolution and Resolutions in Item No. 4 and 5) of the fully diluted equity share capital of the Company.</p> <p>4) Approval under Regulation 6.3 (a) of SEBI (ESOS & ESOS) Guidelines, 1999 for issue of Equity Share Options to the eligible employees of the HOLDING</p>

		<p>company which the Company may have in the future which could give rise to the issue of up to 51,80,057 [Fifty One Lakh Eighty Thousand Fifty Seven Only] equity shares of the Company of the face value of Rs. 5/- (Rupees five Only) each, fully paid up ("Securities") aggregating to 13% (Cumulative limit for this Resolution and Resolutions in Item No. 3 and 5) of the fully diluted equity share capital of the Company under the Scheme titled Asian Electronics Limited – Employees Stock Option Scheme - 2009 ('AEL ESOS 2009').</p> <p>5) Approval under Regulation 6.3 (a) of SEBI (ESOS & ESOS) Guidelines, 1999 for issue of Equity Share Options to the eligible employees of the SUBSIDIARY company which the Company may have in the future which could give rise to the issue of up to 51,80,057 [Fifty One Lakh Eighty Thousand Fifty Seven Only] equity shares of the Company of the face value of Rs. 5/- (Rupees five Only) each, fully paid up ("Securities") aggregating to 13% (Cumulative limit for this Resolution and Resolutions in Item No. 3 and 4) of the fully diluted equity share capital of the Company under the Scheme titled Asian Electronics Limited – Employees Stock Option Scheme - 2009 ('AEL ESOS 2009').</p> <p>6) Approval for draft of Asian Electronics Limited - Chairman Stock Option Scheme 2009 ('AEL CSOS 2009') which could give rise to the issue of up to 47,81,591 (Forty Seven Lakhs Eighty One Thousand Five Hundred Ninety One Only) equity shares of the Company of the face value of Rs. 5/- (Rupees five Only) each, fully paid up ("Securities") aggregating to 12% of the fully diluted equity share capital of the Company to the Chairman of the Company Mr. Arun B. Shah.</p> <p>7) Approval under Regulation 6.3 (b) of SEBI (ESOS & ESOS) Guidelines, 1999 for issue of Equity Share Options to the</p>
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		Chairman of the Company Mr. Arun B. Shah which could give rise to the issue of equity shares exceeding 1% of the paid up capital of the Company i.e. up to 47,81,591 (Forty Seven Lakhs Eighty One Thousand Five Hundred Ninety One Only) equity shares of the Company of the face value of Rs. 5/- (Rupees five Only) each, fully paid up (“Securities”) aggregating to 12% (Cumulative limit) of the fully diluted equity share capital of the Company under the Scheme titled ‘Asian Electronics Limited - Chairman Stock Option Scheme 2009 (AEL CSOS 2009)’.
6.7.2009	Yes	<ol style="list-style-type: none"> 1) Approval pursuant to the provisions of Section 81 and all other applicable provisions, if any, of the Companies Act, 1956 for raising of funds not exceeding Rs. 70 crores by issue of securities to finance the Company’s requirement of capital expenditure for expansion and modernisation activities etc. 2) Approval pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Act for issue of 60,00,000 Equity Share Warrants at a price of Rs.40/- (inclusive of premium of Rs.35/- each) to Financial Investors. 3) Approval for passing Special Resolution for issue of Right Shares in the ratio of 1:2 at a price of Rs.20/- per Share or such other price as may be decided by the Board. 4) Approval of Special Resolution for modification of CSOS-2009 Scheme for making corrections in the number of Shares to be allotted. 5) Approval of Special Resolution for modification of earlier Resolution pursuant to the provisions of Sections 77, 79A, 81, 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 for CSOS-2009 under Clause 6.3(b) of the ESOP Guidelines.

Special Resolutions passed by way of Postal Ballot pursuant to Section 192A(2) of the Companies Act, 1956:

Special Resolutions mentioned at Item No 1 and 2 of EGM held on 12.2.2009, pertaining to Change of Management from the team headed by Mr. Suresh H. Shah to the team headed by Mr. Arun B. Shah and

pertaining to release of the new management team of any obligation or liability towards making ‘Public Announcement’ and subsequent ‘Open Offer’ for atleast Twenty per cent of the voting capital, respectively, were also passed by way of Postal Ballot pursuant to Section 192A(2) of the Companies Act, 1956 and the results thereof as per the Scrutinizer’s Report dated 11th February, 2009 were declared at the Extra-Ordinary General Meeting held on the 12th February, 2009.

None of the business required to be transacted at the EGM held on 6.7.2009 was proposed to be passed by the Postal Ballot.

Ordinary Resolutions passed by way of Postal Ballot pursuant to Section 192A of the Companies Act, 1956:

Ordinary Resolutions mentioned at Item Nos. 1, 2 and 3 of the Notice dated 22nd April, 2010, pertaining to hiving off of the ESCO funding activities (Energy Saving Company) Division of the Company, hiving off of the Projects Division of the Company and mortgage and/or charge of movable and immovable properties of the Company were passed by way of Postal Ballot pursuant to Section 192A(2) of the Companies Act, 1956 and the results thereof as per the Scrutinizer’s Report dated 22nd May, 2010 were declared at the Head Office of the Company on 22nd May, 2010.

V. Notes on Directors appointment/re-appointment

For details, please refer to brief resume of Directors attached to and forming part of the Notice dated 18th August, 2011 of AGM.

VI. Disclosures

(i) Related party transactions:

Full disclosures on related party transactions, as per the Accounting Standard 18 issued by the Institute of Chartered Accountants of India has been given under Note 19 - Schedule 21(III) of the Annual Accounts.

All related party transactions have been entered into in the ordinary course of business and were placed periodically before the Audit Committee in summary form. There were no material individual transactions with related parties which were not in the normal course of business and required to be placed before the Audit Committee and that may have potential conflict with the interest of the Company at large. All individual transactions with related parties or others were on an arm’s length basis.

(ii) All Accounting Standards mandatorily required have been followed in preparation of financial statements and no deviation has been made in following the same.

(iii) (a) All pecuniary relationship or transactions of the Non-executive Directors vis-a-vis the Company have been disclosed hereinabove.

(b) The Company has one Whole time Director on the Board whose appointment and remuneration have been fixed by the Board in terms of Resolution passed by the members. The remuneration paid / payable is mentioned hereinabove.

ANNUAL REPORT 2010-11

- (c) The number of shares held by each Director is mentioned in Item No. II (a) hereinabove.
- (iv) (a) Management Discussion and Analysis forms part of the Annual Report to the shareholders and it includes discussions on matters as required under the provisions of Clause 49 of the Listing Agreement with Stock Exchanges.
- (b) There were no material financial & commercial transactions by Senior Management as defined in Clause 49 of the Listing Agreement where they have personal interest that may have a potential conflict with the interests of the Company at large requiring disclosure by them to the Board of Directors of the Company.
- (v) There was no non-compliance during the last three years by the Company on any matter related to Capital Market. However, the Securities and Exchange Board of India (SEBI) vide its letter No. CFD/DCR/RC/TO/13060/04 dated 21st July, 2004 had alleged violation of regulations 6 and 8 of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 by the Company. SEBI had intimated willingness to consider Company's request for consent order, if the Company is willing to pay an amount of Rs.1,75,000/- as penalty for the alleged violation of Takeover Regulations. The Company had made submissions to SEBI vide its letter dated 24th September, 2004, requesting them to take lenient view and condone the delay on the part of the Company and its Officers in compliance of the SEBI Takeover Regulations and requested for personal hearing in the matter. As of date, the Company has not received any response from SEBI.

VII. Means of Communication

- a. The quarterly/ half yearly and annual Financial Results of the Company are forwarded to the Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. and published in leading national newspapers. Besides the same is also displayed on the corporate website : www.aelgroup.com
- b. The Company also electronically files documents such as full version of Annual Report, Quarterly Financial Statements, Corporate Governance Report, Shareholding Pattern Statement and other prescribed information with CorpFiling website from quarter ending 31st December, 2011 in compliance with Clause 52 of the Listing Agreement.
- c. The Company has made presentations to various Institutional Investors/ Analysts during the year.
- d. Management Discussion & Analysis is covered elsewhere in the Directors' Report to Members.
- e. The Company has its own web site viz. www.aelgroup.com and all the vital information relating to the Company and its products is displayed on the website.

VIII. Management Discussion and Analysis Report

Management Discussion & Analysis forms part of the Directors' Report.

IX. Shareholder Information

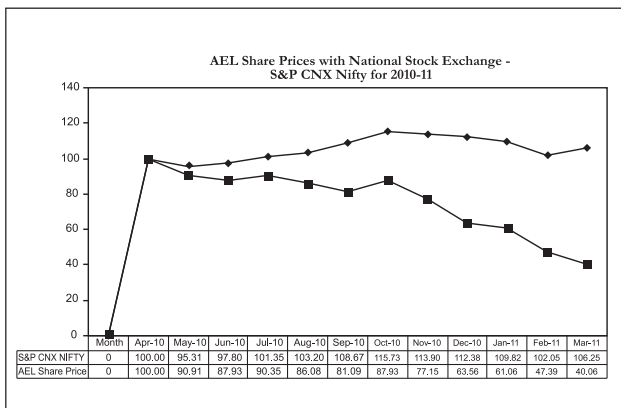
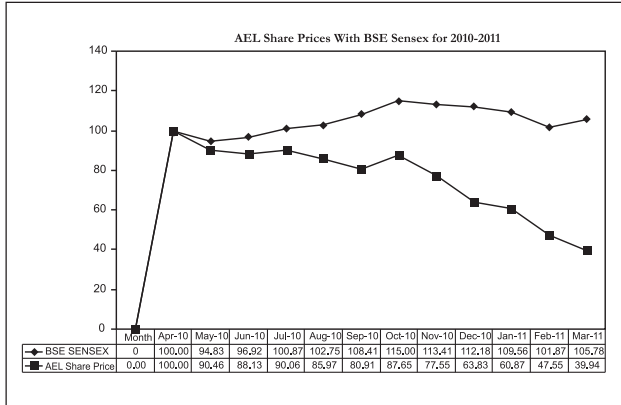
1. Annual General Meeting	
Date	: 22 nd September, 2011
Time	: 10.00 a.m.
Venue	: Registered Office of the Company at D-11, Road No. 28, Wagle Industrial Estate, Thane – 400 604. Maharashtra, India.
2. Financial Year	: 2010-2011
3. Book closure date	: 21.09.2011 to 22.09.2011
4. Dividend payment date	: Not applicable
5. Listing of equity shares	: The shares are listed on
	(1) Bombay Stock Exchange Ltd. (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 and
	(2) National Stock Exchange of India Ltd. (NSE), “Exchange Plaza”, Bandra-Kurla Complex, Bandra (E), Mumbai – 400
	Annual listing fee for the year 2010-2011 (as applicable) has been paid by the Company to BSE and NSE.
6. Stock Code	: BSE Scrip Code : 503940 NSE Trading symbol: ASIANELEC

Market Price Data : High/Low in each month of the year ended March 31, 2011 on The Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd.

Month / Year	The Bombay Stock Exchange Limited			National Stock Exchange of India Limited		
	High (Rs.)	Low (Rs.)	Volume (Nos.)	High (Rs.)	Low (Rs.)	Volume (Nos.)
Apr-10	33.55	28.80	6751297	33.40	28.75	8081141
May-10	31.25	25.15	2502158	31.25	25.25	2787593
Jun-10	30.15	24.80	4228892	29.75	24.90	5962432
Jul-10	29.60	26.55	3429832	29.65	26.50	3830569
Aug-10	29.45	24.15	3062124	29.45	24.05	3422135
Sep-10	26.40	24.05	2459486	26.30	24.10	3000400
Oct-10	30.70	23.95	7947220	30.65	24.00	11003325
Nov-10	29.10	19.25	10240942	29.25	18.70	9084421



Dec-10	23.30	16.50	3055405	23.10	16.40	4184948
Jan-11	21.75	16.20	1164342	21.80	16.15	1397025
Feb-11	17.25	12.40	1312659	17.15	12.30	1942738
Mar-11	14.40	10.50	1716059	14.40	10.50	1990302
TOTAL :			47870416			56687029



7. Registrars & Transfer Agents :

The Company was handling share transfer and other allied work in-house and Link Intime India Pvt. Ltd. were the connectivity agent for Demat of Company's shares. Securities and Exchange Board of India (SEBI) by its Circular dated 27-12-2002, directed that all share registry work in terms of both, physical and electronic segments should be maintained at a single point either in-house or with a SEBI registered Registrar & Transfer Agent. In compliance with this directive, the Company has appointed Link Intime India Pvt. Ltd. as Registrar and Transfer Agent with effect from 1.2.2003.

8. Share Transfer System :

Transfer requests received in physical form are presently processed by the R & T Agent and Share Certificates are returned within a period of 30 days from the date of receipt. The Company obtains from a Company Secretary in Practice half yearly certificate of compliance with the share transfer formalities as

required under Clause 47 (C) of the Listing Agreement with Stock Exchanges and files a copy of the Certificate with Stock Exchanges.

9. Distribution of Shareholding as on 31st March, 2011 :

No of Equity Shares held (Range)	No. of Share-holders	% of Share-holders	No. of Shares held	% of Share-Holding
1 to 500	42043	81.89	6605363	18.63
501 to 1000	4865	9.48	4017010	11.33
1001 to 2000	2316	4.51	3545169	10.00
2001 to 3000	783	1.53	2018112	5.69
3001 to 4000	331	0.64	1192448	3.36
4001 to 5000	287	0.56	1361194	3.84
5001 to 10000	425	0.83	3142243	8.86
10001 & above	293	0.57	13570620	38.28
Total :	51343	100.00	35452159	100.00

10. Categories of shareholding as on 31st March, 2011 :

Category	No. of Share-holders	% of Share-holders	No. of Shares held	% of Share-Holding
Promoters & Group Companies	1	0.00	3320549	9.37
Directors	2	0.00	1250	0.00
Financial Institution/Banks	4	0.01	131475	0.37
Mutual Funds	4	0.01	3200	0.01
F. I. I.s, N.R.I.s & OCBS	388	0.76	565073	1.59
Public	50944	99.22	31430612	88.66
Total	51343	100.00	35452159	100.00

11. Dematerialisation of shares

During the previous years and the year under review 35041997 (98.84%) shares were dematerialised in the following depositories:

National Securities Depository Ltd. (NSDL)	21385166 (60.32%) shares
Central Depository Services (India) Ltd. (CDSL)	13656831 (38.52%) shares
ISIN No.	INE441A01026

12. Plant Locations

Company's Plants are located at

Works

Plot No.68, MIDC Industrial Area, Satpur, Nashik - 422 007.

DTA Unit

Survey No. 9/2/1, Mumbai-Agra Road, Post Vilholi, Nashik - 422 010.

EOU

Survey No. 15, Plot No. 1,
Mumbai-Agra Road, Near Octroi Naka,
Vilholi, Nashik – 422 010.

Solan Unit

Hadbast No. 932, Khasra No.228,
Village Jakhroda, Pargana Nali Dharthi,
Tehsil Kasauli, Dist. Solan,
Himachal Pradesh.

Silvassa Unit

Survey No. 113/2/6,
Tirupati Industrial Estate, 66 KV Road,
AmlI, Silvassa - 396 230.

Chennai Unit

Plot No. 131/134, Krishna Industrial Estate,
Vinagaram, Mettukuppam,
Chennai – 600 095.

Bhiwandi Unit (upto 12.6.2009)

Rajalaxmi Commercial Complex,
Unit AJ 6 & 18 R.C.C.,
Agra Road, Kalher, Bhiwandi,
Dist. Thane – 421 302.

13. Address for correspondence

The Company's Registered Office is situated at D-11, Road No. 28, Wagle Industrial Estate, Thane – 400 604, Tel: (91-22) 25835504-05, Fax: (91-22) 25827636, E-mail: jp@aelgroup.com and secdept@aelgroup.com Website: www.aelgroup.com

Shareholder correspondence may be directed to:

Link Intime India Pvt. Ltd.,
Unit : Asian Electronics Limited
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai – 400 078.
Tel.: 25963838, Fax: 25946979, E-mail:
helpline@linkintime.co.in

Shareholders holding shares in electronic mode should address their correspondence to their respective Depository Participants.

14. Transfer of unclaimed dividend amount to Investor Education & Protection Fund

During the year under review, the Company has credited Rs. 1,15,399/- to the Investor Education & Protection Fund pursuant to Section 205 C of the Companies Act, 1956 read with the Investor Education & Protection Fund (Awareness & Protection of Investors) Rules, 2001.

15. Compliance Certificate of Auditors

Certificate from the Auditors of the Company, M/s. Sorab S. Engineer & Co. confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 is annexed to the Directors' Report forming part of the Annual Report.

This certificate has been forwarded to Stock Exchanges where the shares of the Company are listed.

16. Reconciliation of Share Capital Audit

The Reconciliation of Share Capital Audit Report confirming that the total issued capital of the Company is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL is placed before the Board on quarterly basis. A copy of the Audit Report is submitted to the Stock Exchanges where the shares of the Company are listed.

17. Non-Mandatory Requirements

1. The Board

(a) The Company has got Executive Chairman.

(b) At present there is no policy fixing the tenure of independent Directors. However, no independent Directors' tenure exceeds in aggregate a period of nine years.

2. Remuneration Committee

As on 31st March, 2011, the Company has one Whole-time Director on the Board whose appointment and remuneration has been fixed by the Board in terms of Resolution passed by the members.

In view of this, no Remuneration Committee is constituted for the purpose.

3. Shareholders' Rights

Half yearly financial results including summary of the significant events in last six months are presently not being sent to shareholders of the Company.

4. Audit Qualifications

As regards qualification as contained in the Audit Report dated 7th June, 2011, reference may be made to Note no. 2, 4 to 7, 9 and 11 of Schedule 21 (III) to the Financial Statements, which is self-explanatory.

5. Training of Board Members

There is no formal policy at present for training of the Board Members of the Company as the members of the Board are eminent and experienced professional persons.

6. Mechanism for evaluating non-executive board members

There is no formal mechanism existing at present for performance evaluation of non-executive directors.

7. Whistle Blower Policy

The Employees of the Company are encouraged to report to the management any unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy, which may have come to their notice. In exceptional cases, employees can have direct access to the Chairman of the Audit Committee. However, the Company has not, so far, established any formal whistle blower policy.

The above report has been placed before the Board at its meeting held on 18th August, 2011 and the same was approved.



Declaration by the CEO under Clause 49 of the Listing Agreement on Compliance of the Company's Code of Conduct

To,

Asian Electronics Ltd.,
D-11, Road No. 28,
Wagle Industrial Estate,
Thane – 400 604.

The Company has framed a specific Code of Conduct for the members of the Board of Directors and the Senior Management Personnel of the Board of Directors and Senior Management Personnel of the

Company pursuant to Clause 49 of the Listing Agreement with Stock Exchanges to further strengthen corporate governance practices in the Company.

All the members of the Board and Senior Management Personnel of the Company have affirmed due observance of the said Code of Conduct in so far as it is applicable to them and there is no non-compliance thereof during the year ended 31st March, 2011.

Place: Mumbai
Date: 18th August, 2011

Arun B. Shah
Executive Chairman

AUDITORS' REPORT ON CORPORATE GOVERNANCE

To the Members of Asian Electronics Ltd.

We have examined the compliance of conditions of Corporate Governance by Asian Electronics Ltd., for the year ended 31st March, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the 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 ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For SORAB S. ENGINEER & CO.
Chartered Accountants

CA N.D. ANKLESARIA
Partner
Membership No. 10250

Place: Mumbai.

Date: - 18th August, 2011

AUDITORS' REPORT

To,
THE MEMBERS OF ASIAN ELECTRONICS LIMITED.

We have audited the attached Balance Sheet of Asian Electronics Limited ("the Company") as at March 31, 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.

1. 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.
2. Further to our comments in the Annexure referred to in Paragraph 1 above we report that:-
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches / divisions not visited by us, *except for the financial statements of PAL Technology Division which have not been audited by branch auditors.*
 - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d. 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, except AS - 2 "Valuation of Inventories" and AS - 13 "Accounting for Investments"
 - e. On the basis of the written representations received from the Directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - f. *Attention is invited to the following:*
 - i. *Note No. 2 of Schedule 21(III) regarding transfer of related loans and debentures of ESCO and Project Division aggregating to Rs. 13,871.24 Lacs to two wholly owned subsidiaries. The Lenders have refused to give their approval and have informed the company not to proceed with hiving off of the Assets and not to transfer the Loans / Debentures to the two subsidiaries. Although the Loans / Debentures aggregating to Rs.13,871.24 Lacs granted by Banks/ Financial Institutions to the Company are not reflected in the Books of Account, the Company continues to be liable to the lenders for the Loans / Debentures transferred to the subsidiary companies. Also, the Company has not provided interest on the above Loans / Debentures for the year under review. On the basis of information*

available to us, we are unable to form an opinion in this matter and unable to opine on the fall in the value of Investments in the subsidiary companies amounting to Rs. 6303.49 Lacs shown under Investment Suspense in Schedule 6.

- ii. *Note Nos. 4 to 7 of Schedule 21(III) regarding Stock Options granted to Directors and Employees. Since the Company has not ascertained the fair value of the Options granted, impact of the same on the Proforma Loss, Proforma basic earnings per share and Proforma diluted earnings per share is not ascertainable.*
- iii. *Note No.9 of Schedule 21(III), wherein as explained, LIC Mutual Fund has filed a petition in The Bombay High Court for winding up of the company for non-payment of its dues. The matter is sub judice and outcome of the same cannot be currently ascertained. Also Bank of India has served upon the Company a Notice under Section 13(2) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Act, 2002 for repayment of dues and other Banks have also asked the Company for repayment of their dues.*
- iv. *Note No. 11 of Schedule 21(III), wherein consequent to review made by the management the following are the observations:*
 1. *Diminution in the value of Investments in certain companies of Rs. 4367.97 Lacs not reflected in the Financial Statements (AS-13)*
 2. *Old/Unusable Stocks mainly for discontinued product lines amounting to Rs. 3000 Lacs included in Inventories which may no longer be realizable (AS-2)*
 3. *Sundry Debtors considered good includes Rs. 4,216.23 Lacs of old Outstanding's which may not be recoverable.*
 4. *Old Debit Balances of Rs. 2926.51 Lacs included in Loans and Advances and Rs.192.67 Lacs on account of Unreconciled Bank Balances which may not be recoverable / realizable. Consequently, although the above have been shown as Considered Good, no provision has been made for the same. In view of the above, we are unable to express an opinion on the recoverability / realisability of the above mentioned items, the impact of the same on the Loss for the year as well as the future viability of the Company as a 'going concern'.*
 - g. *Subject to our remarks mentioned in Paragraph (f) above and our comments in the Annexure referred to in Paragraph 1, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the 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 March 31, 2011 ;*
 - (b) *in the case of the Profit and Loss Account, of the loss for the year ended on that date, and*
 - (c) *in the case of Cash Flow Statement, of the cash flows for the year ended on that date.*

For SORAB S. ENGINEER & CO.
Chartered Accountants
Firm Registration No.: 110417W

CA N. D. ANKLESARIA
Partner
Membership No. 10250

Place:
Date: 7th June, 2011.

Mumbai

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 1 of our Report of even date.

- i. a. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- b. All the assets have not been physically verified by the management during the year but there is 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. No material discrepancies were noticed on such verification.
- c. According to the information and explanations given to us, the Company has not disposed off a substantial part of its fixed assets during the year.
- ii. a. The inventory has been physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable.
- b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. *On the basis of our examination of the records of inventory, material discrepancies were noticed between book records and physical verification of inventories. However, the same have been dealt with in the books of account.*
- iii. a. *to g. As no entries have been made in the Register required to be maintained under Section 301 of the Companies Act, 1956, we are unable to opine whether the Company has granted or taken any Loans, secured or unsecured to / from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.*
- iv. *On the basis of the audit procedures and our examination of the books of Account, we are of the opinion that internal control system is not adequate and requires strengthening in order to make it commensurate with the size of the Company and the nature of its business for the purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit we have observed failures to correct major weaknesses in the internal controls in certain areas. Attention is invited to the matters stated in Note 12 of Schedule 21 (III).*
- v. No entries have been made in the Register of Contracts / Arrangements as required under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (v) (b) of the Order are not applicable to the Company.
- vi. *In our opinion and according to the information and explanations given to us, the Company has not complied with certain provisions of Section 58A, 58AA and other relevant provisions of Companies Act 1956 and the rules framed there under. Deposits matured and claimed, but unpaid as on 31.3.2011 are Rs 127.89 Lacs. No interest has been provided on the same after the date of maturity. No*

intimation to Tribunal regarding default in repayment of deposits has been made. Public deposits amounting to Rs. 20.66 Lacs are matured but not claimed.

- vii. *In our opinion and according to the information and explanations given to us, the Company's internal audit system is not adequate and requires strengthening to be commensurate with the size and nature of its business.*
- viii. We are informed that the maintenance of cost records has not been prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956, for any of the Company's products.
- ix. a. *According to the information and explanations given to us and on the basis of our examination of the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Sales Tax, Income Tax, Custom Duty, Excise Duty, Wealth Tax, Service Tax and other statutory dues have not been regularly deposited with the appropriate authorities.*

There are no dues on account of Cess under Section 441A of the Companies Act, 1956 since the aforesaid section has not yet been made effective by the Central Government of India.

According to the information and explanations given to us, the undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Sales Tax, Income Tax, Custom Duty, Excise Duty, Wealth Tax, Service Tax and other statutory dues which were in arrears as at 31st March, 2011 for a period of more than six months from the date they became payable are as under:

Statutory Dues	Rs.in Lacs
Provident Fund	10.14
ESIC	0.36
Custom Duty	10.32
Profession Tax	1.16
Service Tax	0.96
TDS	2.06

- b. According to the information and explanations given to us and on the basis of our examination of the records of the Company, details of dues of income tax which have not been deposited on account of any dispute are given below:

Name of the statute	Nature of Dues	Amount (Rs. In lacs)	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	10.81	Assessment Year 1994-95	Honorable High Court of Mumbai
	Income Tax	38.01	Assessment Year 1995-96	Honorable High Court of Mumbai
	Income Tax	69.85	Assessment Year 1996-97	Honorable High Court of Mumbai
	Income Tax	114.20	Assessment Year 1997-98	Honorable High Court of Mumbai

ANNUAL REPORT 2010-11

	Income Tax	1282.38	Assessment Year 2007-2008	Commissioner of Income Tax (Appeals)
	Income Tax	1,458.32	Assessment Year 2008-2009 (Appeals)	Commissioner of Income Tax

- x. The Company does not have accumulated losses of more than fifty per cent of its net worth at the end of the financial year. The Company has incurred cash losses during the financial year covered by our audit but has not incurred cash losses in the immediately preceding financial year.
- ii. *As per the information and explanations given by the management, the Company has defaulted in repayment of its dues to various banks and Financial Institutions amounting to Rs. 5580.51 Lacs during the period covered by our audit.*
- iii. In our opinion and according to the information and explanations given by the management, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, Debentures or any other securities.
- iv. 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 Order are not applicable to the Company.
- v. In our opinion, the Company is not dealing in or trading in shares, securities, Debentures and any other investments. Therefore, the provisions of clause 4 (xiv) of the Order are not applicable to the Company.
- vi. In our opinion and according to the information and explanations given by the management, the Company has given a corporate guarantee for a loan taken by a third party from a bank. The terms and conditions of the said guarantee are *prima facie*, not prejudicial to the interest of the Company.
- vii. On the basis of the records examined by us, and relying on the information compiled by the Company for co-relating the funds raised to the end use of term loans, we state that the Company has, *prima facie*, applied the term loans for the purpose for which they were obtained.
- viii. According to the information and explanations given to us and on an overall examination of the financial statements and after placing reliance on the reasonable assumptions made by the Company for classification of Short-term and Long-term usage of the funds, we are of the opinion that, *prima facie*, no funds raised on short-term basis have been utilized for long-term investment.
- ix. According to the information and explanations given to us, during the period covered by our audit report, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 except for allotment of 33,20,549 Equity shares to the Chairman of the Company, under Chairman's Stock Option Scheme, 2009.
- x. According to the information and explanations given to us, during the year covered by our audit report, the Company has not issued any secured debentures.
- xi. According to the information and explanations given to us, the Company has not made any public issues during the year.
- xii. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For SORAB S. ENGINEER & CO.
Chartered Accountants
Firm Registration No.: 110417W

CA N. D. ANKLESARIA
Partner
Membership No. 10250

Place:
Date: 7th June, 2011.

Mumbai



BALANCE SHEET AS AT 31ST MARCH, 2011

Particulars	Schedules	March 31, 2011 Rs. in Lacs	March 31, 2010 Rs. in Lacs
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	1,693.60	1,495.03
Stock Options Outstanding		-	443.03
Equity Share Warrants		-	231.17
Reserves and Surplus	2	22,277.14	20,888.18
Loan Funds			
Secured Loans	3	16,325.97	12,799.56
Unsecured Loans	4	534.41	566.02
Total		<u>40,831.12</u>	<u>36,422.99</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross block	5	9,864.23	9,867.27
Less : Accumulated Depreciation / Impairment		6,518.36	6,083.40
Net block		3,345.87	3,783.87
Capital work in progress including capital advances		779.16	1,136.65
Investments	6	11,088.96	11,086.96
Current Assets, Loans and Advances			
Inventories	7	8,364.69	9,505.97
Sundry debtors	8	13,167.87	18,158.14
Cash and bank balances	9	375.31	968.70
Other Current Assets	10	13.47	8.22
Loans and advances	11	6,628.93	7,133.55
		<u>28,550.27</u>	<u>35,774.58</u>
Less : Current Liabilities and Provisions	12		
Current liabilities		10,500.40	15,252.63
Provisions		148.84	111.38
		<u>10,649.24</u>	<u>15,364.01</u>
Net Current Assets		17,901.03	20,410.57
Miscellaneous Expenditure	13	5.04	4.94
(to the extent not written off or adjusted)			
Profit and Loss Account		7,711.06	-
Total		<u>40,831.12</u>	<u>36,422.99</u>
Notes to accounts	21		

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet.

As per our report of even date attached

For and on behalf of the Board of Directors

For SORAB S. ENGINEER & CO
Chartered Accountants
(Firm Regn No.: 110417W)

ARUN B. SHAH
Executive Chairman

HARESH G. DESAI
Director

C.A. N.D. ANKLESARIA
Partner
Membership No. 10250
Mumbai : 7th June 2011

S.NEELAKANTA IYER
Executive Director & Jt. CEO

RAJESH MEHTA
Executive Director & Jt. CEO

CHARUDATTA KULKARNI
AGM (Finance & Legal) &
Company Secretary

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

Particulars	Schedules	March 31, 2011 Rs. in Lacs	March 31, 2010 Rs. in Lacs
INCOME			
Sale of Goods (Net of Excise Duty)	14	14,549.02	22,440.57
Other Income	15	182.69	341.37
Total		14,731.71	22,781.94
EXPENDITURE			
Materials Consumed	16	16,367.60	17,063.91
(Increase) /Decrease in Inventories	17	(262.98)	(1,451.59)
Personnel Expenses	18	782.53	1,057.33
Manufacturing, Administrative and Other Expenses	19	2,054.49	2,337.24
Financial Expenses (NET)	20	2,471.97	2,811.80
Depreciation/Amortisation	5	439.85	439.16
Total		21,853.46	22,257.85
Profit / (Loss) before Exceptional Items and Tax		(7,121.75)	524.09
Exceptional Items (Refer Note No. 4 & 6 of Schedule 21 (III))		(804.63)	(443.03)
Profit / (Loss) before tax		(7,926.38)	81.06
Less: Provision for taxation -			
Current tax		-	-
Deferred tax - (credit) / charge		-	-
Fringe Benefit Tax		-	0.05
Profit / (Loss) after tax		(7,926.38)	81.01
Prior period Items			
Excess Provision of Income Tax of Earlier Years W/Back		-	212.95
Profit after prior period items and tax		(7,926.38)	293.96
Balance brought forward from previous year		215.32	(78.64)
Balance carried to Balance Sheet		(7,711.06)	215.32
APPROPRIATIONS			
Proposed dividend		-	-
Tax on dividend		-	-
Transfer to General Reserve		-	-
Surplus carried to Balance Sheet		(7,711.06)	215.32
Total		(7,711.06)	215.32
Weighted average number of Equity Shares outstanding during the year for calculating basic earning per share.		32,375,815	30,161,200
Basic earnings per share of face value Rs. 5/- per share (in Rs.)		(24.48)	0.97
Weighted average number of Equity Shares outstanding during the year for calculating diluted earning per share.		32,375,815	30,161,200
Diluted earnings per share of face value Rs. 5/- per share (in Rs.)		(24.48)	0.97
(Refer Note No. 16 of Schedule 21 (III))			

Notes to Accounts

21

The schedules referred to above and notes to accounts form an integral part of the Profit & Loss Account.

As per our report of even date attached

For and on behalf of the Board of Directors

For SORAB S. ENGINEER & CO
Chartered Accountants
(Firm Regn No.: 110417W)

ARUN B. SHAH
Executive Chairman

HARESH G. DESAI
Director

C.A. N.D. ANKLESARIA
Partner
Membership No. 10250
Mumbai : 7th June 2011

S.NEELAKANTA IYER
Executive Director & Jt. CEO

RAJESH MEHTA
Executive Director & Jt. CEO

CHARUDATTA KULKARNI
AGM (Finance & Legal) &
Company Secretary



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

	March 31, 2011 Rs. in Lacs	March 31, 2010 Rs. in Lacs
A. CASH FLOW PROVIDED BY/(USED IN) OPERATING ACTIVITIES:		
Profit before tax	(7,926.38)	81.06
Adjustments for:		
Depreciation / Amortization	439.85	439.16
Foreign exchange Loss / (Gain) (Net)	(69.72)	307.43
Profit on Sale of Fixed Assets	(1.57)	-
Loss on sale of fixed assets	111.59	1.66
Interest expenses	2,531.21	3,166.24
Interest Income	(59.24)	(354.44)
Diminution in value of Fixed Assets	270.21	-
Exceptional items	804.63	443.03
Sundry credit balances written back	(0.18)	(162.19)
Bad debts written off	0.68	19.89
Operating profit before working capital changes	(3,898.92)	3,941.84
Movement in working capital:		
(Increase) / Decrease in Inventories	1,141.28	(1,159.01)
(Increase) / Decrease in Sundry Debtors	5,054.05	16,101.35
(Increase) / Decrease in Loans and Advances	299.07	368.21
Increase / (Decrease) in Current Liabilities / Provisions	(4,714.58)	244.88
Cash generated from operations	(2,119.10)	19,497.27
Direct Taxes paid (net)	205.45	(5.93)
Net cash generated from operating activities	(1,913.65)	19,491.34
B. CASH FLOW USED IN INVESTING ACTIVITIES:		
Purchase of fixed assets	(27.22)	(79.60)
Proceeds from sale of fixed assets	2.63	54.19
Purchase of investments	(2.00)	(6,429.49)
Sale of Investments	-	126.00
Maturity of fixed deposits (net)	6.27	3.04
Interest received	59.24	354.44
Net cash used in investing activities	38.92	(5,971.42)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from issuance of share capital	324.03	333.33
Proceeds from issuance of Equity Share Warrants	-	231.17
Repayment of unsecured non convertible debentures	-	(4,578.89)
Proceeds from borrowings	4,225.60	3,631.03
Repayment of borrowings	(730.78)	(9,571.84)
Interest paid	(2,531.21)	(3,166.24)
Net cash generated from financing activities	1,287.64	(13,121.44)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(587.09)	398.47
Cash and cash equivalents at the beginning of the year	638.69	240.22
Cash and cash equivalents at the end of the year	51.60	638.69
Reconciliation of cash and cash equivalents		
Cash in hand	6.63	12.92
Balance with scheduled banks - Current account	33.90	362.73
- Deposit account	323.74	330.01
- On Margin accounts	0.30	252.30
- On unpaid dividend accounts	10.74	10.74
Cash and bank balances as per Balance Sheet	375.30	968.70
Less : Long term deposits considered in investing activities	(323.74)	(330.01)
Cash and cash equivalents considered for cashflows	51.56	638.69

As per our report of even date attached
For **SORAB S. ENGINEER & CO**
Chartered Accountants
(Firm Regn No.: 110417W)

C.A. N.D. ANKLESARIA
Partner
Membership No. 10250
Mumbai : 7th June 2011

For and on behalf of the Board of Directors

ARUN B. SHAH
Executive Chairman

S.NEELAKANTA IYER
Executive Director & Jt. CEO

CHARUDATTA KULKARNI
AGM (Finance & Legal) &
Company Secretary

HARESH G. DESAI
Director

RAJESH MEHTA
Executive Director & Jt. CEO

SCHEDULES FORMING PART OF THE ACCOUNT

Particulars	March 31, 2011 Rs. in Lacs	March 31, 2010 Rs. in Lacs
SCHEDULE 1		
SHARE CAPITAL		
Authorised		
8,00,00,000 (Previous year 8,00,00,000) Equity Shares of Rs.5 each	4,000.00	4,000.00
	<u>4,000.00</u>	<u>4,000.00</u>
Issued		
3,54,53,259 (Previous year 3,07,19,377) Equity Shares of Rs.5 each fully paid	1,772.66	1,535.96
	<u>1,772.66</u>	<u>1,535.96</u>
Subscribed and Paid up (Refer Note Nos. 3 to 6 of Schedule 21 (III))		
3,54,52,159 (Previous Year 3,07,18,277) Equity Shares of Rs.5 each fully paid	1,772.61	1,535.91
Less: Amount Recoverable from ESOP Trust (Refer Note Nos. 4 & 5 of Schedule 21(III))	(79.01)	(40.88)
	<u>1,693.60</u>	<u>1,495.03</u>
Note:		
Subscribed and Paid up capital includes :		
i) 90,25,606 equity shares of Rs. 5 each (Previous Year 90,25,606 equity shares of Rs. 5 each) allotted as fully paid bonus shares by capitalisation of Securities Premium Account Rs. 373.31 lacs and general reserve Rs.77.97 lacs		
ii) During the year 2005-06, the Company has approved a Scheme of Arrangement ("the Scheme") between Asian Raymold Lighting Private Limited ('ARLPL') and Asian Electronics Limited ("the Company") vide Board Resolution dated June 29, 2005 and shareholders approval dated September 26, 2005. The said Scheme has been approved during the year 2006-07 by the Honourable High Court, Mumbai and Honourable High Court, Chennai respectively and the scheme has become effective and consequently the Company has issued 8,00,000 Equity Shares of Rs.5/- each to the shareholders of ARLPL, i.e. Asian Raymold Lighting Private Limited other than the Company		
Particulars	March 31, 2011 Rs. in Lacs	March 31, 2010 Rs. in Lacs
SCHEDULE 2		
RESERVES AND SURPLUS		
Capital Reserve		
As per last balance sheet	321.23	321.23
Addition during the year (Refer Note No. 3 of Schedule 21 (III))	189.83	-
	<u>511.06</u>	<u>321.23</u>
Capital Redemption Reserve		
As per last balance sheet	87.62	87.62
	<u>87.62</u>	<u>87.62</u>
Securities Premium Account		
As per last balance sheet	20,605.38	20,313.71
Add : Additions during the year (Refer Note Nos. 3,5 & 6 of Schedule 21(III))	868.17	291.67
	21,473.55	20,605.38
Less: Amount Recoverable from ESOP Trust (Refer Note Nos. 4 & 5 of Schedule 21(III))	(120.09)	(666.37)
	<u>21,353.46</u>	<u>19,939.01</u>
Special Reserve		
As per last balance sheet	325.00	325.00
	<u>325.00</u>	<u>325.00</u>
Profit and Loss Account Balance		
	-	215.32
Total	<u>22,277.14</u>	<u>20,888.18</u>



SCHEDULES FORMING PART OF THE ACCOUNT

Particulars	March 31, 2011 Rs. in Lacs	March 31, 2010 Rs. in Lacs
SCHEDULE 3		
SECURED LOANS		
Term loans from		
Financial institution	9.85	184.64
Banks	849.56	1,158.24
Interest Accrued and Due on above	184.89	-
Vehicle loan from Banks	-	2.50
Cash credit / working capital loans from Banks	13,710.85	11,454.18
Interest Accrued and Due on above	1,570.82	
Total	<u><u>16,325.97</u></u>	<u><u>12,799.56</u></u>
Repayment of secured loans due in next 12 months	5,580.51	1,345.38

Notes :

1. Rupee term loan of Rs. 9.85 lacs (Previous year Rs.184.64 lacs) from IREDA is secured by
 - [1] First charge by way of hypothecation of assets acquired out of IREDA's loan and Company's own funds under the scheme, both existing and future.
 - [2] Second charge on the immovable properties of the Company at Nasik.
 - [3] Personal guarantee of the then Chairman.
 - [4] Corporate guarantee of a group Company
 - [5] Pledge of fixed deposit receipt of Rs. NIL (Previous Year Rs.181.66 lacs)
 - [6] Hypothecation of receivables from state electricity boards of amount not exceeding Rs.1800 lacs
2. Term Loan of Rs. 300.00 Lacs (Previous year Rs.608.67 lacs) from UCO Bank is secured by :
 - [1] Assignment of Letter of Credit of MSEDCL and hypothecation of receivables arising out of MSEDCL lease rentals.
 - [2] Exclusive charge on ESCO receivables subject to first prior charge of IREDA to the extent Rs 1800 lacs.
 - [3] Exclusive first mortgage charge on immovable properties and hypothecation charge on movable fixed assets of the company excluding charge created in favour of IREDA.
 - [4] Pari-Passu second charge on company's current assets excluding ESCO receivables and MSEDCL receivables.
3. Short term loan of Rs. 549.55 lacs (Previous Year Rs. 549.57 Lacs) from Bank of India is secured by first charge by way of Equitable Mortgage on the immovable properties of the Company at Thane.
4. Working Capital Facilities of Rs.15281.85 lacs (Previous year Rs. 11454.18 lacs) are secured by :
 - [1] Hypothecation of current assets except Esco receivables.
 - [2] Second charge on immovable properties at 68, MIDC, Satpur, Nasik - 422 007.

Particulars	March 31, 2011 Rs. in Lacs	March 31, 2010 Rs. in Lacs
SCHEDULE 4		
UNSECURED LOANS		
Public Deposit	398.11	-
From Companies	136.30	566.02
Total	<u><u>534.41</u></u>	<u><u>566.02</u></u>
Repayment of unsecured loans due in next 12 months	381.07	566.02

SCHEDULES FORMING PART OF THE ACCOUNT
(Rs. in Lacs)

SCHEDULE 5: FIXED ASSETS

Sr. No.	Particulars	Gross Block		Depreciation			Impairment		Net Block		
		As at 01.04.10	Additions/ Adjustments	Deductions/ Adjustments	As at 31.03.11	As at 01.04.10	Deductions for the year	As at 01.04.10	As at 31.03.11	As at 31.03.11	As at 31.03.10
	Tangible Assets										
1	Free Hold Land	2.95	-	-	2.95	-	-	-	-	2.95	2.95
2	Lease Hold	6.09	-	0.07	6.09	0.07	-	-	-	4.09	4.16
3	Factory/Building	1,115.51	-	-	1,115.51	39.51	-	-	-	719.65	759.16
4	Flat	6.21	-	-	6.21	-	-	5.41	5.41	-	-
5	Plant & Machinery	7,481.14	2.90	0.14	7,483.90	251.76	-	1,558.37	1,558.37	2,380.59	2,629.59
6	Furniture & Fixtures	242.39	-	0.08	242.31	10.55	-	4.89	4.89	60.24	70.87
7	Vehicle / Cycle	153.73	-	5.72	148.01	11.19	4.89	0.31	0.31	64.24	76.26
	Intangible Assets										
	Goodwill	119.00	-	-	119.00	23.80	-	-	-	21.26	45.06
	Patents & Trademarks	25.83	-	-	25.83	2.72	-	-	-	5.83	8.55
	Product Development Cost	712.21	-	-	712.21	99.81	-	-	-	86.36	186.17
	Software	2.21	-	-	2.21	0.44	-	-	-	0.66	1.10
	Total	9,867.27	2.90	5.94	9,864.23	439.85	4.89	1,568.98	1,568.98	3,345.87	3,783.87
	Previous Year	9,977.31	42.99	153.03	9,867.27	439.16	97.18	1,568.98	1,568.98	3,783.87	



SCHEDULES FORMING PART OF THE ACCOUNT

Particulars	March 31, 2011 Rs. in Lacs	March 31, 2010 Rs. in Lacs
SCHEDULE 6		
INVESTMENTS		
Long Term Investments (At cost)		
Trade Investments (Unquoted)		
In Others		
10,000 (Previous year - 10,000) Shares of Asian Electronics LLC, Delaware, USA. of US\$ 1 each fully paid (Refer Note No.11(a) of Schedule 21 (III))	4.54	4.54
4,750 (Previous year - 4,750) Equity shares of Global Energy Management (Europe) Ltd of pound 1 each fully paid (Refer Note No.11(a) of Schedule 21 (III))	3.23	3.23
24,50,000 (Previous year - 24,50,000) Equity shares of Unique Waste Plastic Management And Research Company Private Limited of Rs. 10 each fully paid up (Refer Note No. 11(b) of Schedule 21 (III))	4,360.20	4,360.20
14,51,040 (Previous year - 14,51,040) Equity shares of Asian Retail Lighting Ltd of Rs.10 each fully paid up (Refer Note No.15(ii) of Schedule 21 (III))	276.00	276.00
In Joint Ventures		
20,000 (Previous year - 20,000) Equity shares of Midcom Magnetics Management Pvt.Ltd. of Rs.10 each fully paid	139.50	139.50
In Wholly Owned Subsidiaries		
1,00,000 (P.Y. Nil) Equity Shares of AEL ESCO Pvt. Ltd. of Rs. 10 Each fully paid	1.00	-
1,00,000 (P.Y. Nil) Equity Shares of AEL Projects Pvt. Ltd. of Rs. 10 Each fully paid	1.00	-
Investment Suspense (Refer Note No.2 of Schedule 21 (III))		
In AEL ESCO Private Limited	5,174.34	5,174.34
In AEL Projects Private Limited	1,129.15	1,129.15
Total	<u>11,088.96</u>	<u>11,086.96</u>
SCHEDULE 7		
Inventory (at lower of cost and net realisable value)		
(as taken, valued and certified by the management)		
(Refer Note No.11(c)of Schedule 21(III))		
Spares and Trading Stock	-	139.91
Raw Materials - in stock	2,256.88	3,521.23
Work in Progress	3,329.85	3,829.60
Finished Goods	4,393.68	4,698.48
Trading Stock	3,997.28	2,929.75
	<u>13,977.69</u>	<u>15,118.97</u>
Less : Provision for Inventory	5,613.00	5,613.00
Total	<u>8,364.69</u>	<u>9,505.97</u>
SCHEDULE 8		
Sundry Debtors (Unsecured)(Refer Note No.11(d) of Schedule 21 (III))		
Debts outstanding for period exceeding six months :		
Considered good	7,055.18	8,116.29
Considered doubtful	13,115.54	13,115.54
Other Debts - considered good - (Refer note 1 below)	6,112.69	10,041.85
	<u>26,283.41</u>	<u>31,273.68</u>
Less : Provision for doubtful debts	13,115.54	13,115.54
Total	<u>13,167.87</u>	<u>18,158.14</u>
Note:		
1. Includes Rs. 103.99 lacs (Previous Year Rs.40.05 Lacs) for sale made on deferred payment terms		

SCHEDULES FORMING PART OF THE ACCOUNT

Particulars	March 31, 2011 Rs. in Lacs	March 31, 2010 Rs. in Lacs
SCHEDULE 9		
Cash and Bank Balances		
Cash on hand	6.63	12.92
Balances with Scheduled Banks :		
On current accounts	33.78	362.61
On deposit accounts	323.74	330.01
On margin accounts	0.30	252.30
On unpaid dividend accounts	10.74	10.74
Balance with other Bank (National Co-Op Bank) : (Note below)		
On current account	0.12	0.12
Total	375.31	968.70
Note: Non-Scheduled Bank: Maximum Balance during the year with National Co- operative Bank Limited	0.12	0.12
SCHEDULE 10		
Other Current Assets		
Interest receivable	13.47	8.22
Total	13.47	8.22
SCHEDULE 11		
Loans & Advances (unsecured, considered good, unless otherwise stated)(Refer Note No.11(e)of Schedule 21(III))		
Inter - corporate loans	3.38	3.38
Other loans (Refer Note No. 11 of Schedule 21 (III))	100.00	100.00
Advances recoverable in cash or in kind or for value to be received		
Considered good	255.33	388.14
Considered doubtful	199.59	199.59
Advances to suppliers		
Considered good	4,607.05	4,593.78
Considered doubtful	1,039.16	1,039.16
Balance with excise authorities / sales tax authorities etc :		
Considered good	297.44	415.01
Considered doubtful	95.05	95.05
Advance Income Tax payments (Net of Provision Rs. 87.80 Lacs) (Previous Year Rs. 87.80 Lacs)	906.40	1,111.84
Deposits :		
Against lease rent payable	35.05	35.05
Others	424.28	486.35
	7,962.73	8,467.35
Less : Provision for doubtful advances	1,333.80	1,333.80
Total	6,628.93	7,133.55
	28,550.27	35,774.58



SCHEDULES FORMING PART OF THE ACCOUNT

Particulars	March 31, 2011 Rs. in Lacs	March 31, 2010 Rs. in Lacs
SCHEDULE 12		
CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors		
(a) Total outstanding dues of Micro and Small Enterprises (Refer Note No. 1 of Schedule 21 (III))	84.50	125.40
(b) Total outstanding dues of creditors other than Micro and Small Enterprises	3,624.05	13,288.81
(c) Acceptance / Bills Payable	4,488.04	-
Advances from Customers	221.00	74.22
Due to Joint Venture Company	98.08	114.74
Due to Subsidiary Companies	890.54	-
Interest Accrued but not Due	7.67	-
Security deposits	277.06	206.71
Amount due to Investors Education & Protection Fund (as and when due) Unpaid dividends	10.74	10.74
Others	798.72	1,432.01
	<u>10,500.40</u>	<u>15,252.63</u>
Provisions		
Provision for Gratuity	55.89	54.37
Provision for Leave Encashment	92.95	57.01
	<u>148.84</u>	<u>111.38</u>
Total	<u>10,649.24</u>	<u>15,364.01</u>
SCHEDULE 13		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
As per last balance sheet	4.94	4.94
Add : Additions	0.10	-
Total	<u>5.04</u>	<u>4.94</u>
SCHEDULE 14		
SALES		
Sale of Goods	14,951.06	22,996.65
Less : Excise duty	402.04	672.47
	<u>14,549.02</u>	<u>22,324.18</u>
Lease rent and maintenance charges	-	116.39
Total	<u>14,549.02</u>	<u>22,440.57</u>
SCHEDULE 15		
OTHER INCOME		
Sundry Credit balances written back (Net)	0.18	162.19
Miscellaneous income	182.51	179.18
Total	<u>182.69</u>	<u>341.37</u>

SCHEDULES FORMING PART OF THE ACCOUNT

Particulars	March 31, 2011 Rs. in Lacs	March 31, 2010 Rs. in Lacs
SCHEDULE 16		
MATERIALS CONSUMED		
Raw materials consumed :		
Opening stock	3,521.23	3,772.42
Add : Purchases	2,747.02	6,900.91
	<u>6,268.25</u>	<u>10,673.33</u>
Less : Closing Stock	2,256.88	3,521.23
	<u>4,011.37</u>	<u>7,152.10</u>
Stores and spares consumed	145.27	48.27
Packing materials consumed	55.35	65.08
Cost of traded materials	12,155.61	9,798.46
Total	<u><u>16,367.60</u></u>	<u><u>17,063.91</u></u>
SCHEDULE 17		
(INCREASE) / DECREASE IN INVENTORY		
Opening stock		
Finished goods	4,698.48	5,637.85
Work - in progress	3,829.60	4,109.59
Op. Stock - Trading Material A/c.	2,929.75	258.80
	<u>11,457.83</u>	<u>10,006.24</u>
Closing stock		
Finished goods	4,393.68	4,698.48
Work - in progress	3,329.85	3,829.60
Closing Stock - Trading Material A/C.	3,997.28	2,929.75
	<u>11,720.81</u>	<u>11,457.83</u>
(Increase) / Decrease in Inventory	<u><u>(262.98)</u></u>	<u><u>(1,451.59)</u></u>
SCHEDULE 18		
PERSONNEL EXPENSES		
Salaries, wages, allowances, bonus and exgratia payment	724.45	974.90
Contribution to provident and other funds	33.89	53.52
Gratuity Expenses	0.32	(0.50)
Work Men and Staff welfare expenses	23.87	29.41
Total	<u><u>782.53</u></u>	<u><u>1,057.33</u></u>



SCHEDULES FORMING PART OF THE ACCOUNT

Particulars	March 31, 2011 Rs. in Lacs	March 31, 2010 Rs. in Lacs
SCHEDULE 19		
MANUFACTURING, ADMINISTRATIVE AND OTHER EXPENSES :		
Excise duty on Inventory	138.04	206.72
Installation and Maintenance charges	79.97	115.00
Rent	91.61	103.55
Rates and taxes	21.15	21.81
Electricity charges	74.10	76.04
Freight and forwarding charges	247.07	283.28
Repairs and Maintenance :		
Buildings	0.92	2.90
Machinery	6.93	6.14
Others	300.92	292.97
Insurance	29.98	33.73
Travelling and conveyance	137.57	180.42
Communication expenses	43.51	49.82
Commission (to other than sole selling agents) and brokerage	102.91	157.40
Legal and professional charges	143.89	193.23
Discounts & rebates	(33.62)	13.64
Advertisement	4.03	18.19
Auditors' remuneration :		
For audit	30.00	30.00
For other services	0.08	2.33
Directors' sitting fees	6.44	8.39
Diminution in Value of Fixed Assets	270.21	-
Baddebts Written off (back)	0.68	19.89
Loss on sale / write off of assets	111.59	1.66
Foreign exchange fluctuation-net	(69.72)	307.43
Miscellaneous expenses	316.23	212.70
Total	<u>2,054.49</u>	<u>2,337.24</u>
SCHEDULE 20		
FINANCIAL EXPENSES		
Finance and bank charges	113.03	331.24
Interest :		
On term loans	191.77	623.96
On WCDL	470.72	575.52
On debentures	-	203.63
On others	1,755.69	1,431.89
	<u>2,531.21</u>	<u>3,166.24</u>
Less :- Interest Income	59.24	354.44
Total	<u>2,471.97</u>	<u>2,811.80</u>

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE 21 (I)

NOTES TO THE ACCOUNTS

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

1. Installed capacities and production

Class of Goods	Unit	Installed Capacity	Unit	Production
CFL	Nos.	46,80,000 <i>46,80,000</i>	Nos.	6,91,210 <i>83,311</i>
Ballast	Nos.	24,96,000 <i>24,96,000</i>	Nos.	2,25,639 <i>71,801</i>
Streetlight And Highbay	Nos.	1,56,000 <i>1,56,000</i>	Nos.	29,933 <i>27,000</i>
Retrofit and Conventation	Nos.	15,60,000 <i>15,60,000</i>	Nos.	9,27,124 <i>7,11,600</i>
Retrofit Systems & Parts thereof (Export)	Nos.	3,12,000 <i>3,12,000</i>	Nos.	1,48,205 <i>1,73,431</i>

Figures in Italics pertain to previous year.

Notes:

- The quantity of actual production is inclusive of goods produced by processors.
- Installed capacity and quantitative information regarding product wise Sales, Opening and Closing Stocks and Production is as certified by Directors and accepted by the Auditors as correct.

Sales	Unit	Quantity (2010-11)	Rs. In lacs (2010-11)	Quantity (2009-10)	Rs. in lacs (2009-10)
CFL	Nos.	6,46,093	849.38	20,36,420	3,929.65
Ballast	Nos.	2,31,161	294.48	6,87,826	280.06
Streetlight And Highbay	Nos.	29,918	379.05	1,45,590	2,491.60
Retrofit And Conventation	Nos.	12,62,043	1,447.87	87,97,701	5,804.13
Retrofit Systems & Parts thereof (Export)	Nos.	1,48,205	839.95	3,758	2071.46
Trading Sales			10,738.29		7,747.28
Rent and Maintenance			-		116.39
Total			14,549.02		22,440.57

Details of Finished Goods	Unit	Opening Stock		Closing Stock	
		Quantity (2010-11)	Rs. in Lacs (2010-11)	Quantity (2010-11)	Rs. in Lacs (2010-11)
CFL	Nos.	2,29,407	134.24	2,94,124	126.89
Ballast	Nos.	8,141	7.50	2,619	3.65
Streetlight And Highbay	Nos.	164	1.74	179	1.89
Retrofit And Conventation	Nos.	9,85,913	951.41	6,50,994	657.66
Retrofit Systems & Parts thereof (Export)	Nos.	242	3.59	242	3.59
Machinery to solid waste Management (Fully provided)	Nos.	2	3,600	2	3,600
Total			4,698.48		4,393.68
Trading Stock			2,929.75		3,997.28

On account of change in the product wise details given above, it is not practicable to give quantitative information of the previous year for the above items.



Consumption of raw materials

		Quantity (2010-11)	Rs. in Lacs (2010-11)	Quantity (2009-10)	Rs. in Lacs (2009-10)
Tube rods	Nos.	5,73,283	278.21	13,83,186	716.04
Others		-	3,733.16		6,436.06
Total			4,011.37		7,152.10
Trading materials					
Lighting components / fixtures		-	12,155.61		9,798.46

It is not practicable to furnish quantitative information in view of the large number of items which differ in size and nature, each being less than 10% in value of the total.

Consumption of raw materials

	% of total consumption	Rs. in Lacs (2010-11)	% of total consumption	Rs. in Lacs (2009-10)
Imported	21.82%	875.25	11.18%	799.91
Indigenous	78.18%	3136.12	88.82%	6,352.19
Total	100.00%	4,011.37	100.00%	7,152.10
Stores and spares				
Imported	-	-	-	-
Indigenous	100%	145.27	100%	48.27
Total	100%	145.27	100%	48.27

2. Expenditure in foreign currency (Accrual basis)

Particulars	2010-11 Rs. in Lacs	2009-10 Rs. in Lacs
Travelling expenses	-	5.76
Total	-	5.76

3. Value of Imports Calculated on CIF basis

Particulars	2010-11 Rs. in Lacs	2009-10 Rs. in Lacs
Raw materials	439.64	468.96
Total	439.64	468.96

4. Net Dividend remitted in foreign exchange

Particulars	2010-11 Rs. in Lacs	2009-10 Rs. in Lacs
Number of non- resident shareholders	388	435
Number of Equity Shares held	5,65,073	4,83,737
Gross amount of dividends	-	-
Amount deposited in their bank accounts in India	-	-
Remittance in foreign currency	-	-

5. Earnings in Foreign Exchange (Accrual basis)

Particulars	2010-11 Rs. in Lacs	2009-10 Rs. in Lacs
Exports at FOB value	839.95	2071.46
Others	-	-
Total	839.95	2071.46

6. Capital Commitments

Particulars	2010-11 Rs. in Lacs	2009-10 Rs. in Lacs
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).	-	-

7. Contingent Liabilities not provided for

Particulars	2010-11 Rs. in Lacs	2009-10 Rs. in Lacs
Claims against the Company not acknowledged as debts – Refer Note (a)	1077.20	990.59
Guarantees given by the bankers on behalf of the Company	1169.02	1651.71
Corporate Guarantee given by the Company on behalf of a third party	300.00	300.00
Bills/LC discounted with banks	657.26	716.85
Disputed income tax demand – Refer Note (b)	2,973.57	1515.25
Disputed Sales tax demand	0.00	77.05
Total	6,177.05	5251.45

Notes:

- The above claims include a dispute with a finance company relating to lease transactions entered in the year 1997. These disputes were under arbitration. During the year 2005-2006, awards were given by the arbitrator directing the Company to compensate the finance company for the losses suffered by them due to disallowances of certain claims. The award also stipulated that the finance company should refund the amount to the Company on succeeding in further appeals. The Company's Arbitration Petition in the High Court of Bombay for setting aside the award passed by the Honourable Arbitrator on 23rd March 2006 has been dismissed. Aggrieved by the said order the Company has preferred an appeal in the Second Bench of the Honourable High Court of Mumbai, which was also dismissed. Aggrieved by the said order of the 2nd Bench of the High Court, the Company has filed Special Leave Petitions (Civil) No. 14865/2007 and No. 15093/2007. The Honourable Supreme Court granted an interim stay on the impugned orders on deposit of Rs. 2 crores with the Supreme Court Registry which the Company has deposited. The matter is pending in the Supreme Court.
- The Company has not provided for disputed tax liability of Rs. 2,973.57 Lacs (Previous year - Rs. 1515.25 Lacs) arising from disallowances made in assessments which are pending with Appellate Authorities for its decision.

SCHEDULE 21(II)**SIGNIFICANT ACCOUNTING POLICIES****Nature of Operations**

Asian Electronics Limited (AEL) was established in 1964 is involved in design and manufacturing of Energy Conservation products – specializing in energy efficient lighting solutions.

Basis of Preparation

The financial statements have been prepared to comply in all material respects with the Notified accounting standard by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year. The previous year figures are being regrouped wherever necessary for comparative evaluations. The significant accounting policies followed by the Company are stated below:

Use of Estimates

The preparation of financial statements is in conformity with generally accepted accounting principles which require management to make estimates and assumptions that affect the reported amounts 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. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

1. Method of accounting

- Revenues and Costs are recognized on accrual basis.
- Capital issue expenses are charged to Securities Premium Account.
- Warranty period maintenance cost, being insignificant, is accounted when incurred.



2. Fixed assets and depreciation

- a) Fixed assets are stated at cost less accumulated depreciation & impairment losses, if any. Cost comprises of all expenses attributable for bringing the assets to their working condition for intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use
- b) Depreciation on fixed assets, other than leased assets, is provided as per useful lives of the assets estimated by the management, or at the rates prescribed under Schedule XIV of the Companies Act, 1956 whichever is higher as under :
 - on the fixed assets acquired upto 31.12.1988, on written down value as appearing in the books on 1.1.1989.
 - on the fixed assets acquired after 31.12.1988 on straight line basis, other than assets lying at Chennai Division, which are depreciated on written down value method.
 - assets costing less than Rs.5,000 acquired after 15.12.93 are depreciated at 100%
- c) Leased assets are depreciated on straight line basis over the period of lease.
- d) Patents and Trade marks are amortized over a period of ten years.
- e) Miscellaneous expenditure is written off over a period of five years.
- f) Product Development expenditure are amortized over a period of 3-7 years.
- g) Software is written off over a period of five years.
- h) Goodwill is amortized using straight line method over a period of five years.

However, no costs are incurred in respect of para (c) to (h) during the year, and are applicable for historical assets only.

3. Impairment

- a) 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 asset's 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.
- b) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.
- c) A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

4. Lease rental

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 capitalized.

These assets are depreciated on the straight line method over the period of lease.

Where the Company is the lessor

Assets given under a finance lease are recognized 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 recognized as revenue. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the Profit and Loss Account.

Assets subject to operating leases are included in fixed assets. Lease income is recognized in the Profit and Loss Account on a straight-line basis over the lease term. Costs, including depreciation are recognized as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the Profit and Loss Account. However, upon termination of operating lease, the assets are removed from the fixed assets and reflected under appropriate head of receivables in accordance with the nature of claim and amount.

5. Investment

Investments are divided in the following segments:

- i) Investments in subsidiaries and associate business entities made with a view to long term business benefit.
- ii) Other investments

Investments that are readily realizable 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 recognize a decline other than temporary in the value of the investments.

6. Inventories

Inventories are valued as under:

- Raw materials, Components, stores and spares: 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 FIFO basis.
- Finished goods: at lower of cost and net realizable value.
- Work in progress: at lower of cost and net realizable value.
- Cost in relation to finished goods and work in progress includes cost of material and appropriate share of manufacturing overheads and includes excise duty payable on uncleared finished goods and excise duty paid on goods cleared but unsold.
- Cost of consumable spares purchased during the year is charged to the profit and loss account.
- 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.

7. 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.

- a) Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and on completion of installation. Sales are recorded net of sales tax but include excise duty.
- b) Income from annual maintenance service contract is recognized on a straight line basis over the period of contracts. Income from other service contracts is recognized on completion of the service rendered.
- c) Income in respect of goods sold on deferred sales basis is recognized as sales at normal sale price. Finance income is recognized over the terms of the payment.
- d) Income from supply/erection of equipments/systems is recognized based on dispatches to customer/work done at project site.
- e) Interest Income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- f) Dividend is recognized when the shareholders' right to receive payment is established by the balance sheet date.
- g) Revenue from projects is recognized on acceptance of the work under the project by the respective project authorities.

8. Retirement and other employee benefits

- a) Retirement benefits in the form of Provident Fund are 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.
- b) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
- c) Short term compensated absences are provided for 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.
- d) Actuarial gains / losses are immediately taken to profit and loss account and are not deferred.

9. Foreign currency translation

- a) 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.



b) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

c) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting Company's 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 except those arising from investments in non-integral operations.

Forward Exchange Contracts are 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 the year.

10. Taxes on Income

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects 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 are recognized 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 realized. Deferred tax assets on unabsorbed depreciation and unabsorbed tax losses are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become virtually certain, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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 virtually certain, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes virtually certain, that sufficient future taxable income will be available.

11. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period 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).

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

12. 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 adjusted to reflect the current best estimates.

13. 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.

14. Contingent Liabilities, if any, are disclosed by way of notes to accounts.

SCHEDULE 21(III)**NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS**

1. (a) Sundry Creditors include principal amount of Rs. 84.50 Lacs (Rs. 125.40 Lacs) due to the suppliers covered by "The Micro Small and Medium Enterprises Development Act, 2006".
- (b) The Management has certified that there is no interest paid/payable during the year by the Company to such suppliers. (Previous year – Rs. Nil).
- (c) Micro and Small Enterprises to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2011 are as under –

See Megh Industrial Electricals Pvt. Ltd., Ashoka Industries, Swami Samarth Electronics Pvt. Ltd, Sarang Enterprises, Sheetal Thermocol Packers, Nisha Enterprises, Sa Enterprises, M-Tech Trading Co., Shubham Engineering, Libra Industries, Pramod Fibre-Plast Pvt Ltd, Shree Fabs, Shalaka Polymers, Kalpana Enterprises, Suprim Engineering, Bright Light Company, Sai Ashish Enterprises, Impakt Packaging, Hira Plastics Industries, Devyani Enterprises, Shiva Enterprises, Kunal Enterprises, Arya Enterprises, See Ram Industries, Aashirwad Press Tools, Bhamre Saw Mill, Chafekar Engineering Works, Shree Raj Packaging, Pushkraj Packaging, A.B. Stamping, Swati Packagers, Bhagyashree Eng. Pvt. Ltd., Garima Enterprises, Printa Chem, Jai Sadguru Industries, Kamal Industries, Perfect Engraving Works, Shaunak Enterprises, M. M. Woodland Pvt. Ltd, Manisha Packaging.

The above information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

2. (i) As per approval of the shareholders of the Company under Section 293 (1) (a) of the Companies Act, 1956, obtained through postal ballot on 22nd May, 2010, the Company has effective from Oct 1st 2009, transferred the businesses of the following divisions to two 100% subsidiaries as under, subject to requisite approvals being obtained from the concerned Statutory Authorities and the Company's lenders and creditors:
 - a. Business of ESCO Division, i.e. financing of Projects / Products to customers on energy saving basis, and all activities related thereto together with all related assets, liabilities and entitlements at book values as at the time of transfer on a going concern basis.
 - b. Business of Projects Division, i.e. State Electricity Board Projects and all activities related thereto together with all related assets, liabilities and entitlements at book values as at the time of transfer on a going concern basis.
- (ii) In accordance with the accounting principles, the accounts have incorporated all such transactions at book values at the time of transfer and the difference between the book values of identified Assets and Liabilities of ESCO Division amounting to Rs. 5,174.34 Lacs and of Projects Division amounting to Rs. 1,129.15 Lacs is shown as an Investment in the subsidiaries. However pending allotment of shares by the two subsidiary companies the Company has for the time being shown the said investments under Investment Suspense Account in Schedule 6 of the Accounts.
- (iii) The Company had applied for approvals of Secured / Unsecured Lenders. However, one of the lenders has informed the Company that they are not agreeable to the transfer of the businesses of the two divisions to the two 100% subsidiaries and has declined to give its approval. Besides, the Lead bank of the Consortium for Working Capital has informed the Company not to proceed with hiving-off of assets without the written consent of the Consortium Banks. Consequently, the Company continues to be liable to the lenders for the Term Loans and Unsecured Redeemable Non-Convertible Debentures transferred to the subsidiary companies. The Company has not provided interest on the above for the year under review. Therefore, the company will continue to be liable to the lenders for the following:

Liabilities of ESCO Division

- a. Term loan and interest due thereon to IDBI for Rs 1714.75 lacs which is secured by way of:
 - i. First charge on movable properties of the Company by way of hypothecation.
 - ii. First charge by way of equitable mortgage on the immovable properties of the Company at Nasik.
 - iii. Hypothecation of receivables pertaining to ESCO Division subject to first prior charge of IREDA to the extent of Rs.1800 lacs.
- b. Term loan and interest due thereon to IDBI for Rs 7221.41 lacs which is secured by way of:
 - i. First charge on immovable and movable properties of the Company located at 68, MIDC, Satpur Nashik by way of extension of pari-passu first charge with UCO Bank in respect of its Term loan of Rs.6000 lacs (outstanding as on 31 Mar 2011 is Rs. 300.00 Lacs) excluding exclusive charge created in favour of IREDA on the Solar Plant acquired out of assistance of Rs.1971 lacs sanctioned by IREDA



- ii. Exclusive first charge of ESCO receivables (except MSEDCL receivables) under deferred sales and all new ESCO contracts for Energy Efficient Lighting Systems to be funded by IDBI under this loan
- iii. Charge on MSEDCL receivables is subject to first prior charge in favor of UCO Bank in respect of its Rupee Term Loan of Rs.6000 lacs (Outstanding as on 31 Mar 2011 is Rs. 300.00 Lacs) and first prior charge in respect of IREDA to the extent of Rs.1800 lacs.

Liabilities of Projects Division

- a. Unsecured Redeemable Non – Convertible Debentures and interest thereon issued to LIC Mutual Fund Asset Management Company Limited amounting to Rs. 4935.08 Lacs
 - (i) The Wholly Owned Subsidiary Companies (Transferee Companies) may opt to revalue the assets and appropriate the costs incurred based on fair market value including goodwill and may therefore adjust premium on transfer upon completion of exercise.
- 3 The Company had issued and allotted 31,45,000 Equity Share Warrants to an investor on 13th August, 2009 at an exercise price of Rs.40/- per Equity Share aggregating to Rs.1,258 Lacs, on payment of 25% of the issue price aggregating to Rs. 314.50 Lacs. Out of the above 31,45,000 Warrants, the Investor has exercised an option for conversion of 8,33,333 Warrants into equivalent number of Equity Shares in the previous year and 4,13,333 Warrants into equivalent number of Equity Shares in the current year on payment of the balance amount of Rs. 30 per share, aggregating to Rs. 374 Lacs upto 12th February, 2011. The money so raised has been utilized for meeting working capital requirement of the Company. As the option to convert the balance of 18,98,334 Warrants into Equity Shares was not exercised within the period of 18 months, the same lapsed on 12th February, 2011 and consequently 25% of the Issue Price paid upfront on these warrants amounting to Rs. 189.83 Lacs stands forfeited and the same has been transferred to the Capital Reserve Account of the Company.
- 4 During the financial year 2005-2006, the Company had instituted Employees' Stock Option Plan - 2005. The Compensation Committee of the Board evaluates the performances and other criteria of employees and approves the grant of options. These options vest with employees over a specified period subject to fulfillment of certain conditions. Upon vesting, employees are eligible to apply and secure allotment of Company's Shares at a price determined on the date of grant of options. The particulars of option granted during the financial year 2005-06 and outstanding as at 31st March 2011 are as under:

Particulars	Shares arising out of options
Options Outstanding at the beginning of the year	3,51,550
Options relinquished during the year	0
Options issued during the year	0
Options exercised during the year	79,365
Options Outstanding at the end of the year	2,72,185

The Company modified the Scheme in terms of the provisions of the SEBI ESOP Guidelines and Scheme. A Trust called "Asian Electronics Limited Employees' Welfare Trust" (The Trust) has been constituted vide Trust Deed dated 25th January, 2007 to administer the Scheme under the directions of the Compensation Committee.

The Company has already allotted 8,50,000 Shares to the Trust on 31st March, 2007 at a price of Rs. 86.50 per Equity Share to be eventually allotted to the employees of the Company on exercise of option by them in due course of time. The Company has also given advance of Rs. 735.25 Lacs to the Trust for the purpose.

The Compensation Committee of the Board of Directors at its meeting held on 31st March 2010 had granted 3,51,550 stock options under ESOP - 2005 Scheme to certain Executives / Officers of the Company which shall be exercisable into equal number of fully paid up Equity Shares of the Company of the Face Value of Rs. 5/- each in one or more tranches on payment of exercise price of Rs. 28 per Equity Share of Rs. 5/- each, being the market price prevailing as on 30th March 2010, on or after completion of one year from the date of grant, i.e. 30th March 2011 being the vesting date. The options are to be exercised within a period of seven years from the date of vesting.

During the year under review, the Compensation Committee of the Board of Directors, on 23rd March, 2011, revised the exercise price to Rs. 12.60/- per share, which was the closing price of the share on the Stock Exchanges on the previous day of such revision i.e. 22nd March, 2011. Consequently due to the revision of price, an amount of Rs. 600.15 Lacs is shown under Exceptional Item and charged to Profit and Loss Account.

Further the Company has received Rs. 10 Lacs on 30th March 2011 towards exercise of 79,365 Stock Option into equal number of Shares under the ESOP Scheme 2005. The balance of Loan to the Trust outstanding as on 31st March 2011 is Rs. 97.10 Lacs which is adjusted against Share Capital and Securities Premium Account.

Subsequent to the Balance Sheet date, the Company has received Rs. 21.50 Lacs towards exercise of 1,70,635 Stock Option into equal number of Shares under the Scheme.

ANNUAL REPORT 2010-11

The Company has received listing approvals for listing of Shares from Bombay Stock Exchange Limited and National Stock Exchange of India Limited vide their letters dated 8th January 2010 and 11th January 2010 respectively.

- 5 During the Financial Year 2009 - 10, the Company has instituted ESOP 2009 Scheme. The Compensation Committee of the Board of Directors at its meeting held on 31st March 2010 has granted 10,00,000 Stock Options under ESOP 2009 Scheme to the Non – Executive Independent Directors of the Company which shall be exercisable into equal number of fully paid up Equity Shares of the Company of the Face Value of Rs. 5/- each in one or more tranches on payment of exercise price of Rs. 28/- per Equity Share of Rs. 5/- each, being the market price prevailing as on 30th March 2010, on or after completion of one year from the date of grant, i.e. 30th March 2011 being the vesting date. The options are to be exercised within a period of five years from the date of vesting.

Particulars	Shares arising out of options
Options Outstanding at the beginning of the year	10,00,000
Options relinquished during the year	0
Options issued during the year	0
Options exercised during the year	1,90,476
Options Outstanding at the end of the year	8,09,524

Towards streamlining of the implementation of the ESOS 2009, the Company modified the Scheme in terms of the provisions of the SEBI ESOP Guidelines and Scheme, vide Special Resolution passed at the Annual General Meeting held on 30th September, 2009. A Trust called "Asian Electronics Limited Employees' Welfare Trust, 2009" (The Trust) has been constituted vide Trust Deed dated 12th February, 2011 to administer the Scheme under the directions of the Compensation Committee.

During the year under review, the Compensation Committee of the Board of Directors, on 23rd March, 2011, revised the exercise price to Rs. 12.60/- per share, which was the closing price of the share on the Stock Exchanges on the previous day of such revision i.e. 22nd March, 2011.

Subsequently, the Company has allotted 10,00,000 Shares to the Trust on 25th March, 2011 at a price of Rs. 12.60/- per Equity Share to be eventually allotted to the eligible Directors of the Company on exercise of option by them in due course of time. The Company has also given advance of Rs. 126 Lacs to the Trust for the purpose. During the year under review, the Company has received Rs. 24 Lacs towards exercise of 1,90,476 options in to equivalent number of Shares under the Scheme. The balance of the Loan outstanding as on 31st March 2011 is Rs. 102 Lacs which is adjusted against Share Capital and Securities Premium Account.

Subsequent to the Balance Sheet date, the Company has received Rs. 7,50,000 towards exercise of 59,524 Stock Option into equal number of Shares under the Scheme.

- 6 On 16th September 2009, the Compensation committee of the Board of Directors had granted 33,20,549 Stock Options under Chairman's Stock Option Scheme 2009, to the Executive Chairman Mr. Arun B. Shah, which shall be exercisable in to equal number of fully paid up Equity Shares of the Company of the Face Value of Rs. 5/- each on payment of exercise price of Rs. 5 per Equity Share on or after completion of one year from the date of grant i.e. 15th September 2010 being the vesting date. The options are to be exercised within a period of one year from the date of vesting.

The amount of Rs. 204.48 Lacs represents the pro rata difference between the market price prevailing on 12th February, 2009 (being the date on which the Chairman became eligible for the Options) and the exercise price of Rs. 5/- per Equity Share, which has been provided as an exceptional item.

During the year under review, the Company received Rs. 1,50,00,000/- and Rs. 16,02,745/- on 30th September 2010 and on 9th February 2011 respectively, from the Executive Chairman Mr. Arun B. Shah, towards the exercise of 33,20,549 Stock Options into equal number of equity shares of Rs. 5/- each at an exercise price of Rs. 5/- per share. Accordingly, the Company allotted 30,00,000 and 3,20,549 equity shares to Mr. Arun B. Shah on 30th September, 2010 and on 9th February 2011 respectively which are being held by third parties on behalf of Mr. Arun B. Shah under Sec. 187 C of the Companies Act, 1956.

During the year an amount of Rs. 647.51 Lacs (comprising of Rs. 443.03 Lacs for previous year and Rs 204.48 Lacs for the current year, being the difference between the market price prevailing on 12th February, 2009 and the exercise price of Rs. 5/- per Equity Share) which has been provided as exceptional item over the vesting period ending 30th September 2010 is credited to Stock Option Outstanding. On allotment of the shares, the said amount of Rs. 647.51 Lacs is transferred from Stock Option Outstanding to the Securities Premium Account.

- 7 The Company has followed the Intrinsic value method of accounting for the Options granted to Employees under the above mentioned Stock Option Schemes as mentioned in Paras 4, 5 and 6 above. However since the Company has not ascertained the fair value of the above Options granted, disclosure of the impact of the same if any on the Company's proforma net profit, proforma basic earnings per share and proforma diluted earnings per share is not ascertainable.



- 8 The Company's products have warranty clause for a period of 24 months. Provision for warranty claims has not been considered as the amount of claim on sale under warranty is estimated to be not material by the Management.
- 9 Due to current mismatch of inflows and outflows, compounded by delayed recoveries of certain stressed assets, as enumerated in Note No. 11 below, the debt servicing by the Company has been adversely affected. As a result, action has been initiated by some of the lenders of the Company. LIC Mutual Fund has filed a petition in the Bombay High Court for winding up of the Company for non-payment of its dues. The matter is being heard and the Company is representing its case. Bank of India has served upon the Company a Notice under Section 13(2) of The Securitization and Reconstruction of Financial Assets and Enforcement of Security Act, 2002 for repayment of dues. Also other Banks have sent Demand Notices to the Company for repayment of their dues.
- 10 In view of the temporary strain on financial resources which has inter alia resulted in delay in repayment of dues, and also with an objective to bring normalcy to the Company's operations, a reference for Corporate Debt Restructuring (CDR) has been made recently under the CDR mechanism, instituted by Reserve Bank of India, for restructuring corporate debts of viable corporate entities, affected by internal factors or external factors, for the benefit of all stakeholders. The restructuring requests, inter alia, includes approval of the lenders for hiving off the businesses of ESCO and Projects Divisions to two 100% subsidiaries. Pending consideration of such requests, the Company has not yet taken any steps with regard to the non-approval as explained in Note No. 2 above.
- 11 Consequent to a review made by the Management of the various Assets of the Company, the Management is of the opinion that special efforts over a period of time would be needed for recovery of the following stressed assets which would have an impact on the results of the Company for the year under review:-
- Diminution in the value of Investments in Foreign Companies Rs. 7.77 Lacs, where the local Managements have deserted the Companies and the businesses have been closed down.
 - Diminution in the value of the Investments, if any, in Unique Waste Plastic Management and Research Company Pvt. Ltd. of Rs. 4,360.20 Lacs where the pending disputes with minority shareholders need to be resolved to recover the value of the Investments held by the Company.
 - Inventories of Rs. 8364.69 Lacs include Rs. 3,000.00 Lacs of old/ unusable stocks, where the Product Lines are discontinued.
 - Sundry Debtors considered good includes Rs. 4,216.23 Lacs of old Outstanding's where the recovery may happen only after due legal actions and settlements of counter claims, if any, which cannot be determined.
 - Loans and Advances considered good includes Rs. 2,926.51 Lacs of old debit balances where the same may be recovered in the form of assets or will be settled subject to counter claims, if any, which cannot be determined.
 - Cash and Bank Balances include Rs 192.67 lacs on account of unreconciled Bank balances which may not be recoverable / realizable.

Non or delayed recoverability of the above Stressed Assets and inadequacy of accruals have adversely affected the debt servicing by the Company and also led to operating losses and erosion of liquidity. The management is of the view that the above stressed assets of various classes may need provision in due course the extent of which cannot be determined at present. Consequently they have been shown as considered good and no provision has been made for the same.

The management is of the view that the future viability of the company and its 'going concern' assumption would depend on the timely approval of the CDR to the Company's restructuring proposal.

- 12 Balances of Sundry Debtors, Loans and Advances and Sundry Creditors are subject to confirmations, reconciliation and consequential adjustments, if any, the effects of which are at present unascertainable.
- 13 As recommended by the Board of Directors and approved by the Shareholders at the Extraordinary General Meeting held on 6th July, 2009, the Company is proposing to make a Rights Issue in the ratio of 1:2 to its existing Shareholders in the near future, subject to market conditions and other considerations and the Company has filed Draft Letter of Offer with the Securities & Exchange Board of India (SEBI), Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. pursuant to which SEBI has issued Observation Letter. The Company is now required to update the Draft Letter of Offer and take the necessary approval of SEBI to proceed with the Rights Issue in due course of time. The SEBI Observation Letter is valid upto 24th August, 2011.

14 Employee Benefits

a. Defined Contribution Plans

The Company has recognized the following amounts in the Profit and Loss Account for the Defined Contribution Plans:

(Rs. in Lacs)

Particulars	2010-2011	2009-2010
Provident Fund	25.44	31.72

ANNUAL REPORT 2010-11

b. State Plans:

The Company has recognized the following amounts in the Profit and Loss account for contribution to State Plans:

(Rs. in Lacs)

Particulars	2010-2011	2009-2010
Employees State Insurance	5.17	2.84

c. Defined Benefit Plans -

Salaries and Wages include Rs. 48.03 Lacs towards provision made in respect of accumulated leave encashment.

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 five years or more of service. The scheme is funded with an insurance Company in the form of a qualifying insurance policy. The Company has provided for gratuity and leave encashment based on actuarial valuation done as per Projected Unit Credit Method. The details of the Gratuity Fund for its employees are given below which is certified by an actuary and relied upon by the auditors.

The following tables summarize the components of net benefit expense recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet for the respective plans.

Profit and Loss account

Net employee benefit expense (recognized in Employee Cost)	2010-11 Rs. in Lacs	2009-10 Rs. in Lacs
Current service cost	7.55	8.44
Interest cost on benefit obligation	4.35	4.22
Expected return on plan assets	5.74	6.07
Net actuarial Losses / (Gains) recognized in the year	1.01	7.14
Past service cost	-	-
Net benefit expense	7.18	13.73
Actual return on plan assets	5.74	6.07

Balance Sheet

Details of benefit obligation:	March 31, 2011 Rs. In Lacs	March 31, 2010 Rs. In Lacs
Defined Benefit Plan obligations	55.53	54.36
Fair value of plan assets	59.24	65.24
	(3.71)	(10.88)
Less – Unrecognized past service cost	-	-
Plan Liability	(3.71)	(10.88)

Changes in the present value of the defined benefit obligation are as follows:	2010-11 Rs. In Lacs	2009-10 Rs. In Lacs
Opening defined benefit obligation	54.37	52.77
Current service cost	7.55	8.44
Interest cost	4.35	4.22
Benefits paid	(11.75)	(18.20)
Actuarial Losses / (Gains) on obligations	1.01	7.14
Closing defined benefit obligation	55.53	54.37

	March 31, 2011 Rs. In Lacs	March 31, 2010 Rs. In Lacs
Changes in the fair value of plan assets are as follows:		
Opening fair value of plan assets	65.25	77.29
Expected return	5.73	6.07
Contributions by employer	0.01	0.09
Benefits paid	(11.75)	(18.20)
Actuarial gains / (Losses)	-	-
Closing fair value of plan assets	59.24	65.25

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

	March 31, 2011 %	March 31, 2010 %
Category of Assets		
Investment with Insurer	100%	100%

The principal assumptions used in determining benefit obligations are shown below:

Particulars	2010-2011	2009-2010
Discount	8.00%	8.00%
Expected rate of return on plan assets	8.79%	7.86%
Expected rate of salary increase	5.00%	5.00%
Mortality Pre-retirement	Indian Assured Lives Mortality (1994-96)	Indian Assured Lives Mortality (1994-96)

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.

15 Interest in Joint Ventures

- i) The Company has a 50% interest in a Joint Venture Company, Midcom Magnetics Management Pvt. Ltd., incorporated in India, which is involved in research and development of imaging system.

The Company's proportionate share of the assets, liabilities, expenses and income of the jointly controlled entity as per Unaudited Accounts as at 31st March 2011 are as follows:

	(Rs. in Lacs)	
Particulars	2010-2011	2009-2010
Reserves and Surplus	133.93	138.63
Secured Loans	-	-
Unsecured Loans	-	-
Deferred Tax Liability	2.83	2.27
Fixed Assets (net)	27.56	29.32
Capital Work in Progress	51.10	51.10
Current Assets		
Inventories	20.32	4.63
Sundry Debtors	67.69	57.73
Cash and Bank	0.77	0.91
Loans and Advances	3.93	3.74
Current Liabilities and Provisions	32.61	4.66
Pre Operative Expenses	NIL	0.05

ANNUAL REPORT 2010-11

(Rs. in Lacs)

Particulars	2010-2011	2009-2010
Turnover	87.23	46.76
Expenses		
Consumption of Raw Material	76.93	38.82
Manufacturing, Administrative & Other Expenses	12.79	15.33
Depreciation	1.76	1.76
Profit/(Loss) Before Tax	(4.32)	(9.15)
Provision for Tax	-	-
Profit/(Loss) After Tax	(4.53)	(9.15)
Contingent Liabilities	Nil	Nil
Capital Commitments	Nil	Nil

- i) The Company along with Home Solutions Retails (India) Ltd., a Future Group Company had formed a Joint Venture Company, i.e., Asian Retail Lighting Ltd. (ARLL) for the purpose of providing lighting solutions to Retail Industries in the year 2007-08. The Company's share of Investment in the Joint Venture was 46.50% at the beginning of the year.

At the meeting of the Board of Directors and Committee of Directors of the Joint Venture Company held on 29th December 2010 and 27th January, 2011 respectively, decision was taken for the issue and offer of 1,00,15,200 Equity Shares of Rs. 10 each (Rs. 10 only) for Cash at par on Rights basis in the ratio of 321 Equity Shares for every 100 Equity Shares held by the existing Shareholders holding shares on 27th January, 2011.

Accordingly on the Company's holding of 14,51,040 Equity Shares in ARLL, the Company's rights entitlement in the Rights issue was 46,57,838. However the Company did not subscribe to the Rights Issue and the same was allotted to the other partner of the Joint Venture Company. Consequently Company's share of investment in ARLL fell from 46.50% to 11.05% and ARLL ceased to be a Joint Venture Company as on 31st March 2011.

16 Earnings Per Share

Particulars	31 st March 2011 (Rs. in Lacs)	31 st March 2010 (Rs. in Lacs)
Basic / Diluted Earning Per Share		
Numerator used for Calculating Basic Earning Per Share – Net Profit / (Loss) after Tax	(7926.38)	293.96
Weighted Average number of shares used as denominator for Calculating Basic Earning Per Share (in Nos)	323,75,815	301,61,200
Basic / Diluted Earnings Per Share	(24.48)	0.97

17 Deferred Tax

In terms of the provisions of the Accounting Standard – 22 “Accounting for Taxes on Income” issued by the Institute of Chartered Accountants of India, there is a net deferred tax asset on account of accumulated losses and unabsorbed depreciation.

In compliance with provisions of the Accounting Standard and based on General Prudence, the Company has not recognized the deferred tax asset while preparing the accounts of the year under review.

18 Leases

In case of assets taken on Lease

Finance Lease

Plant & Machinery includes machinery obtained on finance lease. The legal title for the same has passed to the Company. There are no lease payments outstanding.

Operating Lease

Office Premises are obtained on Operating lease. The lease term is for 11 months and thereafter renewable. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements. There are no subleases. Lease rental expense for the year for the agreements entered into is Rs. 91.61 Lacs (Rs. 103.55 Lacs).

In case of Assets given on Lease

Finance Lease

There are no Assets given on Finance lease.

Operating Lease

The Company has leased out Plant & Machinery on operating lease. The lease term is for 3 to 10 years and thereafter not renewable. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements.

(Rs. in Lacs)

Lease Receivables (from assets given on lease other than MSEDCCL)	2010-11	2009-10
Not later than one year	25.25	42.20
Later than one year and not later than five year	17.47	42.72
Later than five year	-	-
Total	42.72	84.92

19 **Related Parties Disclosure**

Name of the related parties where control exists irrespective of whether transactions have occurred or not:

a. Subsidiary

AEL Projects Pvt. Ltd. (w.e.f. 22.7.2010)

AEL ESCO Pvt. Ltd. (w.e.f. 21.7.2010)

b. Joint Venture:

Midcom Magnetics Management Private Limited

Asian Retail Lighting Limited (upto 23rd March, 2011)

c. Associate

Unique Waste Plastic Management And Research Co. Pvt. Ltd.

d. Key Management Personnel

Mr. Arun Shah, Executive Chairman

e. Relatives of Key Management Personnel

Mr. Naman Arun Shah

f. Enterprises over which any person specified in (d) or (e) above is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the reporting enterprise

Pranamghar (India) Private Limited

Arsh Advisors Pvt. Ltd.

Arun & Co.

Indage Vintners Limited (upto 30.03.2011)

Indage Restaurants and Leisure Limited (upto 30.03.2011)

Dalal Desai and Kumana (Partnership Firm)

Note: Related Party relationship is as identified by the Company and relied upon by the Auditors

Related Party Disclosure

Transactions during the period	Subsidiaries		Associates		Joint Ventures		Key Management Personnel (KMP)		Relatives of Key Management Personnel		Enterprises over which KMP and their relatives are able to exercise significant influence		Total	
	Mar-11	Mar-10	Mar-11	Mar-10	Mar-11	Mar-10	Mar-11	Mar-10	Mar-11	Mar-10	Mar-11	Mar-10	Mar-11	Mar-10
Sales														
Midcom Magnetics Management Pvt Ltd					207.51	84.33							207.51	84.33
Asian Retail Lighting Limited					169.86	58.59							169.86	58.59
Reimbursement of Expenses														
Midcom Magnetics Management Pvt Ltd					11.56	13.56							11.56	13.56
Pranamghar India Pvt Ltd											4.95	1.91	4.95	1.91
Advance Paid														
Pranamghar India Pvt Ltd											51.92	118.44	51.92	118.44

ANNUAL REPORT 2010-11

Transactions during the period	Subsidiaries		Associates		Joint Ventures		Key Management Perspnnel (KMP)		Relatives of Key Management Personnel		Enterprises over which KMP and their relatives are able to exercise significant Influence		Total	
	Mar-11	Mar-10	Mar-11	Mar-10	Mar-11	Mar-10	Mar-11	Mar-10	Mar-11	Mar-10	Mar-11	Mar-10	Mar-11	Mar-10
	Managerial Remuneration													
Naman Arun Shah									0.75				0.75	-
Purchases of Material														
Midcom Magnetics Management Pvt Ltd					165.77	114.09							165.77	114.09
Asian Retail Lighting Limited					3.23	28.99							3.23	28.99
Balance outstanding as at the year end														
Outstanding Payables														
Midcom Magnetics Pvt Ltd					(98.08)	(114.74)							(98.08)	(114.74)
AEL ESCO Pvt. Ltd.	(753.53)												(753.53)	
AEL PROJECTS Pvt. Ltd.	(137.01)												(137.01)	
Outstanding Receivable														-
Pranamghar India Pvt Ltd											307.15	269.03	307.15	269.03
Dalal Desai & Kumana											0.50	0.50	0.50	0.50
Asian Retail Lighting Limited					49.55	34.09							49.55	34.09
Unique Waste Plastic Management And Research Co. Pvt. Ltd			477.29	-									477.29	-
Arsh Advisors											102.00	-	102.00	-
Arun & Co.											18.30	-	18.30	-

20 Segment Information

Segment reporting as required under AS – 17 is not applicable for the year under review, as more than 90% of the revenue comes from a single segment of Lighting Products / Systems. There is only one geographical segment.

21 Previous Year figures have been regrouped / rearranged wherever necessary to make them comparable to those of the current year.

As per our report of even date attached
For SORAB S. ENGINEER & CO
Chartered Accountants
(Firm Regn No.: 110417W)

C.A. N.D. ANKLESARIA
Partner
Membership No. 10250
Place : Mumbai
Date : 7th June 2011

For and on behalf of the Board of Directors

ARUN B. SHAH
Executive Chairman

S.NEELAKANTA IYER
Executive Director & Jt. CEO

CHARUDATTA KULKARNI
AGM (Finance & Legal) &
Company Secretary

HARESH G. DESAI
Director

RAJESH MEHTA
Executive Director & Jt. CEO



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1 Registration Details

Registration No State Code

Balance Sheet Date

2 Capital Raised during the year

Public Issue Rights issue

Bonus Issue Private Placement

Preferential Issue

3 Position of Mobilisation and Deployment of Funds [Amount in Rs. Thousands]

Total Liabilities Total Assets

Sources of Funds

Paid up Capital Reserves & Surplus

Reserves & Surplus Investments

Secured Loans Unsecured Loans

4 Application of Funds:

Net Fixed Assets Investments

Net Current Assets Miscellaneous Expenditure

Accumulated Losses

5 Performance of the Company: (Amount in Rs.Thousands)

Turnover Total Expenditure

+ Profit - Loss Before Tax + Profit / - Loss After Tax

[Please tick appropriate Box + for Profit, - for Loss]

Earnings per Share in Rs. Dividend Rate %

6 Generic names of three principal products / services of Company: (as per monetary terms)

- a. Item Code No. [ITC Code] 85.32
Product Description CAPACITORS
- b. Item Code No. [ITC Code] 85.35
Product Description AUTOMATIC ELECTRICAL LOAD MONITORING SYSTEM
- c. Item Code No. [ITC Code] 94.05
Product Description TUBELIGHT FITTINGS/ENERGY SAVING DEVICES FOR TUBELIGHTS
- d. Item Code No. [ITC Code] 84.19
Product Description PLANT & MACHINERY

Report of the Auditors on Consolidated Financial Statements

AUDITORS REPORT TO THE BOARD OF DIRECTORS OF ASIAN ELECTRONICS COMPANY LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF ASIAN ELECTRONICS COMPANY LIMITED, ITS ASSOCIATE AND ITS SUBSIDIARIES.

1. We have examined the attached consolidated Balance Sheet of Asian Electronics Company Limited and its subsidiaries and Joint Venture ("Asian Electronics Group") as at 31st March, 2011, the Consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the year then ended. These consolidated financial statements are the responsibility of the Company's management and have been prepared by the Management on the basis of separate financial statements and other financial information. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. 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 consolidated 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 consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Included in these Consolidated Financial Statements are the financial statements of the two subsidiaries, which reflect total assets of Rs. 18,425.84 Lacs as at 31st March, 2011 and total revenues of Rs. 266.42 Lacs for the year then ended, which have not been audited.
4. We did not audit the financial statements of the Joint Venture Entity whose unaudited financial statements reflect (before giving effect to the consolidation adjustments) total assets of Rs. 138.81 Lacs as at 31st March 2011 and total revenues of Rs. 87.23 Lacs for the year then ended which were prepared by its Management. The same have been considered for the purpose of Consolidation and accepted by us as correct. Any adjustments to the balances on completion of audit could have consequential effect on the attached Consolidated Financial Statements.
5. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements, Accounting Standard (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard (AS) 27, Financial Reporting of Interest in Joint Ventures issued by the Institute of Chartered Accountants of India.
6. Attention is invited to the following:
 - i) Note No. 2 of Schedule 23(III) regarding transfer of related loans and debentures of ESCO and Project Division aggregating to Rs. 13,871.24 Lacs to two wholly owned subsidiaries. The Lenders have refused to give their approval and have informed the company not to proceed with hiving off of the Assets and not to transfer the Loans / Debentures to the two subsidiaries. Although the Loans / Debentures aggregating to Rs.13,871.24 Lacs granted by Banks/Financial Institutions to the Company are not reflected in the Books of Account, the Company continues to be liable to the lenders for the Loans / Debentures transferred to the subsidiary companies. Also, the Company has not provided interest on the above Loans / Debentures for the year under review. On the basis of information available to us, we are unable to form an opinion in this matter.
 - ii) No provision has been made for amounts receivable from Maharashtra State Electricity Distribution Company Ltd. (MSEDCL) aggregating

- to Rs. 4,110.27 Lacs comprising of Written down value of Fixed Assets amounting to Rs. 1769.36 Lacs, Advances amounting to Rs. 501.51 Lacs and Debtors amounting to Rs. 1839.40 Lacs shown separately under Current Assets, Loans and Advances which is considered good and recoverable by the Management. The above amount is under dispute as disclosed in Note No. 4 of Schedule 23(III). The impact of the same on the loss for the year is presently unascertainable.
- iii) Note Nos. 6 to 9 of Schedule 23(III) regarding Stock Options granted to Directors and Employees. Since the Company has not ascertained the fair value of the Options granted, impact of the same on the Proforma Loss, Proforma basic earnings per share and Proforma diluted earnings per share is not ascertainable.
 - iv) Note No.11 of Schedule 23(III), wherein as explained, LIC Mutual Fund has filed a petition in The Bombay High Court for winding up of the company for non-payment of its dues. The matter is sub judice and outcome of the same cannot be currently ascertained. Also Bank of India has served upon the Company a Notice under Section 13(2) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Act, 2002 for repayment of dues and other Banks have also asked the Company for repayment of their dues.
 - v) Note No. 13 of Schedule 23(III), wherein consequent to review made by the management the following are the observations:
 1. Diminution in the value of Investments in certain companies of Rs. 4367.97 Lacs not reflected in the Financial Statements (AS-13)
 2. Old/Unusable Stocks mainly for discontinued product lines amounting to Rs. 3000 Lacs included in Inventories which may no longer be realizable (AS-2)
 3. Sundry Debtors considered good includes Rs. 4,216.23 Lacs of old Outstanding's which may not be recoverable.
 4. Old Debit Balances of Rs. 2926.51 Lacs included in Loans and Advances and Rs.192.67 Lacs on account of Unreconciled Bank Balances which may not be recoverable / realizable.

Consequently, although the above have been shown as Considered Good, no provision has been made for the same.
In view of the above, we are unable to express an opinion on the recoverability / realisability of the above mentioned items, the impact of the same on the Loss for the year as well as the future viability of the Company as a 'going concern'.
7. Subject to what has been mentioned in Paragraph 6 above, based on our audit and on the financial information of the components, and to the best of our knowledge and according to the information and explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) In the case of the Consolidated Balance Sheet, of the consolidated state of affairs of Asian Electronics Group, as at 31st March, 2011;
 - (b) In the case of the Consolidated Profit and Loss Account of the loss for the year ended on that date; and
 - (c) in the case of Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

**For SORAB S. ENGINEER & CO.
CHARTERED ACCOUNTANTS
(Firm Registration No. 110417W)**

**C.A. N. D. ANKLESARIA
PARTNER
Membership No. 10250**

Place: Mumbai
Date: 7th June, 2011



CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

Particulars	Schedules	March 31, 2011 Rs. in Lacs	March 31, 2010 Rs. in Lacs
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	1,693.60	1,495.03
Stock Options Outstanding		-	443.03
Equity Share Warrants		-	231.17
Reserves and surplus	2	22,277.15	20,675.86
Loan Funds			
Secured loans	3	25,262.14	21,035.34
Unsecured loans	4	5,469.49	5,092.72
Deferred Tax Liabilities - net		2.83	3.45
Total		<u>54,705.21</u>	<u>48,976.60</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross block	5	9,900.82	9,939.93
Less : Accumulated Depreciation / Impairment		6,527.38	6,098.78
Net block		3,373.44	3,841.15
Capital work in progress including capital advances		830.26	1,187.69
Investments	6	4,643.97	4,367.97
Current Assets, Loans and Advances			
Inventories	7	8,385.00	9,963.02
Sundry debtors - Others	8	14,338.30	19,864.54
ESCO	9	12,271.87	12,709.18
MSEB Receivables	10	4,110.27	4,110.08
Cash and bank balances	11	377.16	990.13
Other Current Assets	12	13.47	8.22
Loans and advances	13	6,630.54	7,224.75
		<u>46,126.61</u>	<u>54,869.92</u>
Less : Current Liabilities and Provisions	14		
Current liabilities		9,590.82	15,343.87
Provisions		148.84	114.68
		<u>9,739.66</u>	<u>15,458.55</u>
Net Current Assets		36,386.95	39,411.37
Miscellaneous Expenditure (to the extent not written off or adjusted)	15	5.09	4.98
Profit and Loss Account		9,465.50	163.44
Total		<u>54,705.21</u>	<u>48,976.60</u>
Notes to accounts	23		

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet.

As per our report of even date attached

For and on behalf of the Board of Directors

For SORAB S. ENGINEER & CO
Chartered Accountants
(Firm Regn No.: 110417W)

ARUN B. SHAH
Executive Chairman

HARESH G. DESAI
Director

C.A. N.D. ANKLESARIA
Partner
Membership No. 10250
Mumbai : 7th June 2011

S.NEELAKANTA IYER
Executive Director & Jt. CEO

RAJESH MEHTA
Executive Director & Jt. CEO

CHARUDATTA KULKARNI
AGM (Finance & Legal) &
Company Secretary

ANNUAL REPORT 2010-11

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

Particulars	Schedules	March 31, 2011 Rs. in Lacs	March 31, 2010 Rs. in Lacs
INCOME			
Sale of Goods (Net of Excise duty)	16	14,885.87	24,602.15
Other Income	17	199.48	351.15
Total		15,085.35	24,953.30
EXPENDITURE			
Materials Consumed	18	16,756.59	18,868.30
(Increase) /Decrease in Inventories	19	(262.91)	(1,629.49)
Personnel Expenses	20	841.35	1,338.23
Manufacturing, Administrative and Other Expenses	21	2,263.21	2,739.20
Financial Expenses (Net)	22	3,496.49	3,099.24
Depreciation/Amortisation	5	441.61	444.64
Total		23,536.34	24,860.12
Profit / (Loss) before Exceptional Items and Tax		(8,450.98)	93.18
Exceptional Items (Refer Note No. 6 & 8 of Schedule 23 (III))		(804.63)	(443.03)
Profit / (Loss) before tax		(9,255.61)	(349.85)
Less: Provision for taxation			
Current tax		-	0.66
Deferred tax - (credit) / charge		0.22	0.41
Fringe Benefit Tax		-	0.05
Profit / (Loss) after tax		(9,255.83)	(350.97)
Excess Provision of Income Tax of Earlier Years W/Back		-	213.26
Profit after prior period items and tax		(9,255.83)	(137.71)
Balance brought forward from previous year		(163.44)	(25.73)
Add :- Adjustments on Consolidation (Refer Note No.(I)(f)of Schedule 23(I))		(46.23)	-
Balance carried to Balance Sheet		(9,465.50)	(163.44)
Weighted average number of Equity Shares outstanding during the year for calculating basic earning per share.		32375815	30161200
Basic earnings per share of face value Rs. 5/- per share (in Rs.)		(28.59)	(0.46)
Weighted average number of Equity Shares outstanding during the year for calculating diluted earning per share.		32375815	30161200
Diluted earnings per share of face value Rs. 5/- per share (in Rs.) (Refer Note No. 17 of Schedule 23 (III))		(28.59)	(0.46)

Notes to Accounts

23

The schedules referred to above and notes to accounts form an integral part of the Profit & Loss Account.

As per our report of even date attached

For and on behalf of the Board of Directors

For SORAB S. ENGINEER & CO
Chartered Accountants
(Firm Regn No.: 110417W)

ARUN B. SHAH
Executive Chairman

HARESH G. DESAI
Director

C.A. N.D. ANKLESARIA
Partner
Membership No. 10250
Mumbai : 7th June 2011

S.NEELAKANTA IYER
Executive Director & Jt. CEO

RAJESH MEHTA
Executive Director & Jt. CEO

CHARUDATTA KULKARNI
AGM (Finance & Legal) &
Company Secretary



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

	March 31, 2011 Rs. in Lacs	March 31, 2010 Rs. in Lacs
A. CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES:		
Profit before tax	(9,255.61)	(349.85)
Adjustments for:		
Depreciation / Amortization	441.61	444.64
Foreign exchange Loss / (Gain) (Net)	(69.72)	307.43
Preliminary Exps W/off	0.05	0.05
Profit on Sale of Fixed Assets	(1.57)	
Loss on sale of fixed assets	111.59	1.66
Interest expenses	4,121.03	3,737.32
Interest Income	(624.53)	(638.08)
Diminution in value of Fixed Assets	270.21	-
Exceptional items	804.63	443.03
Sundry credit balances written back	(1.36)	162.19
Bad debts written off	0.68	19.89
Operating profit before working capital changes	(4,202.99)	4,128.28
Movement in working capital:		
(Increase) / Decrease in Inventories	1,125.76	(1,335.23)
(Increase) / Decrease in Sundry Debtors	4,848.36	(2,262.12)
(Increase) / Decrease in Loans and Advances	298.39	337.10
Increase / (Decrease) in Current Liabilities / Provisions	(4,687.19)	(48.28)
Cash generated from operations	(2,617.67)	819.75
Direct Taxes (Paid)/Refund	205.45	(6.28)
Net cash generated from operating activities	(A) (2,412.22)	813.47
B. CASH FLOWS USED IN INVESTING ACTIVITIES:		
Purchase of fixed assets	(27.23)	(96.09)
Proceeds from sale of fixed assets	2.62	54.19
Purchase of investments in Joint venture Companies	-	(126.00)
Sale of investments in Joint venture Companies	-	126.00
Purchase of investments	(2.00)	-
Maturity of fixed deposits (net)	6.27	3.04
Interest received	624.53	638.08
Net cash used in investing activities	(B) 604.19	599.22
C. CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of share capital	326.03	472.83
Proceeds from issuance of Equity Share Warrants	-	231.17
Repayment of unsecured non convertible debentures	-	(52.18)
Proceeds from borrowings	5,747.64	3,832.95
Repayment of borrowings	(730.78)	(1,749.34)
Interest paid	(4,121.03)	(3,737.32)
Net cash generated from financing activities	(C) 1,221.86	(1,001.89)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(586.17)	410.80
Cash and cash equivalents at the beginning of the year	660.12	249.32
Less :- Adjustments On Consolidation (Refer Note No.23(I)(f))	(20.53)	-
Cash and cash equivalents at the end of the year	53.42	660.12
Reconciliation of cash and cash equivalents		
Cash in hand	6.63	13.27
Balance with scheduled banks		
- Current account	35.75	365.96
- Deposit account	323.74	347.86
- On Margin accounts	0.30	252.30
- On unpaid dividend accounts	10.74	10.74
Cash and bank balances as per Balance Sheet	377.16	990.13
Less : Long term deposits considered in investing activities	(323.74)	(330.01)
Cash and cash equivalents considered for cashflows	53.42	660.12

As per our report of even date attached

For SORAB S. ENGINEER & CO
Chartered Accountants
(Firm Regn No.: 110417W)
C.A. N.D. ANKLESARIA
Partner
Membership No. 10250
Mumbai : 7th June 2011

For and on behalf of the Board of Directors

ARUN B. SHAH
Executive Chairman
S.NEELAKANTA IYER
Executive Director & Jt. CEO

HARESH G. DESAI
Director
RAJESH MEHTA
Executive Director & Jt. CEO

CHARUDATTA KULKARNI
AGM (Finance & Legal) &
Company Secretary

SCHEDULES FORMING PART OF THE ACCOUNTS

	March 31, 2011 Rs. in Lacs	March 31, 2010 Rs. in Lacs
SCHEDULE 1		
SHARE CAPITAL		
Authorised		
8,00,00,000 (Previous year 8,00,00,000) Equity Shares of Rs.5 each	4,000.00	4,000.00
	4,000.00	4,000.00
Issued		
3,54,53,259 (Previous year 3,07,19,377) Equity Shares of Rs.5 each fully paid	1,772.66	1,535.96
	1,772.66	1,535.96
Subscribed and Paid up (Refer Note Nos. 5 to 8 of Schedule 23 (III))		
3,54,52,159 (Previous Year 3,07,18,277) Equity Shares of Rs.5 each fully paid	1,772.61	1,535.91
Less: Amount Recoverable from ESOP Trust (Refer Note Nos. 6 & 7 of Schedule 23(III))	(79.01)	(40.88)
	1,693.60	1,495.03
Note:		
Subscribed and Paid up capital includes :		
i) 90,25,606 equity shares of Rs. 5 each (Previous Year 90,25,606 equity shares of Rs. 5 each) allotted as fully paid bonus shares by capitalisation of Securities premium account Rs. 373.31 lacs and general reserve Rs.77.97 lacs		
ii) During the year 2005-06, the Company has approved a Scheme of Arrangement (‘the Scheme’) between Asian Raymold Lighting Private Limited (‘ARLPL’) and Asian Electronics Limited (‘the Company’) vide Board Resolution dated June 29, 2005 and shareholders approval dated September 26, 2005. The said Scheme has been approved during the year 2006-07 by the Honourable High Court, Mumbai and Honourable High Court, Chennai respectively and the scheme has become effective and consequently the Company has issued 8,00,000 Equity Shares of Rs.5/- each to the shareholders of ARLPL, i.e. Asian Raymold Lighting Private Limited other than the Company		
SCHEDULE 2		
RESERVES AND SURPLUS		
Capital reserve		
As per last balance sheet	324.23	324.23
Addition during the year (Refer Note No. 5 of Schedule 23 (III))	189.83	-
Less :- Adjustments On Consolidation (Refer Note No.(I)(f)of Schedule 23(I))	(3.00)	-
	511.06	324.23
Capital redemption reserve		
As per last balance sheet	87.62	87.62
	87.62	87.62
Securities premium account		
As per last balance sheet	20,605.38	20,313.71
Add : Additions during the year (Refer Note Nos. 5 to 8 of Schedule 23(III))	868.18	291.67
	21,473.56	20,605.38
Less: Amount Recoverable from ESOP Trust (Refer Note Nos. 6 & 7 of Schedule 23(III))	(120.09)	(666.37)
	21,353.47	19,939.01
Special reserve		
As per last balance sheet	325.00	325.00
	325.00	325.00
General reserve		
Profit and loss account balance	-	-
Total	22,277.15	20,675.86



SCHEDULES FORMING PART OF THE ACCOUNT

	March 31, 2011	March 31, 2010
	Rs. in Lacs	Rs. in Lacs
SCHEDULE 3		
SECURED LOANS		
Term loans from		
Financial institution	9.85	184.64
Banks	8,672.06	8,980.74
Interest Accrued and Due on above	1,298.55	-
Vehicle loan from Banks	-	2.50
Cash credit / working capital loans from Banks	13,710.85	11,867.46
Interest Accrued and Due on above	1,570.82	-
Total	<u>25,262.14</u>	<u>21,035.34</u>
Repayment of secured loans due in next 12 months	<u>11,469.17</u>	<u>3,730.38</u>
Notes :		
1 Rupee term loan of Rs. 9.85 lacs (Previous year Rs.184.64 lacs) from IREDA is secured by		
[1] First charge by way of hypothecation of assets acquired out of IREDA's loan and Company's own funds under the scheme, both existing and future.		
[2] Second charge on the immovable properties of the Company at Nasik.		
[3] Personal guarantee of the then Chairman.		
[4] Corporate guarantee of a group Company.		
[5] Pledge of fixed deposit receipt of Rs. NIL (Previous Year Rs.181.66 lacs).		
[6] Hypothecation of receivables from state electricity boards of amount not exceeding Rs.1800 lacs.		
2 Loan of Rs.1500 lacs from IDBI is secured by :		
[1] First charge on movable properties by way of hypothecation.		
[2] First charge by way of equitable mortgage on the immovable properties of the Company at Nasik.		
[3] Hypothecation of receivables pertaining to ESCO project subject to first prior charge of IREDA to the extent of Rs. 1800 lacs.		
Loan of Rs. 6322.50 lacs from IDBI is secured by:		
[1] First charge on immovable and movable properties of the Company located at 68, MIDC by way of extension of pari-passu first charge with UCO Bank in respect of its Term loan of Rs.6000 lacs excluding exclusive charge created in favour of IREDA on the Solar Plant acquired out of assistance of Rs.1971 lacs sanctioned by IREDA.		
[2] Exclusive first charge of ESCO receivables (except MSEDCL receivables) under deferred sales and all new ESCO contracts for Energy Efficient Lighting Systems to be funded by IDBI under this loan.		
[3] Charge on MSEDCL receivables is subject to first prior charge in favour of UCO Bank in respect of its Rupee Term Loan of Rs.6000 lacs and first prior charge in respect of IREDA to the extent of Rs.1800 lacs.		
3 Term Loan of Rs. 300.00 Lacs (Previous year Rs.608.67 lacs) from UCO Bank is secured by :		
[1] Assignment of Letter of Credit of MSEDCL and hypothecation of receivables arising out of MSEDCL lease rentals.		
[2] Exclusive charge on ESCO receivables subject to first prior charge of IREDA to the extent Rs 1800 lacs.		
[3] Exclusive first mortgage charge on immovable properties and hypothecation charge on movable fixed assets of the company excluding charge created in favour of IREDA.		
[4] Pari Passu second charge on company's current assets excluding ESCO receivables and MSEDCL receivables.		
4 Short term loan of Rs. 549.55 lacs (PY Rs. 549.57 Lacs) from Bank of India is secured by first charge by way of Equitable Mortgage on the immovable properties of the Company at Thane.		
5 Working Capital Facilities of Rs.15281.85 lacs (Previous year Rs. 11454.18 lacs) are secured by :		
[1] Hypothecation of current assets except ESCO receivables.		
[2] Second charge on immovable properties at 68, MIDC, Satpur, Nasik - 422 007.		
SCHEDULE 4		
UNSECURED LOANS		
Non Convertible Debentures	4,125.00	4,125.00
Interest Accrued and Due	810.08	401.70
Public Deposit	398.11	-
From Companies	136.30	566.02
Total	<u>5,469.49</u>	<u>5,092.72</u>
Repayment of unsecured loans due in next 12 months	<u>5,316.15</u>	<u>5,092.72</u>

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE 5: FIXED ASSETS

(Rs. in Lacs)

Sr. No.	Particulars	Gross Block			Depreciation			Impairment		Net Block		
		As at 01.04.10	Additions / Adjustments	Deductions / Adjustments	As at 31.03.11	As at 01.04.10	Total Depreciation for the year	Deductions	As at 31.03.11	As at 01.04.10	As at 31.03.11	As at 31.03.10
	Tangible Assets											
1	Free Hold Land	2.95	-	-	2.95	-	-	-	-	-	2.95	2.95
2	Lease Hold	6.09	-	-	6.09	1.92	0.07	-	-	-	4.10	4.17
3	Factory Building	1,115.51	-	-	1,115.51	356.35	39.51	-	-	-	719.65	759.16
4	Flat	6.21	-	-	6.21	0.80	-	-	5.41	5.41	-	-
5	Plant & Machinery	7,516.27	2.91	0.15	7,519.03	3,300.10	253.44	-	1,558.37	1,558.37	2,407.12	2,657.80
6	Furniture & Fixtures	243.84	-	0.07	243.77	166.97	10.65	-	4.89	4.89	61.26	71.98
7	Vehicle / Cycle	153.73	-	5.72	148.01	77.15	11.19	4.89	0.31	0.31	64.25	76.27
	Intangible Assets											
	Goodwill	119.00	-	-	119.00	73.94	23.80	-	-	-	21.26	45.06
	Patents & Trademarks	25.83	-	-	25.83	17.30	2.70	-	-	-	5.83	8.52
	Product Development Cost	712.21	-	-	712.21	526.04	99.81	-	-	-	86.36	186.17
	Software	2.21	-	-	2.21	1.11	0.44	-	-	-	0.66	1.10
	Total	9,903.85	2.91	5.94	9,900.82	4,521.69	441.62	4.89	1,568.98	1,568.98	3,373.44	3,813.18
	Previous Year	10,032.54	60.42	153.03	9,939.93	4,182.34	444.64	97.18	1,568.98	1,568.98	3,841.15	-
	Less : Adjustments on Consolidation - Refer Note No.(1)(b) of Schedule 23(i)	36.07	-	-	36.07	8.12	-	-	-	-	27.95	-
	Balance	9,996.47	60.42	153.03	9,903.86	4,174.22	444.64	97.18	1,568.98	1,568.98	3,813.20	-



SCHEDULES FORMING PART OF THE ACCOUNTS

	March 31, 2011 Rs. in Lacs	March 31, 2010 Rs. in Lacs
SCHEDULE 6		
INVESTMENTS		
Long Term Investments (At cost)		
Trade Investments (Unquoted)		
In Others		
10,000 (Previous year - 10,000) Shares of Asian Electronics LLC, Delaware, USA. of US\$ 1 each fully paid (Refer Note No.13(a) of Schedule 23 (III))	4.54	4.54
4,750 (Previous year - 4,750) Equity shares of Global Energy Management (Europe) Ltd of pound 1 each fully paid (Refer Note No.13(a) of Schedule 23 (III))	3.23	3.23
24,50,000 (Previous year - 24,50,000) Equity shares of Unique Waste Plastic Management And Research Company Private Limited of Rs. 10 each fully paid up (Refer Note No. 13(b) of Schedule 23 (III))	4,360.20	4,360.20
14,51,040 (Previous year - 14,51,040) Equity shares of Asian Retail Lighting Ltd of Rs.10 each fully paid up (Refer Note No. (I)(f)of Schedule 23(I))	276.00	-
Total	<u>4,643.97</u>	<u>4,367.97</u>
SCHEDULE 7		
Inventory (at lower of cost and net realisable value) (as taken, valued and certified by the management) (Refer Note No.13(c) of Schedule 23(III))		
Spares and Trading Stock	-	139.91
Raw Materials - in stock	2,275.79	3,524.55
Work in Progress	3,331.09	3,830.91
Finished Goods	4,393.84	4,698.48
Trading Stock	3,997.28	3,382.17
Total	<u>13,998.00</u>	<u>15,576.02</u>
Less : Provision for Inventory	5,613.00	5,613.00
	<u>8,385.00</u>	<u>9,963.02</u>
SCHEDULE 8		
Sundry Debtors (Unsecured)(Refer Note No.13(d) of Schedule 23 (III))		
Debts outstanding for period exceeding six months :		
Considered good	8,206.95	9,538.60
Considered doubtful	13,115.54	13,115.54
Other Debts - considered good - (Refer note 1 below)	6,131.35	10,325.94
	<u>27,453.84</u>	<u>32,980.08</u>
Less : Provision for doubtful debts	13,115.54	13,115.54
Total	<u>14,338.30</u>	<u>19,864.54</u>
Note: Includes Rs. 103.99 lacs (Previous Year Rs.40.05 Lacs) for sale made on deferred payment terms		
SCHEDULE 9		
ESCO		
Considered good	12,271.87	572.87
Considered doubtful	62.14	62.14
Other Debts - Considered Good	-	12,136.31
	<u>12,334.01</u>	<u>12,771.32</u>
Less : Provision for doubtful debts	62.14	62.14
	<u>12,271.87</u>	<u>12,709.18</u>

SCHEDULES FORMING PART OF THE ACCOUNTS

	March 31, 2011 Rs. in Lacs	March 31, 2010 Rs. in Lacs
SCHEDULE 10		
MSEB - Receivables		
Debtors (Outstanding for a period Exceeding six months)	1,839.40	1,839.40
Loans & Advances	501.51	501.32
Fixed Assets	1,769.36	1,769.36
	<u>4,110.27</u>	<u>4,110.08</u>
SCHEDULE 11		
Cash and Bank Balances		
Cash on hand	6.63	13.27
Balances with Scheduled Banks :		
On current accounts	35.63	365.84
On deposit accounts	323.74	347.86
On margin accounts	0.30	252.30
On unpaid dividend accounts	10.74	10.74
Balance with other Bank (National Co-Op Bank) : (Note below)		
On current account	0.12	0.12
Total	<u>377.16</u>	<u>990.13</u>
Note :		
Non- Scheduled Bank: Maximum balance during the year with National Co-Operative Bank Ltd.	0.12	0.12
SCHEDULE 12		
Other Current Assets		
Interest receivable	13.47	8.22
	<u>13.47</u>	<u>8.22</u>
SCHEDULE 13		
Loans & Advances (unsecured, considered good, unless otherwise stated)(Refer Note No.13(e)of Schedule 23(III))		
Inter - corporate loans	3.38	3.38
Other loans	100.00	100.00
Advances recoverable in cash or in kind or for value to be received		
Considered good	259.26	475.77
Considered doubtful	199.59	199.59
Advances to suppliers		
Considered good	4,607.05	4,593.78
Considered doubtful	1,039.16	1,039.16
Balance with excise authorities / sales tax authorities, etc :		
Considered good	297.44	415.01
Considered doubtful	95.05	95.05
Advance Income tax payments (Net of Provision Rs. 87.80 Lacs) (Previous Year Rs. 90.83 Lacs)	904.10	1,108.82
Deposits :		
Against lease rent payable	35.05	35.05
Others	424.26	492.94
	<u>7,964.34</u>	<u>8,558.55</u>
Less: Provision for doubtful advances	1,333.80	1,333.80
Total	<u>6,630.54</u>	<u>7,224.75</u>
	<u>46,126.61</u>	<u>54,869.92</u>



SCHEDULES FORMING PART OF THE ACCOUNTS

	March 31, 2011 Rs. in Lacs	March 31, 2010 Rs. in Lacs
SCHEDULE 14		
CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors		
(a) Total outstanding dues of Micro, Small and Medium Enterprises (Refer Note No. 1 of Schedule 23 (III))	84.50	125.40
(b) Total outstanding dues of creditors other than Micro and Small Enterprises	3,653.86	13,526.15
(c) Acceptance / Bills Payable	4,488.04	-
Advances from Customers	221.00	78.73
Due to Joint Venture Partner	49.04	(57.37)
Interest Accrued but not Due	7.67	-
Security deposits	277.06	206.71
Amount due to Investors Education & Protection Fund	10.74	10.74
(as and when due) Unpaid dividends		
Others	798.91	1,453.51
	<u>9,590.82</u>	<u>15,343.87</u>
Provisions		
Provision for Gratuity	55.89	56.38
Provision for Leave Encashment	92.95	58.30
	<u>148.84</u>	<u>114.68</u>
Total	<u><u>9,739.66</u></u>	<u><u>15,458.55</u></u>
SCHEDULE 15		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
As per last balance sheet	4.99	0.09
Add : Additions	0.10	4.94
Less : Charged off during the year	-	0.05
Total	<u><u>5.09</u></u>	<u><u>4.98</u></u>
SCHEDULE 16		
SALES		
Sale of Goods	15,225.04	25,385.95
Less : Excise duty	402.04	900.19
	<u>14,823.00</u>	<u>24,485.76</u>
Lease rent and maintenance charges	62.87	116.39
Total	<u><u>14,885.87</u></u>	<u><u>24,602.15</u></u>
SCHEDULE 17		
OTHER INCOME		
Sundry Credit balances written back (Net)	1.36	162.19
Foreign Exchange Fluctuation (net)	-	2.32
Miscellaneous income	198.12	186.64
Total	<u><u>199.48</u></u>	<u><u>351.15</u></u>

SCHEDULES FORMING PART OF THE ACCOUNTS

	March 31, 2011 Rs. in Lacs	March 31, 2010 Rs. in Lacs
SCHEDULE 18		
MATERIALS CONSUMED		
Raw materials consumed :		
Opening stock	3,524.55	3,777.42
	3,524.55	3,777.42
Add : Purchases	2,945.17	6,955.94
	6,469.72	10,733.36
Less : Closing Stock	2,275.79	3,524.55
	4,193.93	7,208.81
Stores and spares consumed	145.27	48.27
Packing materials consumed	55.34	65.08
Cost of traded materials	12,362.05	11,546.14
Total	16,756.59	18,868.30
Note :		
Materials consumed are exclusive of own materials utilised by the Processors for processing materials belonging to the Company		
SCHEDULE 19		
(INCREASE) / DECREASE IN INVENTORY		
(Refer Note 1(f) of Schedule 23(I))		
Opening stock		
Finished goods	4,698.91	5,637.85
Work - in progress	3,830.64	4,111.72
Op. Stock - Trading Material A/c.	2,929.75	532.50
	11,459.30	10,282.07
Closing stock		
Finished goods	4,393.84	4,698.48
Work - in progress	3,331.09	3,830.91
Closing Stock - Trading Material A/C.	3,997.28	3,382.17
	11,722.21	11,911.56
(Increase) / Decrease in Inventory	(262.91)	(1,629.49)
SCHEDULE 20		
PERSONNEL EXPENSES		
Salaries, wages, allowances, bonus and exgratia payment	781.82	1,245.93
Contribution to provident and other funds	33.93	58.17
Gratuity Expenses	1.32	2.61
Workmen and Staff welfare expenses	24.28	31.52
Total	841.35	1,338.23



SCHEDULES FORMING PART OF THE ACCOUNTS

	March 31, 2011	March 31, 2010
	Rs. in Lacs	Rs. in Lacs
SCHEDULE 21		
MANUFACTURING, ADMINISTRATIVE AND OTHER EXPENSES :		
Excise duty	138.04	206.72
Installation and maintenance charges	230.11	320.03
Rent	99.00	143.91
Rates and taxes	21.15	21.83
Electricity charges	75.16	78.55
Freight and forwarding charges	251.22	286.49
Repairs and maintenance :	-	-
Buildings	0.92	2.90
Machinery	6.93	6.15
Others	301.15	299.58
Insurance	31.97	37.38
Travelling and conveyance	146.23	227.14
Communication expenses	45.81	59.28
Commission (to other than sole selling agents) and brokerage	121.58	187.92
Legal and professional charges	150.60	205.93
Discounts & rebates	(33.62)	13.64
Advertisement	4.03	44.47
Auditors' remuneration :	-	-
For audit	30.01	30.98
For other services	0.08	2.33
Directors' sitting fees	6.44	8.39
Diminution in Value of Fixed Assets	270.21	-
Bad Debts Written off	0.68	19.89
Loss on sale / write off of assets	111.59	1.66
Foreign exchange fluctuation-net	(69.72)	307.43
Miscellaneous expenses	323.64	226.60
Total	<u>2,263.21</u>	<u>2,739.20</u>
SCHEDULE 22		
FINANCIAL EXPENSES		
Finance and bank charges	113.37	345.54
Interest :		
On term loans	1,372.87	924.15
On WCDL	470.72	575.52
On debentures	408.38	407.82
On others	1,755.68	1,484.29
	<u>4,121.02</u>	<u>3,737.32</u>
Less :- Interest Income		
From Banks (Tax Deducted at Source Rs. 2.70 Lacs (Previous Year Rs.2.06 Lacs)	59.24	24.02
From Others (Tax Deducted at Source Rs.0.58 Lacs (Previous Year Rs.20.45 lacs)	565.29	614.06
Total	<u>3,496.49</u>	<u>3,099.24</u>

SCHEDULE 23(I)**NOTES TO ACCOUNTS****1. Principles of Consolidation :**

- a. The Consolidated Financial Statements are prepared in accordance with Accounting Standard (AS) 21 “Consolidated Financial Statements” (CFS).
- b. Interests in Joint venture and Associate have been accounted as per Accounting Standard 27 “Financial Reporting of Interests in Joint Ventures and Accounting Standard 23 “Accounting for Investments in Associates in Consolidated Financial Statements” respectively issued by Institute of Chartered Accountants of India.
- c. The consolidated financial statements have been prepared using uniform accounting policies in accordance with the generally accepted accounting principles.
- d. The financial statements of the Company and its wholly owned subsidiaries / joint venture companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Inter Company balances and transactions and unrealized profits and losses have been fully eliminated.
- e. The difference between cost to the Company of its investments in the wholly owned subsidiaries / joint venture companies and its share of the equity of the wholly owned subsidiaries / joint venture companies, at the dates on which the investments in the wholly owned subsidiaries / joint venture companies are made, is recognized as Goodwill or Capital Reserve as the case may be.
- f. The Consolidated Financial Statements (CFS) comprise of financial statements of Asian Electronics Limited and its wholly owned subsidiaries and joint venture as on 31st March 2011, which are as under:

Name of the Company	Subsidiary / Joint Venture / Associate	Country of Incorporation	% Shareholding & Voting Power
AEL Projects Pvt. Ltd.	Subsidiary	India	100%
AEL ESCO Pvt. Ltd.	Subsidiary	India	100%
Midcom Magnetics Management Private Limited	Joint Venture	India	50%

At the meeting of the Board of Directors and Committee of Directors of the Joint Venture Company Asian Retail Lighting Ltd (ARLL) held on 29th December 2010 and 27th January, 2011 respectively, decision was taken for the issue and offer of 1,00,15,200 Equity Shares of Rs. 10 each (Rs. 10 only) for Cash at par on Rights basis in the ratio of 321 Equity Shares for every 100 Equity Shares held by the existing Shareholders holding shares on 27th January, 2011.

Accordingly on the Company's holding of 14,51,040 Equity Shares in ARLL, the Company's rights entitlement in the Rights issue was 46,57,838. However the Company did not subscribe to the Rights Issue and the same was allotted to the other partner of the Joint Venture Company. Consequently Company's share of investment in ARLL fell from 46.50% to 11.05%.

By virtue of the above transaction, Asian Retail Lighting Limited ceased to be a Joint Venture Company with effect from 23rd March 2011. Consequently, transactions of Asian Retail Lighting Limited have not been considered in the consolidation of accounts. Hence previous year's figures are not comparable.

- g. The accounts of an Associate Company (Unique Waste Plastic Management and Research Company Private Limited) have not been considered for the purpose of consolidation as the Company intends to dispose off the investments in the near future and also the Company has no effective management control over the associate. Accordingly, the accounting as per the “Equity method” is discontinued and the carrying value of the investment as at April 1, 2009 has been regarded at cost.

2. Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).

2010-11 Rs. in Lacs	2009-10 Rs. in Lacs
-	-



3. Contingent Liabilities not provided for

	2010-11 Rs. in Lacs	2009-10 Rs. in Lacs
Claims against the Company not acknowledged as debts – Refer Note (a)	1077.20	990.59
Guarantees given by the bankers on behalf of the Company	1169.02	1651.71
Corporate Guarantee given by the Company on behalf of a third party	300.00	300.00
Bills/LC discounted with banks	657.26	716.85
Disputed income tax demand – Refer Note (b)	2,973.57	1515.25
Disputed Sales tax demand	-	77.05
Total	<u>6,177.05</u>	<u>5251.45</u>

Notes:

- a. The above claims include a dispute with a finance company relating to lease transactions entered in the year 1997. These disputes were under arbitration. During the year 2005-2006, awards were given by the arbitrator directing the Company to compensate the finance company for the losses suffered by them due to disallowances of certain claims. The award also stipulated that the finance company should refund the amount to the Company on succeeding in further appeals. The Company's Arbitration Petition in the High Court of Bombay for setting aside the award passed by the Honourable Arbitrator on 23rd March 2006 has been dismissed. Aggrieved by the said order the Company has preferred an appeal in the Second Bench of the Honourable High Court of Mumbai, which was also dismissed. Aggrieved by the said order of the 2nd Bench of the High Court, the Company has filed Special Leave Petitions (Civil) No. 14865/2007 and No. 15093/2007. The Honourable Supreme Court granted an interim stay on the impugned orders on deposit of Rs. 2 crores with the Supreme Court Registry which the Company has deposited. The matter is pending in the Supreme Court.
- b. The Company has not provided for disputed tax liability of Rs. 2,973.57 Lacs (Previous year - Rs. 1515.25 Lacs) arising from disallowances made in assessments which are pending with Appellate Authorities for its decision.

SCHEDULE 23(II)

SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Asian Electronics Limited (AEL) was established in 1964 is involved in design and manufacturing of Energy Conservation products – specializing in energy efficient lighting solutions.

Basis of Preparation

The financial statements have been prepared to comply in all material respects with the Notified accounting standard by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year. The previous year's figures are being regrouped wherever necessary for comparative evaluations. The significant accounting policies followed by the Company are stated below:

Use of Estimates

The preparation of financial statements is in conformity with generally accepted accounting principles which require management to make estimates and assumptions that affect the reported amounts 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. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

1. Method of accounting

- a) Revenues and Costs are recognized on accrual basis.
- b) Capital issue expenses are charged to Securities Premium Account.
- c) Warranty period maintenance cost, being insignificant, is accounted when incurred.

However, in case of ESCO assets, relevant portion of income is accounted net of the warranty costs as estimated.

2. Fixed assets and depreciation

- a) Fixed assets are stated at cost less accumulated depreciation & impairment losses, if any. Cost comprises of all expenses attributable for bringing the assets to their working condition for intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.
- b) Depreciation on fixed assets, other than leased assets, is provided as per useful lives of the assets estimated by the management, or at the rates prescribed under Schedule XIV of the Companies Act, 1956 whichever is higher as under :
 - on the fixed assets acquired upto 31.12.1988, on written down value as appearing in the books on 1.1.1989.
 - on the fixed assets acquired after 31.12.1988 on straight line basis, other than assets lying at Chennai Division, which are depreciated on written down value method.
 - assets costing less than Rs.5,000 acquired after 15.12.93 are depreciated at 100%
- c) Leased assets are depreciated on straight line basis over the period of lease.
- d) Patents and Trade marks are amortized over a period of ten years.
- e) Miscellaneous expenditure is written off over a period of five years.
- f) Product Development expenditure are amortized over a period of 3-7 years.
- g) Software is written off over a period of five years.
- h) Goodwill is amortized using straight line method over a period of five years.

However, no costs are incurred in respect of para (c) to (h) during the year, and are applicable for historical assets only.

3. Impairment

- a) 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 asset's 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.
- b) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.
- c) A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

4. Lease rental

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 capitalized.

These assets are depreciated on the straight line method over the period of lease.

Where the Company is the lessor

Assets given under a finance lease are recognized 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 recognized as revenue. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the Profit and Loss Account.

Assets subject to operating leases are included in fixed assets. Lease income is recognized in the Profit and Loss Account on a straight-line basis over the lease term. Costs, including depreciation are recognized as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the Profit and Loss Account. However, upon termination of operating lease, the assets are removed from the fixed assets and reflected under appropriate head of receivables in accordance with the nature of claim and amount.



5. Investment

Investments are divided in the following segments:

- i) Investments in subsidiaries and associate business entities made with a view to long term business benefit.
- ii) Other investments.

Investments that are readily realizable 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 recognize a decline other than temporary in the value of the investments.

6. Inventories

Inventories are valued as under:

- Raw materials, Components, stores and spares: 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 FIFO basis.
- Finished goods: at lower of cost and net realizable value.
- Work in progress: at lower of cost and net realizable value.
- Cost in relation to finished goods and work in progress includes cost of material and appropriate share of manufacturing overheads and includes excise duty payable on uncleared finished goods and excise duty paid on goods cleared but unsold.
- Cost of consumable spares purchased during the year is charged to the profit and loss account.
- 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.

7. Revenue recognition

I. ESCO:

The Company's business includes supplies of products and/or services and contracts in the nature of energy savings and linked payments over long term in excess of a year. The contracts involve supply, installation and future maintenance of lights at locations. They are more popularly known as ESCO contracts. The contracts are generally with Municipal Corporations and Government Bodies. The natures of contracts involve free replacements in case of defects. Considering the various implications, the Company accounts for the transactions in the following manner:

- a) Sales: Equipment manufactured and supplied under the above contracts is recognized as sales at Net Present Value (NPV) by discounting the future receivables for interest and maintenance.
- b) Future Maintenance Expenses: The expenses are accounted for as and when they are incurred.
- c) Interest Income: Interest income (i.e. the difference between the Contract Value and the Sales at NPV) is accounted on accrual basis (from current year) over the tenure of the contract.
- d) Liabilities: Any specific term loan taken is shown separately under the head of Secured Loan.
- e) Assets: Any amount receivables under the above contracts are shown under a separate head. The assets include rights over products and receivables.

II. Others

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.

- a) Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and on completion of installation. Sales are recorded net off sales tax but include excise duty.
- b) Income from annual maintenance service contract is recognized on a straight line basis over the period of contracts. Income from other service contracts is recognized on completion of the service rendered.
- c) Income in respect of goods sold on deferred sales basis is recognized as sales at normal sale price. Finance income is recognized over the terms of the payment.

- d) Income from supply/erection of equipments/systems is recognized based on dispatches to customer/work done at project site.
- e) Interest Income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- f) Dividend is recognized when the shareholders' right to receive payment is established by the balance sheet date.
- g) Revenue from projects is recognized on acceptance of the work under the project by the respective project authorities.

8. Retirement and other employee benefits

- a) Retirement benefits in the form of Provident Fund are 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.
- b) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
- c) Short term compensated absences are provided for 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.
- d) Actuarial gains / losses are immediately taken to profit and loss account and are not deferred.

9. Foreign currency translation

- a) 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.

- b) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

- c) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting Company's 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 except those arising from investments in non-integral operations.

Forward Exchange Contracts are 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 the year.

10. Taxes on Income

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects 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 are recognized 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 realized. Deferred tax assets on unabsorbed depreciation and unabsorbed tax losses are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become virtually certain, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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, that sufficient future taxable income will be available against which



deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes virtually certain, that sufficient future taxable income will be available.

11. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period 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).

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

12. 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 adjusted to reflect the current best estimates.

13. 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.

14. Contingent Liabilities, if any, are disclosed by way of notes to accounts.

SCHEDULE 23(III)

NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS

1. (a) Sundry Creditors include principal amount of Rs. 84.50 Lacs (Rs. 125.40 Lacs) due to the suppliers covered by "The Micro Small and Medium Enterprises Development Act, 2006".
- (b) The Management has certified that there is no interest paid/payable during the year by the Company to such suppliers. (Previous year – Rs. Nil).
- (c) Micro Small and Medium Enterprises to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2011 are as under –

See Megh Industrial Electricals Pvt. Ltd., Ashoka Industries, Swami Samarth Electronics Pvt. Ltd, Sarang Enterprises, Sheetal Thermocol Packers, Nisha Enterprises, Sa Enterprises, M-Tech Trading Co., Shubham Engineering, Libra Industries, Pramod Fibre-Plast Pvt Ltd, Shree Fabs, Shalaka Polymers, Kalpana Enterprises, Suprim Engineering, Bright Light Company, Sai Ashish Enterprises, Impakt Packaging, Hira Plastics Industries, Devyani Enterprises, Shiva Enterprises, Kunal Enterprises, Arya Enterprises, See Ram Industries, Aashirwad Press Tools, Bhamre Saw Mill, Chafekar Engineering Works, Shree Raj Packaging, Pushkraj Packaging, A.B. Stamping, Swati Packagers, Bhagyashree Eng. Pvt. Ltd., Garima Enterprises, Printa Chem, Jai Sadguru Industries, Kamal Industries, Perfect Engraving Works, Shaunak Enterprises, M. M. Woodland Pvt. Ltd, Manisha Packaging.

The above information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

2. (i) As per approval of the shareholders of the Company under Section 293 (1) (a) of the Companies Act, 1956, obtained through postal ballot on 22nd May, 2010, the Company has effective from Oct 1st 2009, transferred the businesses of the following divisions to two 100% subsidiaries as under, subject to requisite approvals being obtained from the concerned Statutory Authorities and the Company's lenders and creditors:
 - a. Business of ESCO Division, i.e. financing of Projects / Products to customers on energy saving basis, and all activities related thereto together with all related assets, liabilities and entitlements at book values as at the time of transfer on a going concern basis.
 - b. Business of Projects Division, i.e. State Electricity Board Projects and all activities related thereto together with all related assets, liabilities and entitlements at book values as at the time of transfer on a going concern basis.

- (ii) In accordance with the accounting principles, the accounts have incorporated all such transactions at book values at the time of transfer and the difference between the book values of identified Assets and Liabilities of ESCO Division amounting to Rs. 5,174.34 Lacs and of Projects Division amounting to Rs. 1,129.15 Lacs is shown as an Investment in the subsidiaries. However pending allotment of shares by the two subsidiary companies the Company has for the time being shown the said investments under Investment Suspense Account in Schedule 6 of the Standalone Accounts.
- (iii) The Company had applied for approvals of Secured / Unsecured Lenders. However one of the lenders has informed the Company that they are not agreeable to the transfer of the businesses of the two divisions to the two 100% subsidiaries and has declined to give its approval. Besides, the Lead bank of the Consortium for Working Capital has informed the Company not to proceed with hiving-off of assets without the written consent of the Consortium Banks. Consequently, the Company continues to be liable to the lenders for the Term Loans and Unsecured Redeemable Non-Convertible Debentures transferred to the subsidiary companies. The Company has not provided interest on the above for the year under review. Therefore, the company will continue to be liable to the lenders for the following:

Liabilities of ESCO Division

- a. Term loan and interest due thereon to IDBI for Rs 1714.75 lacs which is secured by way of:
- First charge on movable properties of the Company by way of hypothecation.
 - First charge by way of equitable mortgage on the immovable properties of the Company at Nasik.
 - Hypothecation of receivables pertaining to ESCO Division subject to first prior charge of IREDA to the extent of Rs.1800 lacs.
- b. Term loan and interest due thereon to IDBI for Rs 7221.41 lacs which is secured by way of:
- First charge on immovable and movable properties of the Company located at 68, MIDC, Satpur Nashik by way of extension of pari-passu first charge with UCO Bank in respect of its Term loan of Rs.6000 lacs (outstanding as on 31 Mar 2011 is Rs. 300.00 Lacs) excluding exclusive charge created in favour of IREDA on the Solar Plant acquired out of assistance of Rs.1971 lacs sanctioned by IREDA.
 - Exclusive first charge of ESCO receivables (except MSEDCL receivables) under deferred sales and all new ESCO contracts for Energy Efficient Lighting Systems to be funded by IDBI under this loan.
 - Charge on MSEDCL receivables is subject to first prior charge in favor of UCO Bank in respect of its Rupee Term Loan of Rs.6000 lacs (Outstanding as on 31 Mar 2011 is Rs. 300.00 Lacs) and first prior charge in respect of IREDA to the extent of Rs.1800 lacs.

Liabilities of Projects Division

- a. Unsecured Redeemable Non – Convertible Debentures and interest thereon issued to LIC Mutual Fund Asset Management Company Limited amounting to Rs. 4935.08 Lacs.
- The Wholly Owned Subsidiary Companies (Transferee Companies) may opt to revalue the assets and appropriate the costs incurred based on fair market value including goodwill and may therefore adjust premium on transfer upon completion of exercise.
3. The Company has given certain assets on operating lease, other than those assets given to MSEDCL which are in dispute as explained in Note no. 4 below, some of which are acquired on lease. Future lease rentals receivable against the said assets on lease as on March 31, 2011 is Rs. 42.72 Lacs. (Previous Year Rs. 84.92 Lacs). The Company has not considered the future lease rentals receivable on these leased assets in the current financial statement.
4. During the financial year 2006-07, the contract for Lease Equipment with Maharashtra State Electricity Distribution Company Ltd. (‘MSEDCL’) had been terminated w.e.f. 18th December, 2006 in view of the breach of the terms of the said contract by MSEDCL. The Company had initiated arbitration proceedings under the agreement, and arbitration proceedings are in progress. The Company has lodged a claim of **Rs. 157.09 crores** including the value of Leased Equipments. Consequently, during the financial year 2008-09, the Company had treated the book value (as at 1st April 2008) of the Leased Equipments, being Fixed Assets, amount outstanding for Lease Rent and Advances up to the date of termination aggregating to Rs. 4110.08 Lacs as Claims Receivables from MSEDCL and shown separately under Current Assets considering it as good and recoverable. Balance outstanding as on 31st Mar 2011 is Rs. 4,110.27 Lacs.

The Company has not recognized income from the operating lease under the said contract after 18th December, 2006. The total amount of such lease rentals not recognized by the Company for the year is Rs. 1,559.70 lacs, amount not recognized as revenues till 31st March 2011 from the date of dispute is Rs. 8,904.27 lacs. Total rental recoverable from MSEDCL under dispute is Rs. 11,369.67 Lacs.

5. The Company had issued and allotted 31,45,000 Equity Share Warrants to an investor on 13th August, 2009 at an exercise price of Rs. 40/- per Equity Share aggregating to Rs.1,258 Lacs, on payment of 25% of the issue price aggregating to Rs. 314.50 Lacs. Out of the above 31,45,000 Warrants, the Investor has exercised an option for conversion of 8,33,333 Warrants into equivalent number of Equity



Shares in the previous year and 4,13,333 Warrants into equivalent number of Equity Shares in the current year on payment of the balance amount of Rs. 30/- per share, aggregating to Rs. 374 Lacs upto 12th February, 2011. The money so raised has been utilized for meeting working capital requirement of the Company. As the option to convert the balance of 18,98,334 Warrants into Equity Shares was not exercised within the period of 18 months, the same lapsed on 12th February, 2011 and consequently 25% of the Issue Price paid upfront on these warrants amounting to Rs. 189.83 Lacs stands forfeited and the same has been transferred to the Capital Reserve Account of the Company.

6. During the financial year 2005-2006, the Company had instituted Employees' Stock Option Plan - 2005. The Compensation Committee of the Board evaluates the performances and other criteria of employees and approves the grant of options. These options vest with employees over a specified period subject to fulfillment of certain conditions. Upon vesting, employees are eligible to apply and secure allotment of Company's Shares at a price determined on the date of grant of options. The particulars of option granted during the financial year 2005-06 and outstanding as at 31st March 2011 are as under:

Particulars	Shares arising out of options
Options Outstanding at the beginning of the year	3,51,550
Options relinquished during the year	0
Options issued during the year	0
Options exercised during the year	79,365
Options Outstanding at the end of the year	2,72,185

The Company modified the Scheme in terms of the provisions of the SEBI ESOP Guidelines and Scheme. A Trust called "Asian Electronics Limited Employees' Welfare Trust" (The Trust) has been constituted vide Trust Deed dated 25th January, 2007 to administer the Scheme under the directions of the Compensation Committee.

The Company has already allotted 8,50,000 Shares to the Trust on 31st March, 2007 at a price of Rs. 86.50 per Equity Share to be eventually allotted to the employees of the Company on exercise of option by them in due course of time. The Company has also given advance of Rs. 735.25 Lacs to the Trust for the purpose.

The Compensation Committee of the Board of Directors at its meeting held on 31st March 2010 had granted 3,51,550 stock options under ESOP - 2005 Scheme to certain Executives / Officers of the Company which shall be exercisable into equal number of fully paid up Equity Shares of the Company of the Face Value of Rs. 5/- each in one or more tranches on payment of exercise price of Rs. 28/- per Equity Share of Rs. 5/- each, being the market price prevailing as on 30th March 2010, on or after completion of one year from the date of grant, i.e. 30th March 2011 being the vesting date. The options are to be exercised within a period of seven years from the date of vesting.

During the year under review, the Compensation Committee of the Board of Directors, on 23rd March, 2011, revised the exercise price to Rs. 12.60 per share, which was the closing price of the share on the Stock Exchanges on the previous day of such revision i.e. 22nd March, 2011. Consequently due to the revision of price, an amount of Rs. 600.15 Lacs is shown under Exceptional Item and charged to Profit and Loss Account.

Further the Company has received Rs. 10 Lacs on 30th March 2011 towards exercise of 79,365 Stock Option into equal number of Shares under the ESOP Scheme 2005. The balance of Loan to the Trust outstanding as on 31st March 2011 is Rs. 97.10 Lacs which is adjusted against Share Capital and Securities Premium Account.

Subsequent to the Balance Sheet date, the Company has received Rs. 21.50 Lacs towards exercise of 1,70,635 Stock Options into equal number of Shares under the Scheme.

The Company has received listing approvals for listing of Shares from Bombay Stock Exchange Limited and National Stock Exchange of India Limited vide their letters dated 8th January 2010 and 11th January 2010 respectively.

7. During the Financial Year 2009 - 10, the Company has instituted ESOP 2009 Scheme. The Compensation Committee of the Board of Directors at its meeting held on 31st March 2010 has granted 10,00,000 Stock Options under ESOP 2009 Scheme to the Non - Executive Independent Directors of the Company which shall be exercisable into equal number of fully paid up Equity Shares of the Company of the Face Value of Rs. 5/- each in one or more tranches on payment of exercise price of Rs. 28/- per Equity Share of Rs. 5/- each, being the market price prevailing as on 30th March 2010, on or after completion of one year from the date of grant, i.e. 30th March 2011 being the vesting date. The options are to be exercised within a period of five years from the date of vesting.

ANNUAL REPORT 2010-11

Particulars	Shares arising out of options
Options Outstanding at the beginning of the year	10,00,000
Options relinquished during the year	0
Options issued during the year	0
Options exercised during the year	1,90,476
Options Outstanding at the end of the year	8,09,524

Towards streamlining of the implementation of the ESOS 2009, the Company modified the Scheme in terms of the provisions of the SEBI ESOP Guidelines and Scheme, vide Special Resolution passed at the Annual General Meeting held on 30th September, 2009. A Trust called "Asian Electronics Limited Employees' Welfare Trust, 2009" (The Trust) has been constituted vide Trust Deed dated 12th February, 2011 to administer the Scheme under the directions of the Compensation Committee.

During the year under review, the Compensation Committee of the Board of Directors, on 23rd March, 2011, revised the exercise price to Rs. 12.60 per share, which was the closing price of the share on the Stock Exchanges on the previous day of such revision i.e. 22nd March, 2011.

Subsequently, the Company has allotted 10,00,000 Shares to the Trust on 25th March, 2011 at a price of Rs. 12.60 per Equity Share to be eventually allotted to the eligible directors of the Company on exercise of option by them in due course of time. The Company has also given advance of Rs. 126 Lacs to the Trust for the purpose. During the year under review, the Company has received Rs. 24 Lacs towards exercise of 1,90,476 options in to equivalent number of Shares under the Scheme. The balance of the Loan outstanding as on 31st March 2011 is Rs. 102 Lacs which is adjusted against Share Capital and Securities Premium Account.

Subsequent to the Balance Sheet date, the Company has received Rs. 7,50,000 towards exercise of 59,524 Stock Options into equal number of Shares under the Scheme.

8. On 16th September 2009, the Compensation committee of the Board of Directors had granted 33,20,549 Stock Options under Chairman's Stock Option Scheme 2009, to the Executive Chairman Mr. Arun B. Shah, which shall be exercisable in to equal number of fully paid up Equity Shares of the Company of the Face Value of Rs. 5/- each on payment of exercise price of Rs. 5 per Equity Share on or after completion of one year from the date of grant i.e. 15th September 2010 being the vesting date. The options are to be exercised within a period of one year from the date of vesting.

The amount of Rs. 204.48 Lacs represents the pro rata difference between the market price prevailing on 12th February, 2009 (being the date on which the Chairman became eligible for the Options) and the exercise price of Rs. 5/- per Equity Share, which has been provided as an exceptional item.

During the year under review, the Company received Rs. 1,50,00,000/- and Rs. 16,02,745/- on 30th September 2010 and on 9th February 2011 respectively, from the Executive Chairman Mr. Arun B. Shah, towards the exercise of 33,20,549 Stock Options into equal number of equity shares of Rs. 5/- each at an exercise price of Rs. 5/- per share. Accordingly, the Company allotted 30,00,000 and 3,20,549 equity shares to Mr. Arun B. Shah on 30th September, 2010 and on 9th February 2011 respectively which are being held by third parties on behalf of Mr. Arun B. Shah under Sec. 187 C of the Companies Act, 1956.

During the year an amount of Rs. 647.51 Lacs (comprising of Rs. 443.03 Lacs for previous year and Rs 204.48 Lacs for the current year, being the difference between the market price prevailing on 12th February, 2009 and the exercise price of Rs. 5/- per Equity Share) which has been provided as exceptional item over the vesting period ending 30th September 2010 is credited to Stock Option Outstanding. On allotment of the shares, the said amount of Rs. 647.51 Lacs is transferred from Stock Option Outstanding to the Securities Premium Account.

9. The Company has followed the Intrinsic value method of accounting for the Options granted to Employees under the above mentioned Stock Option Schemes as mentioned in Paras 6, 7 and 8 above. However since the Company has not ascertained the fair value of the above Options granted, disclosure of the impact of the same if any on the Company's proforma net profit, proforma basic earnings per share and proforma diluted earnings per share is not ascertainable.
10. The Company's products have warranty clause for a period of 24 months. Provision for warranty claims has not been considered as the amount of claim on sale under warranty is estimated to be not material.
11. Due to current mismatch of inflows and outflows, compounded by delayed recoveries of certain stressed assets, as enumerated in Note No. 13 below, the debt servicing by the Company has been adversely affected. As a result, action has been initiated by some of the lenders of the Company. LIC Mutual Fund has filed a petition in the Bombay High Court for winding up of the Company for non-payment of its dues. The matter is being heard and the Company is representing its case. Bank of India has served upon the Company a Notice under Section



13(2) of The Securitization and Reconstruction of Financial Assets and Enforcement of Security Act, 2002 for repayment of dues. Also other banks have sent Demand Notices to the Company for repayment of their dues.

12. In view of the temporary strain on financial resources which has inter alia resulted in delay in repayment of dues, and also with an objective to bring normalcy to the Company's operations, a reference for Corporate Debt Restructuring (CDR) has been made recently under the CDR mechanism, instituted by Reserve Bank of India, for restructuring corporate debts of viable corporate entities, affected by internal factors or external factors, for the benefit of all stakeholders. The restructuring requests, inter alia, includes approval of the lenders for hiving off the businesses of ESCO and Projects Divisions to two 100% subsidiaries. Pending consideration of such requests, the Company has not yet taken any steps with regard to the non-approval as explained in Note No. 2 above.
13. Consequent to a review made by the Management of the various Assets of the Company, the Management is of the opinion that special efforts over a period of time would be needed for recovery of the following stressed assets which would have an impact on the results of the Company for the year under review:-
- Diminution in the value of Investments in Foreign Companies Rs. 7.77 Lacs, where the local Managements have deserted the Companies and the businesses have been closed down.
 - Diminution in the value of the Investments, if any, in Unique Waste Plastic Management and Research Company Pvt. Ltd. of Rs. 4,360.20 Lacs where the pending disputes with minority shareholders need to be resolved to recover the value of the Investments held by the Company.
 - Inventories of Rs. 8385.00 Lacs include Rs. 3,000.00 Lacs of old/ unusable stocks, where the Product Lines are discontinued.
 - Sundry Debtors considered good includes Rs. 4,216.23 Lacs of old Outstandings where the recovery may happen only after due legal actions and settlements of counter claims, if any, which cannot be determined.
 - Loans and Advances considered good includes Rs. 2,926.51 Lacs of old debit balances where the same may be recovered in the form of assets or will be settled subject to counter claims, if any, which cannot be determined.
 - Cash & Bank Balances include Rs. 192.67 Lacs on account of unreconciled bank balances which may not be recoverable / realisable.
- Non or delayed recoverability of the above Stressed Assets and inadequacy of accruals have adversely affected the debt servicing by the Company and also led to operating losses and erosion of liquidity. The management is of the view that the above stressed assets of various classes may need provision in due course the extent of which cannot be determined at present. Consequently they have been shown as considered good and no provision has been made for the same.
- The management is of the view that the future viability of the company and its 'going concern' assumption would depend on the timely approval of the CDR to the Company's restructuring proposal.
14. Balances of Sundry Debtors, Loans and Advances and Sundry Creditors are subject to confirmations, reconciliation and consequential adjustments, if any, the effects of which are at present unascertainable.
15. As recommended by the Board of Directors and approved by the Shareholders at the Extraordinary General Meeting held on 6th July, 2009, the Company is proposing to make a Rights Issue in the ratio of 1:2 to its existing Shareholders in the near future, subject to market conditions and other considerations and the Company has filed Draft Letter of Offer with the Securities & Exchange Board of India (SEBI), Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. pursuant to which SEBI has issued Observation Letter. The Company is now required to update the Draft Letter of Offer and take the necessary approval of SEBI to proceed with the Rights Issue in due course of time. The SEBI Observation Letter is valid upto 24th August, 2011.

16. Employee Benefits (of Parent Company)

a. Defined Contribution Plans

The Company has recognized the following amounts in the Profit and Loss Account for the Defined Contribution Plans:

Particulars	(Rs. in Lacs)	
	2010-2011	2009-2010
Provident Fund	25.44	31.72

ANNUAL REPORT 2010-11

b. State Plans

The Company has recognized the following amounts in the Profit and Loss account for contribution to State Plans:

(Rs. in Lacs)

Particulars	2010-2011	2009-2010
Employees State Insurance	5.17	2.84

c. Defined Benefit Plans

Salaries and Wages include Rs. 48.03 Lacs towards provision made in respect of accumulated leave encashment.

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 five years or more of service. The scheme is funded with an insurance Company in the form of a qualifying insurance policy. The Company has provided for gratuity and leave encashment based on actuarial valuation done as per Projected Unit Credit Method. The details of the Gratuity Fund for it's employees are given below which is certified by an actuary and relied upon by the auditors.

The following tables summarize the components of net benefit expense recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet for the respective plans.

Profit and Loss account

	2010-11	2009-10
	Rs. in Lacs	Rs. in Lacs
Net employee benefit expense (recognized in Employee Cost)		
Current service cost	7.55	8.44
Interest cost on benefit obligation	4.35	4.22
Expected return on plan assets	5.74	6.07
Net actuarial Losses / (Gains) recognized in the year	1.01	7.14
Past service cost	-	-
Net benefit expense	7.18	13.73
Actual return on plan assets	5.74	6.07

Balance Sheet

	March 31, 2011	March 31, 2010
	Rs. In Lacs	Rs. In Lacs
Details of benefit obligation:		
Defined Benefit Plan obligations	55.53	54.36
Fair value of plan assets	59.24	65.24
	(3.71)	(10.88)
Less – Unrecognized past service cost	-	-
Plan Liability	(3.71)	(10.88)

	2010-11	2009-10
Changes in the present value of the defined benefit obligation are as follows:	Rs. In Lacs	Rs. In Lacs
Opening defined benefit obligation	54.37	52.77
Current service cost	7.55	8.44
Interest cost	4.35	4.22
Benefits paid	(11.75)	(18.20)
Actuarial Losses / (Gains) on obligations	1.01	7.14
Closing defined benefit obligation	55.53	54.37

Changes in the fair value of plan assets are as follows:	March 31, 2011	March 31, 2010
	Rs. In Lacs	Rs. In Lacs
Opening fair value of plan assets	65.25	77.29
Expected return	5.73	6.07
Contributions by employer	0.01	0.09
Benefits paid	(11.75)	(18.20)
Actuarial gains / (Losses)	-	-
Closing fair value of plan assets	59.24	65.25

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

	March 31, 2011	March 31, 2010
Category of Assets	%	%
Investment with Insurer	100%	100%

The principal assumptions used in determining benefit obligations are shown below:

Particulars	2010-2011	2009-2010
Discount	8.00%	8.00%
Expected rate of return on plan assets	8.79%	7.86%
Expected rate of salary increase	5.00%	5.00%
Mortality Pre-retirement	Indian Assured Lives Mortality(1994-96)	Indian Assured Lives Mortality(1994-96)

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.

17. Earnings Per Share

(Rs. in Lacs)

Particulars	31st March 2011	31st March 2010
Basic / Diluted Earning Per Share		
Numerator used for Calculating Basic Earning Per Share – Net Profit / (Loss) after Tax	(9255.83)	(137.71)
Weighted Average number of shares used as denominator for Calculating Basic Earning Per Share (in Nos)	3,23,75,815	3,01,61,200
Basic / Diluted Earnings per Share	(28.59)	(0.46)

18. Deferred Tax

In terms of the provisions of the Accounting Standard – 22 “Accounting for Taxes on Income” issued by the Institute of Chartered Accountants of India, there is a net deferred tax asset on account of accumulated losses and unabsorbed depreciation.

In compliance with provisions of the Accounting Standard and based on General Prudence, the Company has not recognized the deferred tax asset while preparing the accounts of the year under review.

19. Leases**In case of assets taken on Lease****Finance Lease**

Plant & Machinery includes machinery obtained on finance lease. The legal title for the same has passed to the Company. There are no lease payments outstanding.

Operating Lease

Office Premises are obtained on Operating lease. The lease term is for 11 months and thereafter renewable. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements. There are no subleases. Lease rental expense for the year for the agreements entered into is Rs. 91.61 Lacs (Rs. 103.55 Lacs).

In case of Assets given on Lease**Finance Lease**

There are no Assets given on Finance lease.

Operating Lease

The Company has leased out Plant & Machinery on operating lease. The lease term is for 3 to 10 years and thereafter not renewable. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements.

(Rs. in Lacs)

Lease Receivables (from assets given on lease other than MSEDCL)	2010-11	2009-10
Not later than one year	25.25	42.20
Later than one year and not later than five years	17.47	42.72
Later than five years	-	-
Total	42.72	84.92

20. Related Parties Disclosure

Name of the related parties where control exists irrespective of whether transactions have occurred or not:

a. Associate

Unique Waste Plastic Management And Research Co. Pvt. Ltd.

b. Key Management Personnel

Mr. Arun Shah, Executive Chairman

c. Relatives of Key Management Personnel

Mr. Naman Arun Shah

d. Enterprises over which any person specified in (b) or (c) above is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the reporting enterprise

Pranamghar (India) Private Limited

Arsh Advisors Pvt. Ltd.

Arun & Co.

Indage Vintners Limited (upto 30.03.2011)

Indage Restaurants and Leisure Limited (upto 30.03.2011)

Dalal Desai and Kumana (Partnership Firm)

Note: Related Party relationship is as identified by the Company and relied upon by the Auditors



Transactions during the period	Associates		Key Management Personnel (KMP)		Relatives of Key Management Personnel		Enterprises over which KMP and their relatives are able to exercise significant influence		Total	
	Mar-11	Mar-10	Mar-11	Mar-10	Mar-11	Mar-10	Mar-11	Mar-10	Mar-11	Mar-10
Reimbursement of Expenses										
Pranamghar India Pvt Ltd							4.95	1.91	4.95	1.91
Advance Paid										
Pranamghar India Pvt Ltd							51.92	118.44	51.92	118.44
Managerial Remuneration										
Naman Arun Shah			-		0.75		-		0.75	-
Outstanding Receivable										
Pranamghar India Pvt Ltd							307.15	269.03	307.15	269.03
Dalal Desai & Kumana							0.50	0.50	0.50	0.50
Unique Waste Plastic Management And Research Co. Pvt. Ltd	477.29	-							477.29	-
Arsh Advisors							102.00	-	102.00	-
Arun & Co.							18.30	-	18.30	-

21. Segment Information

Segment reporting as required under AS – 17 is not applicable for the year under review, as more than 90% of the revenue comes from a single segment of Lighting Products / Systems. There is only one geographical segment.

22. Previous year figures have been regrouped / rearranged wherever necessary.

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet.

As per our report of even date attached

For SORAB S. ENGINEER & CO
Chartered Accountants
(Firm Regn No.: 110417W)

C.A. N.D. ANKLESARIA
Partner
Membership No. 10250
Mumbai : 7th June 2011

For and on behalf of the Board of Directors

ARUN B. SHAH
Executive Chairman

S.NEELAKANTA IYER
Executive Director & Jt. CEO

CHARUDATTA KULKARNI
AGM (Finance & Legal) &
Company Secretary

HARESH G. DESAI
Director

RAJESH MEHTA
Executive Director & Jt. CEO



ASIAN ELECTRONICS LIMITED

Registered Office : D-11, Road No. 28, Wagle Industrial Estate, Thane 400 604.

ATTENDANCE SLIP

I hereby record my presence at the 46th Annual General Meeting of Asian Electronics Limited held on Thursday, the 22nd September , 2011 at 10.00 a.m. at D-11, Road No. 28, Wagle Industrial Estate, Thane 400 604.

I am attending this Meeting in my capacity as :

Shareholder	
-------------	--

Proxy	
-------	--

Representative	
----------------	--

(Please tick whichever is applicable)

D.P. Id *	
Client Id *	

Ledger Folio	
--------------	--

(Signature)

Note: Please bring this attendance slip and your copy of the Annual Report to the Meeting.

ASIAN ELECTRONICS LIMITED

ENTRY PASS

(To be retained throughout the Meeting)

Ledger Folio No.

DP Id *

Client Id *

Name of Shareholder



ASIAN ELECTRONICS LIMITED

Registered Office : D-11, Road No. 28, Wagle Industrial Estate, Thane 400 604.

PROXY

I/We of being a Member/Members of Asian Electronics Limited hereby appoint of or failing him of or failing him of as my/our proxy to attend and vote for me/us on my/our behalf at the 46th Annual General Meeting of the Company to be held on Thursday, the 22nd September, 2011 at 10.00 a.m. and / or at any adjournment thereof.

Dated this day of, 2011

Ledger Folio No.	
------------------	--

DP Id *	
Client Id *	

Affix
15 paise
Revenue
Stamp

* Applicable to investors holding shares in Electronic Form

NOTE : The Proxy Form duly completed, stamped and signed must be deposited at the Registered Office of the Company **not less than 48 hours** before the time of holding the meeting.

BOOK-POST



ASIAN ELECTRONICS

If undelivered, please return to :

ASIAN ELECTRONICS LIMITED

D-11, Road No. 28, Wagle Industrial Estate,
Thane - 400 604, India