



# ASIAN ELECTRONICS LIMITED

ANNUAL REPORT  
2008-2009

***Generating Savings for Generations***

## A HISTORICAL PERSPECTIVE

Particulars	Year ended March 31,				
	2009	2008	2007	2006	2005
	<i>(Rs. in lacs except data per share, other information and Ratios)</i>				
<b>Revenue Account</b>					
Gross Revenue	21398	22236	38006	16363	11348
Operating profit (PBDIT)	2429	5914	10266	3875	2682
Financial Charges	2130	2340	1663	780	627
Depreciation	461	1025	899	840	772
Extra-ordinary item:					
Premium on revision of interest	—	—	—	—	163
Exceptional Items	698	17882	—	—	—
Provision for taxation –Current	—	—	1012	190	88
–Deferred	—	43	1	(478)	(45)
–F.B.T.	33	39	28	28	—
–Excess Provision written back	—	- 4	—	—	—
Loss/Profit after tax	503	(15411)	7705	2255	1078
Cash generation	(656)	(14386)	8604	3095	1850
PBIDT as a percentage of total revenue – before exceptional item	1	27	27	24	24
PBIDT as a percentage of total revenue – after exceptional item	2	(54)	27	24	24
Return on net worth before exceptional item – %	0.75	12	22	23	18
Return on net worth after exceptional item – %	2.30	(73)	22	23	18
<b>Capital Account</b>					
Share capital	1453	1452	1392	894	* 938
Net worth	21756	21225	35196	13719	10540
Loan funds	23885	20803	16501	15879	8464
Net block	4236	5536	4910	4345	4925
Net current assets	35522	31085	43802	24978	15170
Debt-Equity Ratio	1.09	0.98	0.47	1.15	0.80
<b>Per share data</b>					
Earnings per Share of Rs. 5/- (Previous years 2005, 2006 & 2007 Rs. 10/-)	1.68	(52)	53	24	13
Book value of Share of Rs. 5/- (Previous years 2005, 2006 & 2007 Rs. 10/-)	73	71	253	153	124
Dividend %	NIL	NIL	45	25	18
* Inclusive of Preference Share Capital of Rs. 88 lacs					
<b>Other information</b>					
Number of shareholders	45876	28483	8952	10990	7666

## Board of Directors

Mr. Arun B. Shah	<i>Executive Chairman (w.e.f. 23.4.2009)</i>
Mr. Suresh H. Shah	<i>Chairman &amp; Managing Director (upto 5.11.2008)</i>
Mr. S. Padmanabhan	<i>(upto 5.11.2008)</i>
Mr. Sanjay K. Asher	<i>(upto 5.11.2008)</i>
Mr. Sushil Kumar Jiwarajka	<i>(upto 5.11.2008)</i>
Mr. Haresh G. Desai	<i>(w.e.f. 5.11.2008)</i>
Mr. Suhas R. Tuljapurkar	<i>(w.e.f. 5.11.2008)</i>
Mr. Jinendra Shah	<i>Executive Director (upto 3.5.2009)</i>
Dr. Deepak Divan	<i>Director (w.e.f. 14.5.2009)</i>
Mr. Suresh Sharma	<i>Alternate Director to Dr. Deepak Divan (w.e.f. 14.5.2009)</i>
Mr. Dipankar De	<i>Nominee Director of IDBI Bank Ltd. (w.e.f. 26.5.2009)</i>
Mr. D. G. Prasad	<i>Director (w.e.f. 29.8.2009)</i>

## Jt. Chief Financial Officer

Mr. Snehal J. Shah (w.e.f. 12.6.2006)

## Sr. Vice President (Finance) & Company Secretary

Mr. Rasik D. Goradia

## Auditors

Messrs Sorab S. Engineer & Co.

## Solicitors

Messrs Legasis Partners

## 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.in

## 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.

## Solan Unit

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

## Silvassa Units

Survey No. 113/6,  
Tirupati Industrial Estate,  
Near 66 K.V. Road,  
Anli, Silvassa - 396 230.

## Chennai Unit (Since Closed)

Plot No. 131/134,  
Krishna Industrial Estate,  
Vanagram, Mettukuppam,  
Chennai - 600 095.

## Bhiwandi Unit (w.e.f. 5.3.2007 and upto 12.6.2009)

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

## Annual General Meeting

Wednesday, 30<sup>th</sup> September, 2009 at 11.00 a.m.

### Venue:

Registered Office of the Company  
at D-11, Road No. 28, Wagle Indl. 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 Wednesday, 30<sup>th</sup> September, 2009 at 11.00 a.m. The bus will leave at 10.30 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 email address on above mentioned email ID to enable us to communicate with you more often.

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## NOTICE OF THE 44TH ANNUAL GENERAL MEETING

Notice is hereby given that the Forty Fourth 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 Wednesday, the 30<sup>th</sup> September, 2009 at 11.00 A.M., for the purpose of transacting the following 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 31<sup>st</sup> March, 2009.
2. To appoint a Director in place of Mr. Haresh G. Desai, 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.

### AS SPECIAL BUSINESS

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

“**RESOLVED THAT** Mr. Deepakraj Divan who was appointed as additional Director of the Company on 14th May, 2009 and who ceases to hold office, 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 liable to retire by rotation.”

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

“**RESOLVED THAT** Mr. D. G. Prasad who was appointed as additional Director of the Company on 29th August, 2009 and who ceases to hold office, 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 liable to retire by rotation.”

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. Arun B. Shah as the Executive Chairman of the Company for a period of 5 years with effect from 23<sup>rd</sup> April, 2009.

**FURTHER RESOLVED THAT** the Compensation Committee of the Company be and is hereby authorized to enter into and execute appropriate agreement with Mr. Arun B Shah outlining detailed terms and conditions of his appointment as the Executive Chairman.

**FURTHER RESOLVED THAT** where in any financial year during the currency of the tenure of the Executive Chairman, the Company has no profits or its profits are inadequate, the Company may pay to the Executive Chairman 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 the Companies Act, 1956, the Articles of Association of the Company, Clause 7 and other relevant clauses of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchases Scheme) Guidelines, 1999 (SEBI ESOS Guidelines) and other relevant clauses of the Asian Electronics Limited Employees Stock Option Scheme, 2009 (the “Scheme”) as adopted by the Company at its Extraordinary General Meeting held on 12<sup>th</sup> February, 2009, and subject to approvals, consents, permissions, sanctions and the like of the Securities and Exchange Board of India (SEBI), the Stock Exchanges where the Company’s Shares are listed and all other Statutory and other Authorities, if and to the extent required, and subject to such conditions and modifications as may be prescribed, stipulated or imposed by SEBI, Stock Exchange(s) or any other authority while granting such approvals, consents, permissions, sanctions and the like, which may be agreed to by the Board of Directors of the Company (herein referred to as “Board” which term shall include any Committee constituted by the board including the compensation committee) in its sole discretion, the Scheme be and is hereby modified as follows:

#### Clause 8.9 of the Scheme be replaced with the following:

8.9 *The maximum number of stock options to be granted to any director of the Company/Holding Company/Subsidiary Company under the scheme shall not exceed 2,98,000 (Two Lakh Ninety Eight Thousand only) in aggregate, each stock option being convertible into one equity share of Rs. 5/- each.*

**RESOLVED FURTHER THAT** for the purpose of granting, vesting, exercising and relinquishment of the Options, and for creating, offering, issuing, allotting and listing of the Options, the Board be and is hereby authorised to evolve, decide upon and bring into effect the Scheme and to make any modifications, changes, variations, alterations or revisions in the said Scheme from time to time as may be specified by any statutory authority and to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, usual, proper or desirable for such purpose.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of its powers to the Compensation Committee of the Company to give effect to the aforesaid resolution.

**RESOLVED FURTHER THAT** any Director of the Company or Mr. R. D. Goradia, Senior Vice President (Finance) & Company Secretary, be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, expedient and usual to implement these resolution and/or otherwise considered by them in the best interest of the Company.”

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

**Regd. Office :**

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

**R. D. Goradia**  
Sr. Vice President (Finance)  
& Company Secretary

Thane, 29<sup>th</sup> August, 2009

**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 Thursday the 24<sup>th</sup> September, 2009 to Wednesday the 30<sup>th</sup> September, 2009 [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 31<sup>st</sup> March, 2001 to the Investor Education & Protection Fund established under Section 205C pursuant to Sub-section (6) of Section 205(A) of the Companies Act, 1956.

Members who have not yet encashed their dividend warrant(s) for the financial year ended March 2002 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 31<sup>st</sup> March, 2002 is due for transfer to the Fund on 23<sup>rd</sup> November, 2009.

- (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 2 B which can be had 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.

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

**ITEM NO. 4**

Mr. Deepakraj Divan was appointed as additional Director of the Company on 14<sup>th</sup> May, 2009 and pursuant to the provisions of Section 260 of the Companies Act, 1956 his appointment as Director ceases at ensuing Annual General Meeting. The Company has received notice from a member specifying the candidature of Mr. Deepakraj Divan for the Directorship of the Company under Section 257 of the Companies Act, 1956. The Board proposes his appointment for your approval.

Dr. Deepak Divan is Founder and Chairman of Innovolt Inc., an Atlanta, U.S.A. based company specializing in power protection and energy management products. He is also Chairman of Integral Technologies, Pune, a subsidiary of Innovolt that specializes in energy efficient lighting solutions using LEDs. Dr. Divan is also a Professor of Electrical Engineering and Director of the Intelligent Power Infrastructure Consortium at the Georgia Institute of Technology in Atlanta, one of the leading engineering schools in the world. Dr. Divan is also actively involved in research in sustainable energy, smart grid, energy efficiency and power electronics for utility, industrial and commercial applications.

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

The Board of Directors recommend this resolution for approval as an Ordinary Resolution.

**ITEM NO. 5**

Mr. D. G. Prasad was appointed as additional Director of the Company on 29<sup>th</sup> August, 2009 and pursuant to the provisions of Section 260 of the Companies Act, 1956 his appointment as Director ceases at ensuing Annual General Meeting. The Company has received notice from a member specifying the candidature of Mr. D. G. Prasad for the Directorship of the Company under Section 257 of the Companies Act, 1956. The Board proposes his appointment for your approval.

Mr. Prasad is a Chartered Accountant and had been a career banker for over 33 years. After being with Canara Bank for over 8 years, Mr. Prasad served Exim Bank for over 25 years having joined in 1983, in its formative phase. In Exim Bank, he held various positions including as the Chief General Manager heading Corporate Banking, Agri Business and SME

Business Groups of the Bank. He holds considerable expertise in trade finance, international finance, merchant banking, corporate strategies, mergers and acquisitions, loan syndications, forfaiting, international negotiations and co-financing with multilateral agencies. He was trained in 'Treasury Management' at Credit Suisse, Switzerland; 'International Banking and Development' at the International Development Ireland at Dublin and London and 'Advanced Agribusiness Management' at Cornell University, Ithaca, New York, USA. He is also a Director on the Boards of various other companies in India and on the Board of a Singapore based company. He has been a guest faculty at business schools on international finance and international marketing.

None of the Directors except Mr. D. G. Prasad is interested or deemed to be interested in the proposed resolution.

The Board of Directors recommend this resolution for approval as an Ordinary Resolution.

#### ITEM NO. 6

Mr. Suresh H. Shah resigned from the post of Chairman, Managing Director and as a Director of the Company with effect from 5<sup>th</sup> November, 2008, in view of his failing health. As per the decision of the Board of Directors, Mr. Arun B. Shah took over the active day to day management in view of resignation of Mr. Suresh Shah with effect from 5<sup>th</sup> November, 2008.

The Shareholders of the Company at the Extraordinary General Meeting held on 12<sup>th</sup> February, 2009 approved the appointment of Mr. Arun B. Shah as Non-executive Chairman and Director of the Company pursuant to the provisions of Regulation 12 and other applicable provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 and other applicable Laws, Rules, Regulations, Guidelines and Circulars.

At the relevant time Executive Director, Mr. Jinendra Shah was attending the day to day management of the affairs of the Company. Thereafter, Mr. Jinendra Shah ceased to be Executive Director and Director of the Company consequent to conclusion of the Agreement on 3<sup>rd</sup> May, 2009. In view of this, the Board of Directors at its Meeting held on 23<sup>rd</sup> April, 2009 has appointed Mr. Arun B. Shah as Executive Chairman of the Company to look after the day to day affairs of the Company and he is entitled to reimbursement of expenses upto Rs.1 lac per month for attending to Company's work.

It is recommended that the appointment of Mr. Arun B. Shah as Executive Chairman of the Company for a period of 5 years with effect from 23<sup>rd</sup> April, 2009, on terms and conditions as to remuneration 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. Arun Shah to comply with the requirement of Schedule XIII of the Companies Act, 1956.

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

#### ITEM NO. 7

The Members had approved the ESOS, 2009 Scheme ("the Scheme") vide Special Resolution passed at the Extraordinary General Meeting held on 12<sup>th</sup> February, 2009. It is proposed to modify the scheme in terms of the Securities And Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 interalia to modify the terms in respect of limiting the number of Stock Options to be granted to any director of the Company/Holding Company/Subsidiary Company upto 2,98,000 (Two Lakh Ninety Eight Thousand Only).

As per Clause 4.2(e) of the ESOS, 2009 scheme, the Compensation Committee is empowered to decide the quantum of options to be granted under the scheme per employee and in aggregate. However this empowerment to decide the quantum of options is subject to Clause 8.9 of the scheme, which limits the grant of options, to not exceeding 3,00,000 (Three Lakh Only), to any Director of the Company/Holding Company/Subsidiary.

The aforesaid grant of upto 3,00,000 stock options to any Director of the Company/Holding Company/Subsidiary is in excess of 1% of the issued capital of the Company as 1% of the current issued capital is 2,98,849 (Two Lakh Ninety Eight Thousand Eight Hundred and Forty Nine Only). Clause 6.3(b) of the (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 entails a requirement of separate shareholders' approval for grant of option to identified employees, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant of option. However the Company has not obtained approval of shareholders by way of special resolution as required by the said Clause 6.3(b).

Therefore it is proposed to reduce the maximum number of options to be granted to any Director of the Company/Holding Company/Subsidiary from 3,00,000 (Three Lakh Only) to 2,98,000 (Two Lakh Ninety Eight Thousand Only) which is well within the limit of 1% of the issued capital of the Company.

The proposed amendment is not detrimental to the interest of the employees of the Company.

The Resolution at Item No. 7 of the Notice is recommended to the shareholders for passing as a Special Resolution.

A copy of the Scheme as amended is available for inspection of the Members between 10.00 A.M. to 1.00 P.M. on any working day except Saturday, at the Registered Office of the Company, upto and including the date of Annual General Meeting.

The Directors of the Company who would be eligible to avail the benefits of the ESOS, 2009 Scheme may be deemed to be concerned or interested in this item of business to the extent of options granted to them under the Scheme.

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, 29<sup>th</sup> August, 2009

**R. D. Goradia**  
Sr. Vice President (Finance)  
& Company Secretary

# ANNUAL REPORT 2008-2009

Brief resume of Directors being appointed/re-appointed at the Annual General Meeting to be held on 30th September, 2009. 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 the Listing Agreement with the Stock Exchanges in India, is as under:

Name of Director	Mr. Haresh G. Desai Director	Mr. Deepakraj Divan Director	Mr. D. G. Prasad Director	Mr. Arun B. Shah Director
Date of Birth	7 <sup>th</sup> November, 1955	10 <sup>th</sup> May, 1954	30 <sup>th</sup> June, 1948	13 <sup>th</sup> December, 1956
Date of Appointment	5 <sup>th</sup> November, 2008	14 <sup>th</sup> May, 2009	29 <sup>th</sup> August, 2009	23 <sup>rd</sup> December, 2006
Expertise in specific General Functional Area	Foreign Exchange and Treasury Management	Technology	Finance	Finance
Qualification	B. Com., C. A.	B. Tech., IIT Kanpur M. S., Ph D.	B. Com. F.C.A.	B. Sc C. A.
List of outside Directorship held (Public Limited Companies)	1. Indage Vintners Limited 2. Indage Restaurants and Leisure Limited 3. Arsh Owners and Advisors Ltd.	1. Innovolt Inc., Atlanta, U.S.A.	1. Gokak Textiles Limited 2. Suvem Life Sciences Limited 3. Apollo Solar Energy Pte Limited, Singapore.	1. Indage Vintners Limited 2. Indage Restaurants and Leisure Limited 3. Sirius Capital Services Ltd. 4. Indage Hotels Ltd. 5. Himachal Indage Limited 6. Prime Securities Ltd. 7. Prime Broking Co. (India) Ltd. 8. Cybertech Systems & Software Ltd. 9. Seabuckthorn Indage Ltd. 10. Prime Commodities Broking Co. (India) Ltd. 11. Asian Retail Lighting Limited 12. Home Lighting India Limited
Chairman/Member of the Committee of the Board of Directors of the Company.	1. Audit Committee – Chairman 2. Shareholders & Investors grievances Committee – Member 3. Share Transfer Committee – Member 4. Compensation Committee – Chairman	Nil	Nil	1. Audit Committee – Member 2. Shareholders & Investors grievances Committee – Chairman 3. Share Transfer Committee – Chairman 4. Compensation Committee – Member
Chairman/Member of the Committee of Directors of other companies in which he/she is Director.				
(a) Audit Committee	1. Indage Vintners Limited – Member 2. Indage Restaurants and Leisure Limited – Member	Nil	1. Gokak Textiles Limited – Chairman 2. Suvem Life Sciences Limited – Chairman	1. Indage Vintners Limited – Member 2. Indage Restaurants and Leisure Limited – Member 3. Prime Securities Ltd. – Chairman 4. Cybertech Systems & Software Ltd. – Member
(b) Share Transfer & Investor Grievances Committee	Nil	Nil	1. Indage Vintners Limited – Member 2. Indage Restaurants and Leisure Limited – Member 3. Prime Securities Ltd. – Chairman 4. Cybertech Systems & Software Ltd. – Member	1. Indage Vintners Limited – Member 2. Indage Restaurants and Leisure Limited – Member 3. Prime Securities Ltd. – Chairman 4. Cybertech Systems & Software Ltd. – Member
(c) Remuneration Committee	1. Indage Vintners Limited – Member 2. Indage Restaurants and Leisure Limited – Member	Nil	1. Gokak Textiles Limited – Member	1. Prime Securities Ltd. – Chairman 2. Cybertech Systems & Software Ltd. – Member
(d) Executive Committee	1. Indage Vintners Limited – Member	Nil	Nil	Nil
Number of Shares of the Company held on 31-03-2009	Nil	Nil	250	400000

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

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

**R. D. Goradia**  
Sr. Vice President (Finance) &  
Company Secretary

Thane, 29<sup>th</sup> August, 2009

## DIRECTORS' REPORT

To the Members

Your Directors present the Forty-fourth Annual Report on the business and operations of the Company for the year ended March 31<sup>st</sup>, 2009.

<b>FINANCIAL RESULTS</b>	(Rupees in Lacs)	
<b>Year ending March 31,</b>	<b>2009</b>	<b>2008</b>
Gross revenue	21398	22236
Operating profit (PBIDT)	2429	5913
Finance Expenses	2130	2340
Depreciation	461	1025
Profit before tax & Exceptional items	(162)	2549
Exceptional items (Net of tax Rs. 685 Lacs)	698	(17882)
Provision for taxes inclusive of Fringe Benefit Tax and Deferred Tax	33	78
(Loss)/Profit after current tax and deferred tax and Exceptional items	503	(15411)
<b>Balance brought forward</b>	<b>(581)</b>	<b>9330</b>
Amount transferred from General Reserve	-	5500
Balance available for Appropriation	(78)	(581)
<b>Appropriation:</b>		
Dividend on Equity Shares recommended	-	-
Income tax on Equity Dividend	-	-
Transfer to General Reserve	-	-
Balance carried to Balance Sheet	(78)	(581)

### DIVIDEND :

In respect of the year under review, i.e., the year 2008-2009, your Directors do not propose to declare any dividend due to carried forward losses of the previous year and resultant liquidity crunch.

### OPERATIONS :

Sale of lighting products, the Company has achieved gross revenue of Rs. 213.98 crores as against Rs. 222.36 crores in the previous year.

### LIGHTING ]NT :

#### (I) Domestic Sales :

##### (a) Consumer Lighting Group (CLG)

The Consumer Lighting division is involved in the sale and marketing of consumer and industrial lighting products/luminaries which focus on energy efficiency.

The Company has a PAN INDIA presence, with branch

offices spread all over having a wide network of dealers. The Distributor/Dealer and Marketing Consultant network strength stands at over 1530 Nos. and is growing on a continuous basis.

The Consumer Lighting division has established a brand image of the company as one of the emerging brands in the lighting industry.

Over the last 7 years, the division has added a plethora of products (more than 39 product lines), thereby offering a solution to practically all types of lighting requirements through a wide range of product line. Some of the popular range of products are Dome Lights, Street Lights, Dualites, CFLs, Outdoor Luminaire, etc.

During 2008-09, the Consumer Lighting division grew by over 5%.

#### (b) Professional Lighting Group (PLG)

The Professional Lighting Division has a focus on catering to professional projects involving Lighting requirements of commercial ventures especially in the Retail, Infrastructure, IT and ITES sectors.

During the year under review, this Division achieved a growth of 8%.

Despite the recessionary trend, Professional Lighting Division could manage to sustain the previous growth levels. The group is mainly involved in lighting of big malls all over India thus enhancing the visibility of the company. The major breakthroughs of this group were the Bangalore and Vizag Airports.

In the IT and ITES sectors and retail malls, Professional Lighting Division was able to get major orders from IT companies in Hyderabad, Bangalore, Mumbai and Chennai.

#### (c) ESCO Group

Govt. of India (GOI) has initiated many programmes not only for Energy Conservation but also to play proactive role in addressing the world's concern on "GLOBAL WARMING".

Some of the initiatives by GOI are Energy Conservation Act 2001, Rating of electrical products (CFL, FTLs, Refrigerators etc.), Mass replacement of GLS bulbs by CFLs through CDM mechanism and Implementation of Energy Saving programme through Performance Contracting (ESCO route) in Central and State Government organizations in view of limited technical and financial resources available with government departments.

Your Company has established itself as a leading ESCO in the country and is empanelled with the Bureau of Energy Efficiency (BEE).

However, issues related to recovery in time and financial outlay outweighs profitability. The Company has decided to be more alert in this segment and be selective in picking up orders.

**(II) Export Sales :**

The export operations during the year 2008-09 have been exclusively in the lighting segment. The segment has done sales of Rs. 852.67 lacs in the current year, as against Rs. 438 lacs in the previous year. The Company has consciously focused on this segment and taken steps to grow exponentially.

The Company has taken initiative to entire into long term expert contracts, set up a specialised technology centre to further its knowledge based growth objectives and has entered into an arrangement for optional take over of LEO based manufacturing activities. Such initiatives are likely to play a major role in future course of business of your company.

**FINANCE :**

During the year under review, your Company has availed disbursement of Rs. 3522 lacs from IDBI Bank Ltd. under the Line of Credit of Rs. 10,000 lacs sanctioned by them to fund the receivables of the ESCO Division taking the total disbursement to Rs. 6550 lacs as on 31<sup>st</sup> March, 2009. The Company does not intend to avail the undrawn limits.

The Company has repaid instalments of loans to IDBI Bank Ltd., UCO Bank and Indian Renewable Energy Development Agency Ltd. (IREDA) aggregating to Rs. 1579.53 lacs during the Financial Year ended 31<sup>st</sup> March, 2009. The Company has borrowed Rs.5000 lacs by way of NCDs from a Mutual Fund to meet long term Working Capital requirements of the Company and as on 31<sup>st</sup> March, 2009, the outstanding of short term loan from Mutual Fund was Rs. 4125 lacs.

Due to delayed recoveries and curtailment of activities of erstwhile plants division, cashflows have not been in planned parameters resulting in some delays of payments committed to secured and unsecured lenders. The Company is in negotiations to reschedule the borrowings in line with planned cashflows.

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 31<sup>st</sup> March, 2009, the gross fixed assets stood at Rs. 9977.31 lacs and the net fixed assets at Rs. 4235.89 lacs. Additions to Fixed Assets during the year amounted to Rs. 243.37 lacs.

**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 31<sup>st</sup> March, 2009 and of the profit 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 qualification as contained in the Audit Report dated 30<sup>th</sup> June, 2009 regarding non-provision in respect of certain outstandings, a reference may please be made to Note 3 of Schedule 24(III) to the Financial Statements, which is self-explanatory.

**Particulars of the Employees :**

The information as required under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended, is furnished here below:

Name	Gross Remu- neration Rs.	Net Remu- neration Rs.	Desig- nation & Nature of Duties	Quali- fication/s	Experi- ence	Date of Commen- cement of Employ- ment	Age	Parti- culars of last Employ- ment
S. H. Shah	35,07,032/-	22,09,523/-	C&MD	M.S. Engg., Ind. Engg.	41	1.4.1989	64	—
Narayan Iyer	24,16,926/-	16,54,155/-	C.F.O.	M.Com., AICWA, M.F.E.M.	18	16.10.07	42	EMCO Ltd., Thane

- Notes: (1) "Gross Remuneration" includes salary, allowances and commission received during the year, Company's contribution to Provident Fund, and taxable value of perquisites for gratuity and leave encashment wherever applicable.
- (2) "Net Remuneration" is arrived at by deduction from the gross remuneration, Income-tax, Professional tax, Company's Contribution to Provident Fund, Superannuation fund and monetary value of non-cash perquisites.
- (3) Nature of Employment with the Chairman & Managing Director is contractual.
- (4) The Chairman & Managing Director is not relative of any of the Directors of the Company.
- (5) Employment of Mr. Suresh H. Shah and Mr. Narayan Iyer is for the 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. Haresh G. Desai retires by rotation at the ensuing Annual General Meeting and is eligible for reappointment. The Board recommends his re-appointment.

#### **Additional Directors :**

Dr. Deepak Divan has been appointed as Additional Director on the Board of Directors of the Company with effect from 14<sup>th</sup> May, 2009.

Dr. Deepak Divan is Founder and Chairman of Innovolt Inc., an Atlanta, U.S.A. based company specializing in power protection and energy management products. He is also Chairman of Integral Technologies, Pune, a subsidiary of Innovolt that specializes in energy efficient lighting solutions using LEDs. Dr. Divan is also a Professor of Electrical Engineering and Director of the Intelligent Power Infrastructure Consortium at the Georgia Institute of Technology in Atlanta, one of the leading engineering schools in the world.

Dr. Divan is also actively involved in research in sustainable energy, smart grid, energy efficiency and power electronics for utility, industrial and commercial applications.

Your Directors are pleased to report that your Company would immensely benefit from the rich and varied experience of Dr. Deepak Divan.

Mr. D. G. Prasad has been appointed as an Additional Director on the Board of Directors of the Company with effect from 29<sup>th</sup> August, 2009. Mr. Prasad is a Chartered Accountant and had been a career banker for over 33 years. After being with Canara Bank for over 8 years, Mr. Prasad served Exim Bank for over 25 years having joined in 1983, in its formative phase. In Exim Bank, he held various positions including as the Chief General Manager heading Corporate Banking, Agri Business and SME Business Groups of the Bank. He holds considerable expertise in trade finance, international finance, merchant banking, corporate strategies, mergers and acquisitions, loan syndications, forfaithing, international negotiations and co-financing with multilateral agencies. He was trained in 'Treasury Management' at Credit Suisse, Switzerland; 'International Banking and Development' at the International Development Ireland at Dublin and London and 'Advanced Agribusiness Management' at Cornell University, Ithaca, New York, USA. He is also a Director on the Boards of various other companies in India and on the Board of a Singapore based company. He has been a guest faculty at business schools on international finance and international marketing.

The Company will immensely benefit from his background and stature and deep knowledge of finance and corporate management and his association will enable the Company to reap the benefits of his rich and varied experience in strategising corporate policies.

#### **Alternate Director :**

Mr. Suresh Sharma has been appointed as Alternate Director to Dr. Deepak Divan with effect from 14<sup>th</sup> May, 2009. Mr. Sharma is CEO of Innovolt Inc. and has an illustrious career path which show him leading business initiatives for the likes of GE Energy. He has also authored publications in the U.S.A. His association will open doors for the Company to leverage its resources and culminate into a world class manufacturing outfit.

Your Directors are pleased to report that your Company would immensely benefit from the rich and varied experience Mr. Suresh Sharma.

#### **Nominee Director :**

IDBI Bank Ltd. vide its letter No. SS-ICG.53/699/Nom.8 dated 19<sup>th</sup> May, 2009 had appointed Mr. Dipankar De, Deputy General Manager, MCG, IDBI Bank Ltd., Mumbai as its Nominee on the Board of Directors of the Company with effect from 26<sup>th</sup> May, 2009.

Your Directors are pleased to report that your Company would be able to avail benefit of rich and varied experience of Mr. Dipankar De.

#### **Resignation of Director :**

Mr. Jinendra Shah ceased to be Executive Director and Director of the Company with effect from 3<sup>rd</sup> May, 2009 consequent to the conclusion of the Agreement with him for his appointment as Executive Director of the Company. The Board accepted his resignation and placed on record its sincere appreciation for his valuable contribution to the Company over a period of 15 years.

#### **AUDITORS :**

M/s. Sorab S. Engineer & Co., Chartered Accountants who are the statutory auditors of the Company, hold office until the ensuing Annual General Meeting and are eligible for re-appointment. The members are requested to consider their re-appointment for the current financial year 2009-2010 and authorize the Audit Committee/Board of Directors to fix their remuneration. The retiring auditors have, under Section 224 (1B) of the Companies Act, 1956, furnished certificates of their eligibility for the re-appointment.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION ETC. :**

Information on Conservation of Energy, Technology Absorption, Foreign Exchange Earning and outgo 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' Responsibilities Statement, it is hereby confirmed:

- (i) that in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2009, 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 31<sup>st</sup> March, 2009 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 31<sup>st</sup> March, 2009, 95.59% of the Company's total paid-up capital representing 2,85,66,428 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 on either of the Depositories.

**TRANSFER TO INVESTOR EDUCATION & PROTECTION FUND :**

During the year, the Company has transferred a sum of Rs. 95,297/- to Investor Education & Protection Fund, the amount which was due and payable and remained unclaimed and unpaid for a period of seven years, as provided in Section 205A(5) of the Companies Act, 1956. Cumulatively, the amount transferred to the said Fund as on 31<sup>st</sup> March, 2009 was Rs.7,69,664/-.

**Acknowledgements :**

Your Directors express their appreciation for the continuous support extended by IDBI Bank Ltd., IREDA, Bank of India, HDFC Bank Ltd., UCO Bank, The Hongkong and Shanghai Banking Corporation Limited and State Bank of India.

Your Directors take on record their deep sense of appreciation for the support extended by LIC Mutual Fund.

Your Directors thank all stakeholders including 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 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

**Arun B. Shah**  
Executive Chairman

Place: Thane

Date : 29<sup>th</sup> August, 2009.

**ANNEXURE TO THE DIRECTORS' REPORT  
FOR THE YEAR ENDED MARCH 31, 2009.**

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) CONSERVATION OF ENERGY**

- (a) Energy conservation measures taken : The Company continues to explore measures which help in reducing energy consumption. Various steps have been taken to reduce consumption of electrical energy by monitoring and use of electrical lights and equipment, improvement of power factor, indoor shop lighting etc. Staff awareness programmes were continued in the field of energy conservation.
- (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy. : No significant investment is planned.
- (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 : 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 for various markets.

Benefit derived as a result of the above R & D. : The Company sees a bright future in commercially exploiting the above product.

- Future plan of action :
1. To intensify the R & D efforts in power quality improvement and energy conservation products.
  2. To develop and introduce variants of the Retrofit Lighting Systems to suit different market segments.
  3. To develop and market cost effective intelligent lighting solutions for optimizing energy cost.
  4. To develop technologies to use "lighting as a network".
  5. To set up specialized 'Asian Technology Centre'.

Expenditure on R & D :

- |   |                       |
|---|-----------------------|
| (a) Capital   | Nil                   |
| (b) Recurring   | Rs. 24.20 lacs        |
| (c) Total   | <u>Rs. 24.20 lacs</u> |
| (d) R & D expenditure as a percentage of the total turnover | : 0.11%               |

**(b) Technology Absorption, Adaptation and Innovation**

Efforts, in brief made towards technology absorption, adaptation and innovation : The Company has introduced various new and improved models of Electronic Ballasts 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, 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 new export 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 + Tubelight in various global export markets.
- (b) Foreign Exchange Earned : Rs. 852.67 lacs
- (c) Foreign Exchange Used : Rs. 3159.77 lacs

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

**Introduction**

Asian Electronics Limited (“AEL” or the “Company”) designs, manufactures, installs, commissions and maintains energy conservation products. AEL was originally established in 1964, as one of the early entrants to manufacture passive components in India. In the 1980s, AEL started focusing on capacitor-based energy conservation solutions and during the subsequent two decades established itself as a market leader in this segment. AEL’s capacitor-based Automatic Load Monitoring Systems (“ALMS”) enabled a reduction in transmission and distribution losses along with an increase in energy efficiency for electricity utilities. These were widely deployed by electricity utilities as part of their power transmission and distribution infrastructure.

AEL shifted focus to energy-efficient lighting solutions as it anticipated a growing demand for energy-efficient lighting solutions from Indian municipalities and consumers. Leveraging on its core competences and manufacturing expertise in electronics and passive components, AEL entered the energy-efficient lighting market with a view to becoming an Energy Services Company (“ESCO”). AEL is one of the few ESCO companies in India which is empaneled with Bureau of Energy Efficiency (BEE). AEL has developed a wide range of energy-efficient lighting solutions. The Government of India has passed The Energy Conservation Act, 2001 to facilitate and enforce the efficient use of energy and its conservation. This has created a favourable environment for the energy-efficient lighting solutions industry in India. Since 2001, AEL’s lighting business has grown significantly and the management believes that the growing demand for energy efficient lighting solutions, including replacement of older, inefficient lighting fixtures with energy-efficient solutions, provides a significant opportunity for future growth. AEL’s track record of innovation in designing and manufacturing energy-efficient solutions, places it in a unique position to address the growing opportunity in this segment.

Over the years, the reliability and quality of AEL’s products has resulted in a strong brand creation with repeat orders from its customers.

In the fast changing economic scenario the Company very quickly responded by carrying out the following exercise:

1. Determination of equity and debt and fund raising program for long term back bone in the form of rights shares and preferential allotment.
2. Evaluation of all long term assets and realigning the same with underlying economic nature and value of such long term assets.
3. Evaluation of delayed recoveries of trade receivables arising due to the various factors including economic slow down and ways and means of restricting the delays.

4. Evaluation of cost cutting measures.
5. Evaluation of higher utilization of manufacturing capacity including undertaking contract manufacturing activities.
6. Identification of idle assets and conversion into cash.

All the above aspects have resulted in arriving at a new business mix wherein resources allocation is done with a judicious evaluation of risk and reward. While ESCO sales will go down, the exports will jump significantly. Of course the profitability will take a southward turn. The Company will incur marginal capex, will utilize over 50 per cent of new capacity for exports and will fall in a steady stream of income.

The Company has also accorded increased priority to enter new technology products like LED to enhance sectors yielding higher revenues. Towards that end the Company has agreed to acquire LED business currently owned by Innovolt Inc of the USA, has taken steps to set up a modern and independent Asian Technology Centre and has commenced planned research in association with their overseas buyers in the energy saving products for export markets. The Company believes that in the long run, these efforts will provide greater values.

The blues of one time write off from the aborted venture of high tech waste to energy business has left some scars and disturbed the cash flows. The measures listed above will quickly bring the affairs within a manageable frame.

**Plant & Machinery**

As mentioned in the last year’s Directors’ Report, the Company had entered into a Contract to manufacture plant & machinery for processing waste into power, based on a technology developed by Unique Waste Plastic Management & Research Co. Pvt. Ltd. Due to then ongoing litigation initiated by some of the minority shareholders of the said company and an accident in the R & D Department where the plant was under modification, the Company had decided to close this activity till the technology is upgraded as far as process engineering is concerned.

However, the technology has been tested at number of fora and it was established that the successful commercial exploitation of this kind of technology will be viable and will result into business opportunities and gains in future and for that reason, the Company has bought at cost of 49% of Equity of Unique Waste Plastic Management & Research Co. Pvt. Ltd. earlier purchased by the then promoters as a part of business arrangement with them.

As a major shareholder of Unique Waste Plastic Management & Research Co. Pvt. Ltd., the Company will have benefit of this technology and will be able to derive benefit of technology at the appropriate time and in view thereof, the investment made in this company is considered very vital, good and rewarding in due course of time.

### **Risks and Concerns**

The Company is exposed to number of risks as in case of any industrial unit and project. The key risks include regulatory risk, financial risk, competition risk and risk of input cost increase etc.

The corporate audit function plays a key role 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.

### **Financial Performance**

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

### **Human Resources**

Industrial relations were cordial through out the year under review. The Company is investing in training of manpower to upgrade their skills. The Company has not lost a single day of work due to industrial unrest.

Your Company considers its employees as its most important resource to attend greater competitive advantage. Your Company places special emphasis on continuous Human Resources Development.

### **Internal Controls**

The Audit Committee of 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.

Internal Auditors' Report dealing with the Internal Control System are considered by the Audit Committee and appropriate actions are taken wherever necessary.

The Company has appointed M/s. Thingna & Contractor as Internal Auditors of the Company.

### **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 31.3.2009 Rs. in lacs	Year ended 31.3.2008 Rs. in lacs
<b>CAPITAL</b>		
<b>ASSETS OWNED</b>		
1. Fixed Assets (Net)	5335.91	5883.29
2. Investments	4783.47	5059.06
3. Current Assets (Net)	35521.82	31084.97
4. Miscellaneous Expenditure	—	0.45
	<u>45641.20</u>	<u>42027.77</u>
Less:- Deferred Tax Liability	—	—
<b>TOTAL</b>	<u><u>45641.20</u></u>	<u><u>42027.77</u></u>
<b>FINANCED</b>		
1. Loans (Secured)	18406.39	14792.85
2. Loans (Unsecured)	5478.89	6009.77
3. Net Worth*	21755.92	21225.15
<b>TOTAL</b>	<u><u>45641.20</u></u>	<u><u>42027.77</u></u>
* Represented by		
Share Capital	1453.37	1451.75
Equity Share Warrants	—	—
Profit and Loss Account	(78.64)	(581.41)
Reserves (Net)	20381.19	20354.81
<b>TOTAL</b>	<u><u>21755.92</u></u>	<u><u>21225.15</u></u>
<b>REVENUE</b>		
<b>INCOME EARNED</b>		
1. Sale of products and services	21179.29	21644.00
2. Other Income	223.78	592.43
<b>TOTAL</b>	<u><u>21403.07</u></u>	<u><u>22236.43</u></u>
<b>INCOME DISTRIBUTED</b>		
1. Materials	13410.78	9026.47
2. Employee Cost	1341.18	1700.12
3. Administrative, Sales & Other Expenses	4215.22	5589.22
4. Lease Rent	7.43	7.43
5. Financial Expenses	2130.12	2340.00
6. Depreciation	460.82	1024.65
7. Taxation		
Current Tax	—	—
Deferred Tax – Charge	—	42.72
Fringe Benefit Tax	33.04	39.26
Excess provision for Tax of Earlier year written back	—	(4.25)
8. Exceptional Items	(698.29)	17881.80
9. Dividend	—	—
10. Retained Income	502.77	(15410.99)
<b>TOTAL</b>	<u><u>21403.07</u></u>	<u><u>22236.43</u></u>

## FINANCIAL POSITION AT A GLANCE

	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005
<b>CAPITAL ACCOUNTS (Rs. in lacs)</b>					
Share Capital	1453	1452	1392	894	938
Reserves & Surplus	20303	19773	33804	12825	9603
Borrowings: Secured	18406	14793	11504	9746	8324
Unsecured	5479	6010	4997	6133	140
Gross Block	9977	14829	13225	11767	11432
Net Block	4236	5536	4910	4345	4850
Net Current Assets	35522	31085	43802	24978	15170

<b>REVENUE ACCOUNTS (Rs. in lacs)</b>					
Sales and Other Income	21398	22236	38006	16363	11348
Gross Profit before extra-ordinary item, interest and depreciation	2429	5914	10266	3875	2682
Interest	2130	2340	1663	780	627
Depreciation	461	1025	899	840	772
Profit before extra-ordinary items and tax	(162)	2549	7705	2255	1283
Extra-ordinary item: Premium on revision of interest	—	—	—	—	163
Exceptional Items	698	(17882)	—	—	—
(Loss)/Profit after extra-ordinary items and tax	503	(15411)	7705	2255	1120
Net earnings available for appropriation	503	(15411)	6663	2515	1078
Dividend amount	—	—	763	259	184
Retained earnings	503	(15411)	5900	2256	894

<b>SELECTED INDICATORS</b>					
Return on Capital Employed %	7.23	(35.98)	14.87	13.06	11.67
Current Ratio	3.32:1	—	6.36:1	6.40:1	8.62:1
Earnings per share of Rs. 5/- (Previous years Rs. 10/-)	1.68	(52)	53	24	13
Total Borrowings/Shareholder's Funds	1.09	0.98	0.47	1.15	0.80
Book value per share of Rs. 5/- (Previous years Rs. 10/-)	73	66	236	153	124
Dividend %	—	—	45	25	18
Fixed Assets Turnover	5.05	3.9	7.48	3.75	2.30

## 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](http://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 31<sup>st</sup> March, 2009, and a declaration to that effect signed by the Chairman & Managing Director is attached and forms part of this Report.

**II. Board of Directors (Board) :**

The Board as on 31<sup>st</sup> March, 2009 comprises of 4 Directors of whom 2 are Executive and 2 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 31.3.2009
Mr. S. Padmanabhan *	Non-Executive, Independent	18	—	10	—
Mr. Sanjay Asher *	Non-Executive, Independent	33	3	10	—
Mr. Arun Shah	Executive, Independent	27	2	8	4,00,000
Mr. Sushil Jiwrajka *	Non-Executive, Independent	18	—	—	—
Mr. Jinendra Shah	Executive	4	—	—	20,000
Mr. Suresh Shah, CMD*	Executive Promoter	15	—	—	9,600
Mr. Hareesh G. Desai **	Non-Executive, Independent	7	—	5	—
Mr. Suhas R. Tuljapurkar **	Non-Executive, Independent	3	—	—	—

@ Includes private Companies and Alternate Directorships

\* Ceased to be a Director w.e.f. 5<sup>th</sup> November, 2008

\*\* Appointed as a Director w.e.f. 5<sup>th</sup> November, 2008

**(b) Number of Board Meetings :**

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

29 <sup>th</sup> May, 2008	30 <sup>th</sup> June, 2008	31 <sup>st</sup> July, 2008
14 <sup>th</sup> October, 2008	25 <sup>th</sup> October, 2008	4 <sup>th</sup> /5 <sup>th</sup> November, 2008
26 <sup>th</sup> November, 2008	4 <sup>th</sup> December, 2008	5 <sup>th</sup> January, 2009
23 <sup>rd</sup> January, 2009	30 <sup>th</sup> March, 2009	

**(c) Attendance of Directors :**

Name of Director	Meetings Attended	Attended last AGM on 29 <sup>th</sup> November, 2008
Mr. S. Padmanabhan *	3	No
Mr. Sanjay Asher *	3	No
Mr. Arun Shah	11	Yes
Mr. Sushil Jiwrajka *	6	No
Mr. Jinendra Shah	11	Yes
Mr. Suresh Shah, CMD *	5	No
Mr. Hareesh G. Desai **	4	No
Mr. Suhas R. Tuljapurkar**	4	No

\* Ceased to be a Director w.e.f. 5<sup>th</sup> November, 2008

\*\* Appointed as a Director w.e.f. 5<sup>th</sup> November, 2008

**III. Committee of Directors :**

Good Corporate Governance requires that Non-Executive Directors, including Chairman, are more actively involved for 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 27<sup>th</sup> 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 time by Resolutions passed by the Board of Directors of the Company.

**(A) Audit Committee :**

As on 1<sup>st</sup> April, 2008, the Audit Committee comprised of the following Directors:

- (1) Mr. Arun B. Shah
- (2) Mr. S. Padmanabhan
- (3) Mr. Sanjay Asher

The said Committee was re-constituted consequent to the cessation of Mr. S. Padmanabhan and Mr. Sanjay Asher as Directors of the Company with effect from 5<sup>th</sup> November, 2008 as per the Board Resolution passed on 5<sup>th</sup> November, 2008.

The Members of the re-constituted Committee with effect from 5<sup>th</sup> November, 2008 are as under:

- (1) Mr. Arun B. Shah
- (2) Mr. Haresh G. Desai
- (3) Mr. Suhas R. Tuljapurkar

Mr. Haresh G. Desai is the Chairman of the Audit Committee. Mr. R. D. Goradia, Sr. Vice President (Finance) & Company Secretary acts as Secretary to the Committee. 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 seven times during the year 2008-2009 on 29<sup>th</sup> May, 2008, 30<sup>th</sup> June, 2008, 29<sup>th</sup> July, 2008, 25<sup>th</sup> October, 2008, 30<sup>th</sup> October, 2008, 4<sup>th</sup>/5<sup>th</sup> November, 2008 and 23<sup>rd</sup> January, 2009.

The attendance of each Audit Committee member is as under:

Name of the Audit Committee Members	No. of meetings attended
Mr. Arun Shah *	6
Mr. S. Padmanabhan **	5
Mr. Sanjay Asher **	3
Mr. Haresh G. Desai @	1
Mr. Suhas R. Tuljapurkar @@	1

\* Ceased to be Chairman of the Audit Committee w.e.f. 5<sup>th</sup> November, 2008.

\*\* Ceased to be a Member of the Audit Committee w.e.f. 5<sup>th</sup> November, 2008.

@ Appointed as an Audit Committee Member and Chairman of the Audit Committee w.e.f. 5<sup>th</sup> November, 2008.

@@ Appointed as an Audit Committee Member w.e.f. 5<sup>th</sup> November, 2008.

The meetings were also attended by Executive Director – Mr. Jinendra Shah, Chief Financial Officer – Mr. Narayan Iyer, Jt. Chief Financial Officer – Mr. Snehal J. Shah and Vice President – Mr. Pradeep Visal, as special invitees. The Secretary – Mr. R. D. Goradia attended all the Meetings except Meeting held on 4<sup>th</sup> November, 2008.

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

The Statutory Auditors attended Audit Committee Meeting held on 25<sup>th</sup> October, 2008.

The Internal Auditors attended the Audit Committee Meetings held on 29<sup>th</sup> May, 2008, 25<sup>th</sup> October, 2008, 4<sup>th</sup> November, 2008 and 23<sup>rd</sup> January, 2009.

#### (B) Executive Committee :

The Executive Committee of the Board of Directors as on 1<sup>st</sup> April, 2008 comprised of the following Directors:

Mr. Suresh H. Shah, Chairman & Managing Director  
Mr. Jinendra Shah, Executive Director and  
Mr. Arun Shah, Director

The said Committee was reconstituted consequent to the cessation of Mr. Suresh H. Shah as a Director and Chairman & Managing Director of the Company with effect from 5<sup>th</sup> November, 2008.

The Members of the reconstituted Committee with effect from 5<sup>th</sup> November, 2008 are as under:

Mr. Arun B. Shah, Chairman  
Mr. Jinendra Shah, Executive Director

This Committee deals with routine matters like banking 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, eight meetings were held on the following dates :

2.4.2008, 16.4.2008, 2.6.2008, 20.8.2008, 24.11.2008, 15.1.2009, 25.2.2009 and 26.3.2009.

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

Name	No. of Meetings attended
Mr. Suresh H. Shah	4
Mr. Jinendra Shah	8
Mr. Arun Shah	8

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

#### (C) Committee for Transfer of Shares :

The Committee for Transfer of Shares as on 1<sup>st</sup> April, 2008 comprised of the following Directors:

Mr. Suresh Shah, Chairman & Managing Director  
Mr. Jinendra Shah, Executive Director  
Mr. Arun Shah, Director

The said Committee was reconstituted consequent to the cessation of Mr. Suresh H. Shah as a Director and Chairman & Managing Director of the Company with effect from 5<sup>th</sup> November, 2008.

The Members of the reconstituted Committee with effect from 5<sup>th</sup> November, 2008 are as under:

Mr. Arun B. Shah, Chairman  
Mr. Jinendra Shah, Executive Director

Mr. R. D. Goradia, Sr. Vice President (Finance) & Company Secretary acts as Secretary of the said Committee.

During the year under review, 24 meetings were held. The attendance of each Transfer Committee Members is as under :

Name & Designation	No. of meetings attended
Mr. Suresh Shah, Chairman & Managing Director	12
Mr. Jinendra Shah, Executive Director	24
Mr. Arun Shah, Chairman	24
Mr. R. D. Goradia, Sr. Vice President (Finance) & Company Secretary	24

**(D) Shareholders'/Investors' Grievances Committee :**

(a) The Shareholders'/Investors' Grievances Committee as on 1<sup>st</sup> April, 2008 comprised of the following Directors :

- (1) Mr. Arun B. Shah
- (2) Mr. Sushil Jiwarajka
- (3) Mr. Suresh Shah
- (4) Mr. Jinendra Shah (as alternate member to Mr. Suresh H. Shah) and Mr. R. D. Goradia to act as Secretary of the Committee.

The said Committee was reconstituted consequent to the cessation of Mr. Suresh H. Shah as Chairman & Managing Director of the Company with effect from 5<sup>th</sup> November, 2008 as per Board Resolution passed on 5<sup>th</sup> November, 2008.

The Members of the reconstituted Committee with effect from 5<sup>th</sup> November, 2008 are as under :

- (1) Mr. Arun B. Shah, Chairman
- (2) Mr. Haresh G. Desai, Director
- (3) Mr. Suhas R. Tuljapurkar, Director
- (4) Mr. Jinendra Shah, Executive Director and Mr. R. D. Goradia to act as Secretary of the Committee.

Mr. Arun B. Shah is the Chairman of the Committee.

During the year under review, the Shareholders'/Investors' Grievances Committee met once on 12<sup>th</sup> February, 2009.

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

Compliance Officer: Mr. R. D. Gordia, Sr. Vice President (Finance) & Company Secretary.

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

During the year under review, total 152 investor's complaints/requests were received.

All the complaints/requests received during the year ended 31<sup>st</sup> March, 2009 were solved within the time to the satisfaction of the investors/shareholders and no complaints were pending as on 31<sup>st</sup> March, 2009 for more than 30 days. All the shares received for transfer/transmission have been transferred/transmitted and no transfer is pending as on 31<sup>st</sup> March, 2009.

**(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 2008-2009 :**

Name of the Director	Sitting Fees (Rs. in lacs)	Salaries, Commission Perquisites (Rs. in lacs)	Service Contract, Notice Period, Severance Fees
Mr. Suresh H. Shah	Nil	35.07	Ceased to be Chairman & Managing Director w.e.f. 5.11.2008
Mr. S. Padmanabhan	0.40	—	Ceased to be Director w.e.f. 5.11.2008
Mr. Arun Shah	2.10	—	—
Mr. Sanjay Asher	0.30	—	Ceased to be Director w.e.f. 5.11.2008
Mr. Sushil Kumar Jiwarajka	0.30	—	Ceased to be Director w.e.f. 5.11.2008
Mr. Jinendra Shah	Nil	14.38	Service Contract expires on 3.5.2009. Notice period 1 month. No Severance Fees.
Mr. Haresh G. Desai	0.30	—	—
Mr. Suhas R. Tuljapurkar	0.30	—	—

**(F) Compensation Committee :**

The Compensation Committee as on 1<sup>st</sup> April, 2008 comprised of the following Directors :

- (1) Mr. Suresh H. Shah, Chairman & Managing Director
- (2) Mr. Arun B. Shah, Director
- (3) Mr. Sanjay Asher, Director

The said Committee was reconstituted consequent to the cessation of Mr. Suresh H. Shah as Chairman & Managing Director of the Company with effect from 5<sup>th</sup> November, 2008.

The Members of the reconstituted Committee with effect from 5<sup>th</sup> November, 2008 are as under:

- (1) Mr. Arun B. Shah
- (2) Mr. Haresh G. Desai
- (3) Mr. Suhas R. Tuljapurkar

The Chairman of the Compensation Committee is Mr. Haresh G. Desai.

Mr. R. D. Goradia, acts as Secretary of the said Committee.

During the year under review, one Meeting of the Compensation Committee was held on 12<sup>th</sup> February, 2009.

The Meeting was attended by Mr. Arun B. Shah, Mr. Haresh G. Desai and Mr. Suhas R. Tuljapurkar.

The Meeting was also attended by Secretary, Mr. R. D. Goradia.

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

Date	Matter
23.12.2006	<p>(1) Approval for payment to Directors including Alternate Directors (who are neither in the whole-time employment of the Company nor Managing Directors, nor Executive Directors nor non-resident Directors of the Company) of remuneration, by way of a commission not exceeding 1% of the net profits of the Company calculated in accordance with the provisions of the Companies Act, 1956 subject to a limit of Rs. 5,00,000/- p.a. as may be determined by the Board of Directors of the Company in each of the financial year starting from 1<sup>st</sup> April, 2007 in such proportion and manner as the Board may determine from time to time.</p> <p>(2) Approval of the Shareholders for keeping Register of Members and copies of Annual Returns etc. pursuant to the provisions of Section 163(1) and Section 159 of the Companies Act, 1956 to be kept in the Office of M/s. Intime Spectrum Registry Ltd., a SEBI registered Share Transfer Agent.</p> <p>(3) Approval for modification of Company's Employees' Stock Option Scheme.</p> <p>(4) Approval for amendment of Articles of Association of the Company by insertion Article 13A, Article 15A and Article 153(e).</p> <p>These are the consequential amendments in view of introduction of Employees' Stock Option Scheme, 2005 and amendment thereof.</p>
27.9.2007	<p>(1) Approval for Sub-division of Equity Shares of the Company.</p> <p>(2) Approval for amendment of Article 3 of the Articles of Association of the Company.</p> <p>(3) Approval for modification of the Company's Employee Stock Option Scheme – 2005.</p>
29.11.2008	<p>(1) Modification of Employee Stock Option Scheme and Employee Stock Purchase Scheme.</p> <p>(2) Ratification and approval of Employee Stock Option Scheme and Employee Stock Purchase Scheme.</p>

**IV. General Body Meetings :**

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

		Date	Time	Venue
(i)	41 <sup>st</sup> Annual General Meeting	23 <sup>rd</sup> December, 2006	11.30 a.m.	Registered Office of the Company at Thane.
(ii)	42 <sup>nd</sup> Annual General Meeting	27 <sup>th</sup> September, 2007	11.30 a.m.	Registered Office of the Company at Thane.
(iii)	43 <sup>rd</sup> Annual General Meeting	29 <sup>th</sup> November, 2008	4.00 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.

- (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	8 <sup>th</sup> September, 2005	3.00 p.m.	Registered Office of the Company at Thane.
Tuesday	11 <sup>th</sup> October, 2005	3.00 p.m.	Registered Office of the Company at Thane.
Friday	23 <sup>rd</sup> December, 2005	3.00 p.m.	Registered Office of the Company at Thane.
Saturday	6 <sup>th</sup> May, 2006	11.00 a.m.	Registered Office of the Company at Thane.
Tuesday	26 <sup>th</sup> September, 2006	11.30 a.m.	Registered Office of the Company at Thane.
Monday	5 <sup>th</sup> November, 2007	3.00 p.m.	Registered Office of the Company at Thane.
Thursday	21 <sup>st</sup> February, 2008	11.00 a.m.	Registered Office of the Company at Thane.
Thursday	12 <sup>th</sup> February, 2009	11.00 a.m.	Registered Office of the Company at Thane.

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

EGM held on	Whether Special Resolution passed	Summary
8.9.2005	Yes	(1) Approval under Section 81(1A) of the Companies Act, 1956 for issue of Convertible Equity Share Warrants on preferential placement basis to the proposed allottees as per the Notice and Explanatory Statement dated 16.8.2005. (2) Approval under Section 79A & 81 of the Companies Act, 1956, to ESOP/ ESOS Scheme, 2005.
11.10.2005	Yes	(1) Approval under Section 81(1A) of the Companies Act, 1956 for issue of Equity Shares on preferential basis to investors and promoters' group as per the Notice and Explanatory Statement dated 15.9.2006. (2) Approval under Section 81(1A) of the Companies Act, 1956 for issue of Convertible Equity Share Warrants to the promoters' group.
23.12.2005	Yes	(1) Approval under Section 81(1A) of the Companies Act, 1956 for issue of Equity Shares on preferential basis to promoters' group as per Notice and Explanatory Statement dated 25.11.2005. (2) Approval under Section 81(1A) of the Companies Act, 1956 for issue of Fully Convertible Debentures on preferential basis to investors. (3) Approval under Section 81(1A) of the Companies Act, 1956 for issue of Equity Share Warrants on preferential basis to promoters' group.
6.5.2006	Yes	(1) Approval for change in Article III.3 of the Articles of Association of the Company due to reclassification of Share Capital. (2) Approval for raising of limit for holding in the shareholding of the Company by Foreign Institutional Investors (FIIs) aggregating upto 49% of the paid up Equity Share Capital of the Company. (3) Approval under Section 81 and all other applicable provisions, if any, of the Companies Act, 1956 for issue of Equity Shares and/or Global Depository Shares (GDSs) and/or Global Depository Receipts (GDRs) and/or Securities convertible into Equity Shares and/or American Depository Receipts (ADRs) and/or Foreign Currency Convertible Bonds (FCCBs) representing Equity Shares and/or Debentures or Bonds convertible into Equity Shares.

EGM held on	Whether Special Resolution passed	Summary
		(4) Approval for issue of Equity Share Warrants to M/s. MNR Engineers Pvt. Ltd. on preferential basis.
26.9.2006	Yes	(1) Approval for issue and allotment of Equity Shares of Securities other than Warrants which are convertible into or exchangeable with Equity Shares ("Securities") to any Eligible Investors, including without limitation the Qualified Institutional Buyers ("QIBs") as defined under sub-clause (v) of clause 2.2.2B of the SEBI Guidelines, for an aggregate sum not exceeding Rs. 150 crores.
5.11.2007	Yes	(1) Approval for allotment of securities to permanent employees and Directors of the Company under a scheme titled "– AEL – Employee Stock Option Scheme 2007" ("AEL ESOS") upto (and including 15,00,000 (Fifteen Lakh only) Equity Shares of the Company of the face value of Rs. 10/- (Rupees ten only) each, for cash at a premium of Rs. 890/- per Equity Share aggregating to an issue price of Rs. 900/- per Equity Share fully paid up ("Securities"). (2) Approval for allotment of securities to permanent employees and Directors of Subsidiaries under a scheme titled "– AEL – Employee Stock Option Scheme 2007" ("AEL ESOS") upto (and including) 15,00,000 (Fifteen Lakh only) Equity Shares of the Company of the face value of Rs. 10/- (Rupees ten only) each, for cash at a premium of Rs. 890/- per Equity Share aggregating to an issue price of Rs. 900/- per Equity Share fully paid up ("Securities").
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.

Special Resolution passed at the Extraordinary General Meeting held during the year under review :

EGM held on	Whether Special Resolution passed	Summary
12.2.2009	Yes	(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 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.

EGM held on	Whether Special Resolution passed	Summary
12.2.09	Yes	<p>(2) Approval for appointment of new management team of Asian Electronics Ltd. led by Mr. Arun B. Shah, Non-Executive Chairman &amp; 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 &amp; ESPS) Guidelines, 1999 for issue of Equity Share Options to the eligible employees of the HOLDING 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 &amp; ESPS) 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>

EGM held on	Whether Special Resolution passed	Summary
12.2.09	Yes	<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 &amp; ESPS) Guidelines, 1999 for issue of Equity Share Options to the 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')'.</p>

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, 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 11<sup>th</sup> February, 2009 were declared at the Extra-Ordinary General Meeting held on the 12<sup>th</sup> February, 2009.

#### 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 30<sup>th</sup> June, 2009 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 14 – Schedule 24(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 two Whole time Directors 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.
- (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 vide its letter No. CFD/DCR/RC/TO/13060/04 dated 21<sup>st</sup> July, 2004 has made allegations against the Company about violation of regulations 6 and 8 of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997. SEBI has decided 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 24<sup>th</sup> 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](http://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 EDIFAR website from quarter ending 30<sup>th</sup> September, 2002 in compliance with Clause 51 of the Listing Agreement. This website is maintained by National Information Centre online which can be accessed on EDIFAR website: <http://sebidifar.nic.in>
- (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 and all the vital information relating to the Company and its products is displayed at the web site.

## VIII. Management Discussion and Analysis Report :

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

## IX. Shareholder Information :

### 1. Annual General Meeting :

<b>Date</b>	: 30 <sup>th</sup> September, 2009
<b>Time</b>	: 11.00 A.M.
<b>Venue</b>	: Registered Office of the Company at D-11, Road No. 28, Wagle Industrial Estate, Thane - 400 604. Maharashtra, India.

### 2. Financial Year : 2008-2009

### 3. Book closure date : 24<sup>th</sup> September, 2009 to 30<sup>th</sup> September, 2009

### 4. Dividend payment date : Not applicable

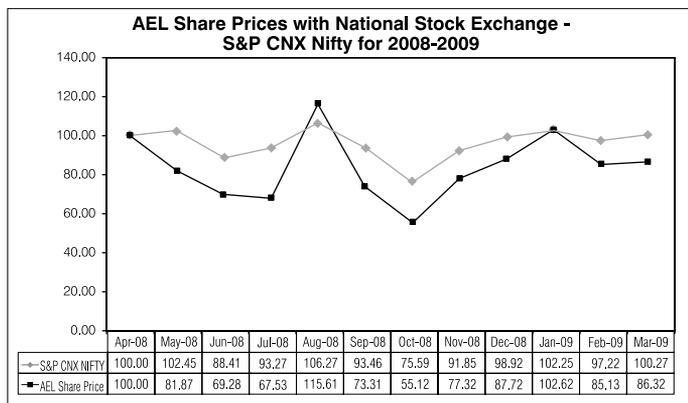
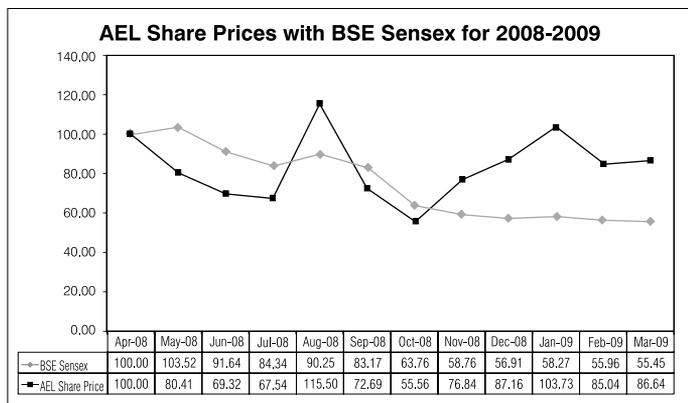
- ### 5. Listing of equity shares :
- The shares are listed on
- (1) Bombay Stock Exchange Ltd. (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 and
  - (2) National Stock Exchange of India Ltd. (NSE), "Exchange Plaza", Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051.

Annual listing fee for the year 2009-2010 (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, 2009 on Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd.

Month/ Year	Bombay Stock Exchange Ltd.			National Stock Exchange of India Limited.		
	High (Rs.)	Low (Rs.)	Volume (Nos.)	High (Rs.)	Low (Rs.)	Volume (Nos.)
Apr-08	244.80	188.00	3555744	234.80	189.05	4135301
May-08	202.00	146.00	3299337	201.00	146.00	2229856
Jun-08	151.50	89.75	9946938	150.90	89.50	11639834
Jul-08	94.80	68.15	17349226	94.35	68.00	21376216
Aug-08	106.70	81.50	17667894	106.70	81.00	17871285
Sep-08	93.70	43.10	6959383	93.60	44.00	5892060
Oct-08	55.10	20.90	5704774	55.05	20.80	6736501
Nov-08	36.80	21.60	4199882	37.10	21.55	4993757
Dec-08	29.85	21.05	2670335	30.10	21.35	3324804
Jan-09	30.90	21.90	1879043	31.00	21.80	2127723
Feb-09	24.85	20.05	947295	24.80	20.15	1622641
Mar-09	21.90	17.00	1035293	21.60	17.20	1119732



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 31<sup>st</sup> March, 2009 :**

No of Equity Shares held (Range)	No. of Share-holders	% of Share-holders	No. of Shares held	% of Share-holding
1 to 500	40872	89.09	5086797	17.02
501 to 1000	2819	6.14	2238138	7.49
1001 to 2000	1201	2.62	1812976	6.07
2001 to 3000	383	0.83	972175	3.25
3001 to 4000	164	0.36	584839	1.96
4001 to 5000	111	0.24	517272	1.73
5001 to 10000	183	0.40	1322693	4.43
10001 & above	143	0.31	17350054	58.06
Total	45876	100.00	29884944	100.00

10. **Categories of shareholding as on 31<sup>st</sup> March, 2009 :**

Category	No. of Share-holders	% of Share-holders	No. of Shares held	% of Share-holding
Promoters & Group Companies	7	0.02	9609190	32.15
Directors	2	0.00	420000	1.41
Financial Institution/ Banks	5	0.01	10440	0.03
Mutual Funds	4	0.01	3200	0.01
F.I.I.s, N.R.I.s & OCBS	474	1.03	1896836	6.35
Public	45384	98.93	17945278	60.05
Total	45876	100.00	29884944	100.00

**11. Dematerialisation of shares :**

During the previous years and the year under review 2,73,66,428 (91.57%) shares were dematerialised in the following depositories :

National Securities Depository Ltd. (NSDL)	17028346 (56.98%) shares
Central Depository Services (India) Ltd. (CDSL)	10338082 (34.59%) 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 K.V. Road, AmlI, Silvassa - 396 230.

**Chennai Unit (Since Closed)**

131/134, Krishna Industrial Estate & Mettukuppam, Chennai - 600 095.

**Bhiwandi Unit (w.e.f. 5.3.2007 and 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](mailto:jp@aelgroup.com) and [secdept@aelgroup.com](mailto:secdept@aelgroup.com) Website : [www.aelgroup.com](http://www.aelgroup.com)

Shareholder correspondence may be directed to :

Link Intime India Pvt. Ltd., 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](mailto: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. 95,297/- 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. Secretarial Audit :**

The Secretarial 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 31<sup>st</sup> March, 2009, 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 30<sup>th</sup> June, 2009, reference may be made to Note 3 of Schedule 24(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 Company has not established any formal whistle blower policy.

The above report has been placed before the Board at its meeting held on 29<sup>th</sup> August, 2009 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 31<sup>st</sup> March, 2009.

Place : Mumbai

Date : 29<sup>th</sup> August, 2009.

**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 31<sup>st</sup> March, 2009, 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: 29<sup>th</sup> August, 2009.

## 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, 2009 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.
  - 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.
  - e. On the basis of the written representations received from the Directors, as on March 31, 2009, and taken on

record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2009 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. No provision has been made for amounts receivable from Maharashtra State Electricity Distribution Company Ltd. (MSEDCL) aggregating to Rs. 4,114.09 Lacs shown separately under Current Assets, Loans & Advances which is considered good and recoverable by the Management. The above amount is under dispute as disclosed in Note 3 of Schedule 24(III). The impact of the same on the profits for the year is presently unascertainable.*

*ii. Note 3 of Schedule 24(III) regarding Provision for Depreciation of Earlier Years written back amounting to Rs. 698.29 Lacs. We are unable to express any opinion on the same.*

*g. Subject to what has been 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, 2009;
- (b) in the case of the Profit and Loss Account, of the profit 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

CA N. D. ANKLESARIA

Partner

Membership No. 10250

Place : Mumbai.

Date : 30<sup>th</sup> June, 2009

## 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, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii. a. As informed, the Company has not granted any loans, secured or unsecured, to Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the clauses 4(iii)(b) to (d) of the Order are not applicable to the Company.
- b. As informed, the Company has not taken any loans, secured or unsecured, from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the clauses 4(iii)(f) & (g) of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit we have not observed any continuing failure to correct major weaknesses in the internal controls.
- However, attention is invited to the matters stated in Note 8 of Schedule 24 (III).*
- v. In our opinion and according to the information and explanations provided by the management, there are no parties which are covered under the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(v) (a) & (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 accepted deposits from the public.
- vii. In our opinion according to the information and explanations given to us, the Company has an internal audit system 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 generally been regularly deposited with the appropriate authorities though there have been slight delays in a few cases.
- 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, no 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 were in arrears as at 31st March, 2009 for a period of more than six months from the date they became payable.
- 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 and sales 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
Tamil Nadu Sales Tax Act and Central Sales Tax Act	Sales Tax, Penalty and Interest	61.00	Assessment Year 2001-02	Honorable High Court of Madras
Tamil Nadu Sales Tax Act and Central Sales Tax Act	Sales Tax, Penalty and Interest	57.38	Assessment Year 2002-03	Appellate Commissioner Commercial Tax Tamil Nadu

According to the information and explanations given to us, there are no dues of wealth-tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute.

- x. In our opinion the accumulated losses of the Company at the end of the financial year are not more than fifty percent of its net worth. The Company has not incurred cash losses in the Current year however the Company has incurred cash loss in the immediately preceding financial year.
- xi. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of its dues to a financial institution or bank. *However the Company has defaulted in the payment of its dues to a debenture holder during the year.*
- xii. 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.
- xiii. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Order are not applicable to the Company.
- xiv. 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.

- xv. In our opinion and according to the information and explanations given by the management, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi. 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.
- xvii. 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.
- xviii. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix. During the year, the Company has issued 9.90% unsecured redeemable non convertible debentures amounting to Rs. 5000 Lakhs. No security or charge is required to be created in respect of these debentures.
- xx. According to the information and explanations given to us, the Company has not made any public issues during the year.
- xxi. 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

CA N. D. ANKLESARIA  
Partner  
Membership No. 10250

Place : Mumbai.  
Date : 30<sup>th</sup> June, 2009

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2009**

	Schedules	March 31, 2009 Rs. in Lacs	March 31, 2008 Rs. in Lacs
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share capital	1	1453.37	1451.75
Reserves and surplus	2	20381.19	20354.81
<b>Loan Funds</b>			
Secured loans	3	18406.39	14792.85
Unsecured loans	4	5478.89	6009.77
<b>Total</b>		<u>45719.84</u>	<u>42609.18</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross block	5	9977.31	14828.77
Less : Accumulated Depreciation/Impairment		5741.42	9292.74
Net block		4235.89	5536.03
Capital work in progress including capital advances		1100.02	347.26
<b>Investments</b>	6	4783.47	5059.06
<b>Current Assets, Loans and Advances</b>			
Inventories	7	8346.95	9451.38
Sundry debtors – Others	8	17498.83	12459.86
– ESCO	9	12974.12	8887.89
Cash and bank balances	10	567.19	1071.05
MSEDCL Receivables	11	4114.09	2350.48
Other Current Assets	12	7.19	7.62
Loans and advances	13	7294.77	7577.24
		50803.14	41805.52
<b>Less : Current Liabilities and Provisions</b>	14		
Current liabilities		15194.74	10642.08
Provisions		86.58	78.47
		15281.32	10720.55
<b>Net Current Assets</b>		35521.82	31084.97
<b>Miscellaneous Expenditure</b>			
(to the extent not written off or adjusted)	15	–	0.45
Profit and Loss Account		78.64	581.41
<b>Total</b>		<u>45719.84</u>	<u>42609.18</u>

**Notes to accounts**

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The Schedules referred to above and Notes to accounts form an integral part of the Balance Sheet.

As per our report of even date

For **SORAB S. ENGINEER & Co.**  
*Chartered Accountants*

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

Mumbai : 30<sup>th</sup> June, 2009

**RASIK D. GORADIA**  
*Sr. Vice President Finance &  
Company Secretary*

**SNEHAL J. SHAH**  
*Joint Chief Financial Officer*

For and on behalf of the Board of Directors

**ARUN B. SHAH**  
*Executive Chairman*

**HARESH G. DESAI**  
*Director*

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009

	Schedules	March 31, 2009 Rs. in Lacs	March 31, 2008 Rs. in Lacs
<b>INCOME</b>			
Sale of Goods [Net of Excise duty Rs. 1049.86 Lacs (Previous year: Rs. 2,183.42 Lacs)]	16	21179.29	21644.00
Other Income	17	223.78	364.64
<b>Total</b>		<u>21403.07</u>	<u>22008.64</u>
<b>EXPENDITURE</b>			
Materials Consumed	18	12706.98	14775.29
(Increase)/Decrease in Inventories	19	703.80	(5748.82)
Personnel Expenses	20	1341.18	1700.12
Manufacturing, Administrative and Other Expenses	21	4222.65	5596.65
Financial Expenses (Net)	22	2130.12	2112.21
Depreciation/Amortisation	5	460.82	1024.65
<b>Total</b>		<u>21565.55</u>	<u>19460.10</u>
<b>Profit before Exceptional Items and Tax</b>		(162.48)	2548.54
Exceptional Items	23	698.29	(17881.80)
Profit before tax		535.81	(15333.26)
<b>Less: Provision for taxation</b>			
Deferred tax – (credit)/charge		–	42.72
Fringe Benefit Tax		33.04	39.26
Excess Provision for Tax of Earlier Year Written Back		–	(4.25)
<b>Profit after tax</b>		502.77	(15410.99)
Balance brought forward from previous year		(581.41)	9329.58
Add: Amount transferred from General Reserve		–	5500.00
Profit available for appropriation		<u>(78.64)</u>	<u>(581.41)</u>
<b>Surplus carried to Balance Sheet</b>		<u>(78.64)</u>	<u>(581.41)</u>
Weighted average number of Equity Shares outstanding during the year for calculating basic earning per share.		2,98,84,944	2,96,44,944
Basic earnings per share of face value Rs. 5/- per share (in Rs.)		1.68	(51.99)
Weighted average number of Equity Shares outstanding during the year for calculating diluted earning per share.		2,98,84,944	2,96,44,944
Diluted earnings per share of face value Rs. 5/- per share (in Rs.)		1.68	(51.99)

[Refer Note 12 to schedule 24 (III)]

**Notes to Accounts**

24

The Schedules referred to above and Notes to accounts form an integral part of the Profit and Loss Account.

As per our report of even date

For **SORAB S. ENGINEER & Co.**  
*Chartered Accountants*

For and on behalf of the Board of Directors

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

**RASIK D. GORADIA**  
*Sr. Vice President Finance &  
Company Secretary*

**SNEHAL J. SHAH**  
*Joint Chief Financial Officer*

**ARUN B. SHAH**  
*Executive Chairman*

**HARESH G. DESAI**  
*Director*

Mumbai : 30<sup>th</sup> June, 2009

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009

	Mar 31, 2009 Rs. in Lacs	Mar 31, 2008 Rs. in Lacs
<b>A. CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES:</b>		
Profit before tax	535.81	(16018.34)
<b>Adjustments for:</b>		
Depreciation/Amortization	460.82	1024.65
Foreign exchange Loss/(Gain) (Net)	170.89	125.66
Misc Expenditure written off	0.45	0.26
Loss on sale of fixed assets	3.41	2.14
Interest expenses	3158.52	2031.77
Interest Income	(1028.40)	(227.79)
Exceptional items	(698.29)	19377.24
Sundry credit balances written back	(3.66)	(10.10)
Bad debts written off	7.80	269.36
Provision for doubtful debts/advances	510.79	123.06
<b>Operating profit before working capital changes</b>	<b>3118.14</b>	<b>6697.91</b>
<b>Movement in working capital:</b>		
(Increase)/Decrease in Inventories	1104.45	(4611.26)
(Increase) in Sundry Debtors	(11577.89)	(2347.24)
(Increase)/Decrease in Loans and Advances	426.86	(1574.99)
(Increase) in Current Liabilities/Provisions	4564.43	7713.47
<b>Cash generated from operations</b>	<b>(2364.01)</b>	<b>5877.89</b>
Direct Taxes paid (net)	(177.43)	(1038.69)
<b>Net cash generated from operating activities</b>	<b>(2541.44)</b>	<b>4839.20</b>
<b>B. CASH FLOWS USED IN INVESTING ACTIVITIES:</b>		
Purchase of fixed assets	(996.13)	(1153.04)
Refund of advance given for purchase of property	-	2498.26
Proceeds from sale of fixed assets	1777.57	2.81
Purchase of investments in Joint venture Companies	-	(276.00)
Purchase of investments	-	(4360.20)
Sale of Investments	275.59	-
Maturity of fixed deposits (net)	(80.74)	14.25
Interest received	1028.40	252.17
Deposits with other companies	-	322.71
<b>Net cash used in investing activities</b>	<b>2004.69</b>	<b>(2699.04)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from issuance of share capital	28.00	1296.00
Proceeds from issuance of unsecured non convertible debentures	4574.33	5000.00
Repayment of unsecured non convertible debentures	-	(5000.00)
Proceeds from borrowings	3613.55	2126.85
Repayment of borrowings	(5105.21)	(2024.73)
Interest paid	(3158.52)	(2031.77)
Dividend paid	-	(755.10)
<b>Net cash generated from financing activities</b>	<b>(47.85)</b>	<b>(1388.75)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(584.60)</b>	<b>751.41</b>
Cash and cash equivalents at the beginning of the year	824.82	73.41
<b>Cash and cash equivalents at the end of the year</b>	<b>240.22</b>	<b>824.82</b>
<b>Reconciliation of cash and cash equivalents</b>		
Cash in hand	95.45	27.19
Balance with scheduled banks – Current account	33.04	784.27
– Deposit account	326.97	246.23
– On Margin accounts	100.00	-
– On unpaid dividend accounts	11.73	13.36
Cash and bank balances as per Balance Sheet	567.19	1071.05
Less, Long term deposits considered in investing activities	(326.97)	(246.23)
<b>Cash and cash equivalents considered for cashflows</b>	<b>240.22</b>	<b>824.82</b>

As per our report of even date  
For **SORAB S. ENGINEER & Co.**

*Chartered Accountants*

**C.A. N. D. ANKLESARIA**

*Partner*

Membership No. 10250

Mumbai : 30<sup>th</sup> June, 2009

**RASIK D. GORADIA**  
*Sr. Vice President Finance &  
Company Secretary*

**SNEHAL J. SHAH**  
*Joint Chief Financial Officer*

For and on behalf of the Board of Directors

**ARUN B. SHAH**

*Executive Chairman*

**HARESH G. DESAI**  
*Director*

## SCHEDULES FORMING PART OF THE ACCOUNT

	March 31, 2009 Rs. in Lacs	March 31, 2008 Rs. in Lacs
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
8,00,00,000 (Previous Year: 8,00,00,000) Equity Shares of Rs. 5 each	4000.00	4000.00
	<u>4000.00</u>	<u>4000.00</u>
<b>Issued</b>		
2,98,86,044 (Previous Year: 2,98,86,044) Equity Shares of Rs. 5 each fully paid	1494.30	1494.30
	<u>1494.30</u>	<u>1494.30</u>
<b>Subscribed and Paid up</b>		
2,98,84,944 (Previous Year: 2,98,84,944) Equity Shares of Rs. 5 each fully paid	1494.25	1494.25
Less: Amount Recoverable from ESOP Trust [Refer Note 4 to Schedule 24 (III)]	40.88	42.50
<b>Total</b>	<u>1453.37</u>	<u>1451.75</u>
<b>Note:</b>		
<b>Subscribed and Paid up capital includes :</b>		
(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 had 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 (year 2006-07 : 4,00,000 equity shares of Rs.10/-each) to the shareholders of ARLPL, i.e. Asian Raymold Lighting Private Limited other than the Company.		
<b>SCHEDULE 2</b>		
<b>RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>		
As per last balance sheet	321.23	321.23
	<u>321.23</u>	<u>321.23</u>
<b>Capital Redemption Reserve</b>		
As per last balance sheet	87.62	87.62
	<u>87.62</u>	<u>87.62</u>
<b>Securities Premium Account</b>		
As per last balance sheet	20313.71	18933.71
Add : Additions during the year	-	1380.00
	<u>20313.71</u>	<u>20313.71</u>
Less : Amount Recoverable from ESOP Trust [Refer Note 4 to Schedule 24 (III)]	666.37	692.75
	<u>19647.34</u>	<u>19620.96</u>
<b>Special Reserve</b>		
As per last balance sheet	325.00	325.00
	<u>325.00</u>	<u>325.00</u>
<b>General Reserve</b>		
As per last balance sheet	-	5500.00
Less : Transferred to Profit & Loss Account	-	5500.00
	<u>-</u>	<u>-</u>
<b>Total</b>	<u>20381.19</u>	<u>20354.81</u>

## SCHEDULES FORMING PART OF THE ACCOUNT

### SCHEDULE 3 SECURED LOANS

#### Term loans from Financial institution Banks

Term Loan from IDBI – ESCO	7803.67	4943.09
Term Loan from IDBI – Others	263.21	334.91
Term Loan from UCO Bank	1500.00	2100.00
Interest Accrued and Due	14.13	–
Vehicle loan from Banks	5.17	46.25
Vehicle loan from Financial Institutions	–	1.05
Cash credit/working capital loans from Banks	8389.17	6690.12

#### Total

March 31, 2009 Rs. in Lacs	March 31, 2008 Rs. in Lacs
431.04	677.43
7803.67	4943.09
263.21	334.91
1500.00	2100.00
14.13	–
5.17	46.25
–	1.05
<u>8389.17</u>	<u>6690.12</u>
<u>18406.39</u>	<u>14792.85</u>
2953.40	2437.90

#### Repayment of secured loans due in next 12 months

#### Notes :

1. Rupee Term Loan of Rs. 431.04 lacs (Previous year Rs. 677.43 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. 181.66 lacs.
  - (6) Hypothecation of receivables from state electricity boards of amount not exceeding Rs. 1800 lacs.
2. Loan of Rs.1687.50lacs (Previous year Rs. 2250.00 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 Escro project subject to first prior charge of IREDA to the extent of Rs.1800 lacs.  
Loan of Rs.6379.38 lacs (Previous year Rs. 3028.00 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. 1514.13 lacs (Previous year Rs. 2100.00 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 of 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) Paripasu second charge on company's current assets excluding ESCO receivables and MSEDCL receivables.
4. Working Capital Facilities of Rs. 8389.17 lacs (Previous year Rs. 6690.12 lacs) are secured by :
  - (1) Hypothecation of current assets except Escro receivables.
  - (2) Second charge on immovable properties at 68, MIDC, Satpur, Nasik - 422 007.
5. Vehicle loan of Rs. 5.17 lacs (Previous year Rs. 47.30 lacs) from banks is secured by hypothecation of vehicles.

### SCHEDULE 4 UNSECURED LOANS

Short term loan – From Banks	900.00	6005.21
Short term loan – From Others		
Redeemable Non-Convertible Debentures	4125.00	4.56
Add : Interest accrued and due	453.89	–

#### Total

March 31, 2009 Rs. in Lacs	March 31, 2008 Rs. in Lacs
900.00	6005.21
4125.00	4.56
453.89	–
<u>5478.89</u>	<u>6009.77</u>
5478.89	6009.77

#### Repayment of unsecured loans due in next 12 months

1. Short term loan of Rs. 900 lacs from Bank of India subsequently secured by first charge by way of equitable mortgage on the immovable properties of the Company at Thane during the financial year 2009-10.
2. The above Redeemable Non Convertible Debentures issued to LIC Mutual Fund Asset Management Company Limited were to be redeemed in five equal monthly instalments of Rs. 1000 lacs each commencing from 15<sup>th</sup> December 2008.

## SCHEDULES FORMING PART OF THE ACCOUNT

## SCHEDULE 5: FIXED ASSETS

Particulars	Gross Block			Depreciation			Impairment			Net Block		
	As at 01.04.08	Additions/ Adjustments	Deductions/ Adjustments	As at 01.04.08	For the Year	Deductions/ Adjustments	As at 31.03.09	As at 01.04.08	Additions	Reversals	As at 31.03.09	As at 31.03.08
<b>Tangible Assets</b>												
Free Hold Land	2.95	-	-	-	-	-	-	-	-	-	2.95	2.95
Lease Hold	13.55	-	-	3.31	0.18	-	3.49	-	-	-	10.06	10.24
Factory Building	1191.09	5.78	-	322.34	35.58	-	357.92	-	-	-	838.95	868.76
Flat	6.21	-	-	0.80	-	-	0.80	5.41	-	-	-	-
Plant & Machinery	12311.57	223.53	5071.49*	6786.73	270.12	4000.43*	3056.42	1558.37	-	-	2848.82	3966.47
Furniture & Fixtures	251.08	2.99	3.79	153.17	12.68	1.67	164.18	4.89	-	-	81.21	93.02
Vehicle/Cycle	196.14	11.07	19.55	92.79	15.54	10.05	98.28	0.31	-	-	89.07	103.04
<b>Intangible Assets</b>												
Goodwill	119.00	-	-	26.33	23.80	-	50.13	-	-	-	68.87	92.67
Patents & Trademarks	22.76	-	-	12.31	2.28	-	14.59	-	-	-	8.17	10.45
Product & Development Cost	712.21	-	-	325.88	100.20	0.12	425.96	-	-	-	286.25	386.33
Software	2.21	-	-	0.10	0.44	(0.13)	0.67	-	-	-	1.54	2.10
<b>Total</b>	14828.77	243.37	5094.83	7723.76	460.82	4012.14	4172.44	1568.98	-	-	4235.89	5536.03
Previous Year Total	13224.72	1,655.29	51.24	6745.39	1024.65	46.28	7723.76	1568.98	-	-	5536.03	

Notes:

- \*Refer Note No.3 to Schedule 24(III).
- Plant & Machinery taken on lease and subleased Rs. 21781.24 lacs (Previous year – Rs. 21781.24 lacs).

## SCHEDULES FORMING PART OF THE ACCOUNT

	March 31, 2009 Rs. in Lacs	March 31, 2008 Rs. in Lacs
<b>SCHEDULE 6</b>		
<b>INVESTMENTS</b>		
<b>Long Term Investments (At cost)</b>		
<b>Trade Investments (Unquoted)</b>		
<b>In Others</b>		
10,000 (Previous year – 10,000) Shares of Asian Electronics LLC, Delaware, USA. of US\$ 1 each fully paid up	4.54	4.54
4,750 (Previous year – 4,750) Equity shares of Global Energy Management (Europe) Ltd. of pound 1 each fully paid up	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 5 to Schedule 24 (III)]	4360.20	4360.20
<b>In Joint Ventures</b>		
20,000 (Previous year – 20,000) Equity shares of Midcom Magnetics Management Pvt. Ltd. of Rs. 10 each fully paid up	139.50	139.50
15,00,000 (Previous year – 15,00,000) Equity shares of Asian Retail Lighting Ltd. of Rs. 10 each fully paid up	150.00	150.00
12,60,000 (Previous year – 4,20,000) Equity shares of Home Lighting India Ltd. of Rs. 10 each fully paid up	126.00	42.00
Share Application Money – Home Lighting India Ltd. (During the year Rs. 84 Lacs of Share Application Money was converted into 8.40 Lac shares of Rs. 10 each.)	–	84.00
<b>Current Investments (At lower of cost and market value)</b>		
Nil (Previous year – 885) Shares of STS PCB Ltd., Ireland of EURO 1 each fully paid	–	275.59
<b>Total</b>	<u>4783.47</u>	<u>5059.06</u>
Aggregate amount of unquoted investments	<u>4783.47</u>	<u>5059.06</u>
<b>SCHEDULE 7</b>		
<b>INVENTORIES (at lower of cost and net realisable value)</b> (as taken, valued and certified by the management)		
Raw Materials [including stock in transit Rs. 9.90 Lacs (Previous year Rs. 219.19 Lacs)]	3772.42	4088.79
Work in Progress	4109.59	4136.32
Finished Goods	5896.65	6573.72
Spares and Trading Stock	175.92	239.20
Contract WIP	5.37	26.35
	<u>13959.95</u>	<u>15064.38</u>
Less : Provision for Inventory	<u>5613.00</u>	<u>5613.00</u>
<b>Total</b>	<u>8346.95</u>	<u>9451.38</u>
<b>SCHEDULE 8</b>		
<b>SUNDRY DEBTORS (Unsecured)</b>		
Debts outstanding for period exceeding six months:		
Considered good	7108.90	4693.96
Considered doubtful	13115.54	12920.93
Other Debts – considered good – (Refer note 1 below)	10389.93	7765.90
	<u>30614.37</u>	<u>25380.79</u>
Less : Provision for doubtful debts	<u>13115.54</u>	<u>12920.93</u>
<b>Total</b>	<u>17498.83</u>	<u>12459.86</u>
<b>Note :</b>		
1. Includes Rs. 218.90 lacs (Previous year Rs. 1073.36 lacs) for sale made on deferred payment terms.		
2. Included in Sundry Debtors:		
(a) Dues from Companies under the same management Global Energy Management	77.77	77.77

## SCHEDULES FORMING PART OF THE ACCOUNT

	March 31, 2009 Rs. in Lacs	March 31, 2008 Rs. in Lacs
<b>SCHEDULE 9</b>		
<b>ESCO Debtors (Unsecured)</b>		
Debts outstanding for period exceeding six months :		
Considered good	10593.60	209.21
Considered doubtful	62.14	0.00
Other Debts – considered good	2380.52	8678.68
	<u>13036.26</u>	<u>8887.89</u>
Less : Provision for doubtful debts	62.14	–
<b>Total</b>	<u><u>12974.12</u></u>	<u><u>8887.89</u></u>
<b>SCHEDULE 10</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on hand	95.45	27.19
Balances with Scheduled Banks :		
on current accounts	32.92	784.15
on deposit accounts	326.97	246.23
on margin accounts	100.00	–
on unpaid dividend accounts	11.73	13.36
Balance with other Banks (National Co-Op Bank) : (Note below)		
on current account	0.12	0.12
<b>Total</b>	<u><u>567.19</u></u>	<u><u>1071.05</u></u>
Note:		
Non-Scheduled Bank: Maximum balance during the year with National Co-Operative Bank Ltd.	0.12	0.12
<b>SCHEDULE 11</b>		
<b>MSEDCL – Receivables [Refer Note No. 3 to Schedule 24 (III)]</b>		
Debtors (Outstanding for a period exceeding 6 months)	1839.40	1839.40
Loans & Advances	505.33	511.08
Fixed Assets	1769.36	–
<b>Total</b>	<u><u>4114.09</u></u>	<u><u>2350.48</u></u>
<b>SCHEDULE 12</b>		
<b>Other Current Assets</b>		
Interest receivable	7.19	7.62
<b>Total</b>	<u><u>7.19</u></u>	<u><u>7.62</u></u>

## SCHEDULES FORMING PART OF THE ACCOUNT

	March 31, 2009 Rs. in Lacs	March 31, 2008 Rs. in Lacs
<b>SCHEDULE 13</b>		
<b>LOANS AND ADVANCES</b>		
(Unsecured, considered good, unless otherwise stated)		
Inter-corporate loans	94.90	126.39
Other loans (Refer note 1 below)	100.00	100.00
<b>Advances recoverable in cash or in kind or for value to be received :</b>		
Considered good	318.83	337.68
Considered doubtful	199.59	199.59
<b>Advances to suppliers :</b>		
Considered good	4538.72	4789.10
Considered doubtful	1039.16	820.67
<b>Balance with excise authorities/sales tax authorities, etc. :</b>		
Considered good	710.61	815.19
Considered doubtful	95.05	95.05
Prepaid Expenses	11.33	0.00
Advance Income tax payments (Net of Provision Rs. 1520.69 Lacs)	904.87	760.48
<b>Deposits:</b>		
Against lease rent payable	35.05	35.05
Others	580.46	613.35
	8628.57	8692.55
Less : Provision for doubtful advances	1333.80	1115.31
	7294.77	7577.24
<b>Total</b>	50803.14	41805.52
<b>Notes:</b>		
1. Includes loan to Officer of the Company		
Outstanding as at year end	50.00	50.00
Maximum balance during the year	50.00	50.00
<b>SCHEDULE 14</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
Sundry creditors		
(a) total outstanding dues of Micro and Small Enterprises [Refer Note 1 to Schedule 24 (III)]	205.50	307.63
(b) total outstanding dues of creditors other than Micro and Small Enterprises	12232.04	6287.20
Advances from Customers	89.70	1052.20
Due to joint venture company	130.10	111.19
Security deposits	194.58	62.84
Amounts due to Investors Education & Protection Fund (as and when due) – unpaid dividends	11.75	13.35
Others	2331.07	2807.67
	15194.74	10642.08
<b>PROVISIONS</b>		
Provision for Gratuity	52.77	25.96
Provision for Leave Encashment	33.81	52.51
	86.58	78.47
<b>Total</b>	15281.32	10720.55
<b>SCHEDULE 15</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
(To the extent not written off or adjusted)		
As per last balance sheet	0.45	0.71
Less : Charged off during the year	0.45	0.26
	-	0.45
<b>Total</b>	-	0.45

## SCHEDULES FORMING PART OF THE ACCOUNT

	March 31, 2009 Rs. in Lacs	March 31, 2008 Rs. in Lacs
<b>SCHEDULE 16</b>		
<b>SALES</b>		
Sale of Goods	21943.90	23287.67
Less : Excise duty	<u>1049.86</u>	<u>2183.42</u>
	20894.04	21104.25
Lease rent and maintenance charges	285.25	539.75
<b>Total</b>	<u><u>21179.29</u></u>	<u><u>21644.00</u></u>
<b>SCHEDULE 17</b>		
<b>OTHER INCOME</b>		
Sundry Credit balances written back (net)	3.66	10.10
Foreign exchange fluctuation-(net)	-	146.77
Miscellaneous income	<u>220.12</u>	<u>207.77</u>
<b>Total</b>	<u><u>223.78</u></u>	<u><u>364.64</u></u>
<b>SCHEDULE 18</b>		
<b>MATERIALS CONSUMED</b>		
Raw materials consumed :		
Opening stock	4088.79	5102.53
Add : Purchases	<u>7260.31</u>	<u>8955.41</u>
	11349.10	14057.94
Less : Closing Stock	<u>3772.42</u>	<u>4088.79</u>
	7576.68	9969.15
Stores and spares consumed	56.21	119.93
Packing materials consumed	213.57	451.98
Cost of traded materials	<u>4860.52</u>	<u>4234.23</u>
<b>Total</b>	<u><u>12706.98</u></u>	<u><u>14775.29</u></u>
<b>SCHEDULE 19</b>		
<b>(INCREASE)/DECREASE IN INVENTORIES</b>		
<b>Opening stock :</b>		
Finished goods	6573.72	2482.83
Work-in-progress	<u>4136.32</u>	<u>2478.39</u>
	10710.04	4961.22
<b>Closing stock :</b>		
Finished goods	5896.65	6573.72
Work-in-progress	<u>4109.59</u>	<u>4136.32</u>
	10006.24	10710.04
<b>(Increase)/Decrease in Inventories</b>	<u><u>703.80</u></u>	<u><u>(5748.82)</u></u>
<b>SCHEDULE 20</b>		
<b>PERSONNEL EXPENSES</b>		
Salaries, wages and bonus	1153.42	1552.02
Contribution to provident and other funds	132.50	74.83
Gratuity Expenses [Refer Note 9 to Schedule 24 (III)]	18.43	8.66
Workmen and staff welfare expenses	<u>36.83</u>	<u>64.61</u>
<b>Total</b>	<u><u>1341.18</u></u>	<u><u>1700.12</u></u>

## SCHEDULES FORMING PART OF THE ACCOUNT

	March 31, 2009 Rs. in Lacs	March 31, 2008 Rs. in Lacs
<b>SCHEDULE 21</b>		
<b>MANUFACTURING, ADMINISTRATIVE AND OTHER EXPENSES</b>		
Lease rent for equipments [Refer Note 3 to Schedule 24 (III)]	7.43	7.43
Installation and maintenance charges	404.47	554.60
Rent	120.11	162.31
Rates and taxes	24.04	19.53
Electricity charges	83.12	109.58
Freight and forwarding charges	604.85	765.26
Repairs and maintenance :		
Buildings	1.78	26.25
Machinery	7.67	31.28
Others	380.40	338.08
Insurance	55.36	81.29
Travelling and conveyance	276.38	359.58
Communication expenses	89.86	114.57
Commission (to other than sole selling agents) and brokerage	807.39	1155.25
Legal and professional charges	213.75	482.10
Discounts & rebates	31.77	61.10
Advertisement	15.91	305.73
Auditors' remuneration :		
For audit	18.00	29.57
For other services	-	0.89
Directors' sitting fees	3.85	3.75
Baddebts Written off	7.80	269.36
Foreign Exchange Fluctuation (Net)	170.89	-
Loss on sale/write off of assets	3.41	2.14
Provision for doubtful debts/advances	510.79	123.06
Excise duty on closing stock	4.91	46.85
Miscellaneous expenses	378.71	547.09
<b>Total</b>	<u>4222.65</u>	<u>5596.65</u>
 <b>SCHEDULE 22</b>		
<b>FINANCIAL EXPENSES</b>		
Finance and bank charges	399.91	308.22
Interest :		
On term loans	1146.66	675.64
On debentures	453.89	258.58
On others	1158.06	1097.56
<b>Total</b>	<u>3158.52</u>	<u>2340.00</u>
Less : Interest Income [Refer Note No. 7 To Schedule 24(II)]		
From Banks [Tax deducted at source Rs. 3.90 Lacs (Previous year – Rs. 4.26 Lacs)]	19.74	21.76
From Others [Tax deducted at source Rs. 61.70 Lacs (Previous year – Rs. 5.85 Lacs)]	1008.66	206.03
<b>Total</b>	<u>2130.12</u>	<u>2112.21</u>
 <b>SCHEDULE 23</b>		
<b>EXCEPTIONAL ITEMS</b>		
Provision for doubtful debts	-	12725.00
Provision for inventory	-	5613.00
Provision for doubtful advances	-	1039.25
Return of materials	-	(810.37)
Provision for Depreciation of earlier Years Written Back [Refer Note No. 3 to Schedule 24(III)]	(698.29)	-
	<u>(698.29)</u>	<u>18566.88</u>
Less : Deferred Tax asset on Provision for doubtful debts	-	685.08
<b>Total</b>	<u>(698.29)</u>	<u>17881.80</u>

## SCHEDULES FORMING PART OF THE ACCOUNTS

## SCHEDULE 24 (I)

## NOTES TO THE ACCOUNTS

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

Installed capacities and production

Class of Goods	Unit	Installed Capacity		Unit	Production
Capacitors	Nos.	24,00,000	<i>24,00,000</i>	Mfd	65,777 <i>49,913</i>
Automatic load monitoring/ management system	Nos.	30,000	<i>30,000</i>	Nos.	—
Decorative Fixtures & Bracing for Fan	Nos.	18,00,000	<i>18,00,000</i>	Nos.	—
Distribution transformer core	Kgs.	1,50,000	<i>1,50,000</i>	Nos.	—
Retrofit electronic lighting system	Nos.	24,00,000	<i>24,00,000</i>	Nos.	1,31,23,114 <i>1,56,08,747</i>
Machinery for solid waste management	Nos.	20	<i>20</i>	Nos.	— 2
Tubelight fittings/Energy Saving Devices for Tubelights	Nos.	12,00,000	<i>12,00,000</i>	Nos.	—
Power Plants/parts	Nos.	480	<i>480</i>	Nos.	—

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 sales and production is certified by Directors and accepted by the Auditors as correct.

Sales	Unit	Quantity	Rs. in lacs	Quantity	Rs. in lacs
		(2008-09)	(2008-09)	(2007-08)	(2007-08)
Capacitors	Mfd	65,777	20.13	49,913	13.41
Decorative Fixtures & Bracing for Fan	Nos.	2,41,908	130.87	—	—
Retrofit electronic lighting system	Nos.	1,31,10,836	17315.52	1,42,76,794	17085.63
Tubelight fittings/ Trading sales			3427.52		4005.21
Rent and maintenance			285.25		539.75
<b>Total</b>			<b>21179.29</b>		<b>21644.00</b>

Details of Finished Goods	Unit	Opening Stock		Closing Stock	
		Quantity (2008-09)	Rs. in lacs (2008-09)	Quantity (2008-09)	Rs. in lacs (2008-09)
Capacitors	Mfd	—	—	—	—
Automatic load monitoring/ management system	Nos.	4	—	4	—
Decorative Fixtures & Bracing for Fan	Nos.	2,41,908	130.87	—	—
Retrofit electronic lighting system	Nos.	31,39,212	2842.85	31,51,490	2296.65
Machinery to solid waste Mgmt	Nos.	2	3600.00	2	3600.00
<b>Total</b>			<b>6573.72</b>		<b>5896.65</b>
			<i>2482.83</i>		<i>6573.72</i>

Figures in Italics pertain to previous year

## SCHEDULES FORMING PART OF THE ACCOUNTS

### SCHEDULE 24 (I) (Continued)

#### NOTES TO THE ACCOUNTS

		2008-09	2008-09	2007-08	2007-08
		Quantity	Rs. in lacs	Quantity	Rs. in lacs
<b>Consumption of raw materials</b>					
Tube rods	Nos.	14,36,380	744.32	14,21,934	627.24
Others		–	6832.36	–	9341.91
<b>Total</b>			<b>7576.68</b>		<b>9969.15</b>
<b>Trading materials</b>					
Lighting components/fixtures			4860.52		4234.23
			<b>4860.52</b>		<b>4234.23</b>

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.

		% of total consumption	2008 -09 Rs. in lacs	% of total consumption	2007-08 Rs. in lacs
<b>Consumption of raw materials</b>					
Imported		28.66%	2171.83	32.85%	3274.65
Indigenous		71.34%	5404.85	67.15%	6694.50
<b>Total</b>		<b>100%</b>	<b>7576.68</b>	<b>100%</b>	<b>9969.15</b>
<b>Stores and spares</b>					
Imported		–	–	–	–
Indigenous		100%	56.21	100%	119.93
<b>Total</b>		<b>100%</b>	<b>56.21</b>	<b>100%</b>	<b>119.93</b>

#### 2. Expenditure in foreign currency (Accrual basis)

Particulars	2008-09 Rs. in lacs	2007-08 Rs. in lacs
Traveling expenses	14.63	5.50
Professional and Consultation fees	40.27	138.05
R & D	12.98	–
Others	–	0.12
	<b>67.88</b>	<b>143.67</b>

#### 3. Value of Imports Calculated on CIF basis

Particulars	2008-09 Rs. in lacs	2007-08 Rs. in lacs
Raw materials	2706.18	3642.83
Capital goods	385.71	812.90
	<b>3091.89</b>	<b>4455.73</b>

## SCHEDULE 24 (I) (Continued)

## NOTES TO THE ACCOUNTS

## 4. Net Dividend remitted in foreign exchange

Particulars	2008-09 Rs. in lacs	2007-08 Rs. in lacs
Number of non- resident shareholders	474	168
Number of Equity Shares held on which dividend was due	18,96,836	91,070
Gross amount of dividends		
Amount deposited in their bank accounts in India	–	4.10
Remittance in foreign currency	–	–

## 5. Earnings in Foreign Exchange (Accrual basis)

Particulars	2008-09 Rs. in lacs	2007-08 Rs. in lacs
Exports at FOB value	852.67	438.13
Others	–	–
	852.67	438.13

## 6. Capital Commitments

Particulars	2008-09 Rs. in lacs	2007-08 Rs. in lacs
Estimated amount of contracts remaining to be executed on capital account and not provided for (net off advances).	–	–

## 7. Contingent Liabilities not provided for

Particulars	2008-09 Rs. in lacs	2007-08 Rs. in lacs
Claims against the Company not acknowledged as debts – Refer Note (a)	633.16	546.55
Guarantees given by the bankers on behalf of the Company	3045.04	2949.56
Bills/LC discounted with banks	1574.81	–
Outstanding Letters of credit	5961.87	3264.85
Disputed income tax demand – Refer Note (b)	232.87	232.87
Disputed Sales tax demand – Refer Note (c)	118.37	118.37
	11566.12	7112.20

## 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 23<sup>rd</sup> 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. 232.87 lacs (Previous year - Rs. 232.87 lacs) arising from disallowances made in assessments which are pending with Appellate Authorities for its decision. Against this, the Company has made advance payments of Rs. Nil (Previous year - Rs. NIL)
- The Company has not provided for disputed sales tax liability of Rs. 118.37 lacs (Previous year - Rs. 118.37 lacs) arising from disallowances made in assessments which are pending with Appellate Authorities for its decision.

## SCHEDULE 24(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 under the historical cost convention on an accrual basis in accordance with the Generally Accepted Accounting Principles, Accounting Standards issued by the Institute of Chartered Accountants of India, as applicable, and the relevant provisions of the Companies Act, 1956. 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.5000 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 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 reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be 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 or virtually certain, as the case may be, 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 reasonably certain or virtually certain, as the case may be, 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 24(III)

#### NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS

1. (a) Sundry Creditors include principal amount of Rs. 205.50 lacs (Rs. 307.63 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, 2009 are as under:

A.B. Stamping, Aashirwad Press Toolss, Bhamre Saw Mill, Chafekar Engineering Works, Libra Industries, See Megh Industrial Electricals Pvt.Ltd., Shiva Enterprises, Suprim Engineering, Swami Samarth Electronics Pvt Ltd, Swati Packagers, Victory Metal Finisher, Bhagyashree Eng. Pvt. Ltd., Bright Light Company, Doshi Trading Co., Garima Enterprises, Kalpana Enterprises, Kamal Industries, M.M.Woodland & Co., M-Tech Trading Co., Nisha Enterprises, Mangesh Industries, Perfect Engraving Works, Pramod Fibre-Plast Pvt Ltd, Pushkraj Packagin, Sa Enterprises, Sai Ashish Enterprises.

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. 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. 3 below, some of which are acquired on lease. Future lease rentals receivable against the said assets on lease as on March 31, 2009 is Rs. 185.18 lacs. (Previous Year 363.59 lacs). The Company has not considered the future lease rentals receivable on these leased assets in the current financial statement.
3. 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. 18<sup>th</sup> 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 year, the Company has treated the book value (as at 1<sup>st</sup> 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. 4114.09 lacs as Claims Receivables from MSEDCL and shown separately under Current Assets considering it as good and recoverable. The difference between the book value of Leased Equipments as at 1<sup>st</sup> April, 2008 and that as on the date of termination amounting to Rs. 698.29 lacs is attributable to depreciation charged after the date of termination. Accordingly this amount is shown as an Exceptional Item (Schedule 23) and is also included in the amount receivable from MSEDCL. The Company has not recognized income from the operating lease under the said contract after 18<sup>th</sup> December, 2006. The total amount of such lease rentals not recognized by the Company for the year is Rs. 2166.30 lacs, amount not recognized as revenues till 31<sup>st</sup> March 2009 from the date of dispute is Rs. 5690.37 lacs. Total rental recoverable from MSEDCL under dispute is Rs. 11369.67 lacs.
4. During the financial year 2005-2006, the Company has instituted Employees' Stock Option Plan. 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 31<sup>st</sup> March 2009 are as under:

Particulars	Shares arising out of options
Outstanding at the beginning of the year	8,50,000
Forfeited during the year	NIL
Options exercised during the year	NIL
Outstanding at the end of the year	8,50,000

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

For the purpose of constitution of the Trust and issue of Equity Shares to the Trust, the current 8,50,000 options granted to the employees have been temporarily relinquished by the employees, to be re-granted with effect from original date of grant, and provisions have been made in the Scheme to that effect.

The Company has already allotted 8,50,000 Shares to the Trust on 31<sup>st</sup> 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 balance outstanding as on 31<sup>st</sup> March 2009 is Rs. 707.25 lacs which is adjusted against Share Capital and Securities Premium Account.

The Company has received an in-principle approval for listing of the shares from Stock Exchanges where the securities are listed on 29<sup>th</sup> May 2009.

5. The Company had entered into the business of manufacture and sale of plant and machinery in the earlier years for converting Waste into Energy and had also agreed to issue shares in lieu of certain exclusive and perpetual rights. Some minority shareholders of the Company, which owns the technology, have challenged the rights of the Company before Company Law Board and the matter is pending for over two year. Also, there was an accident in the Research & Development in the previous year where a plant was under modification. The Company called back the plants supplied so far and pending resolution of such dispute decided to suspend the business of manufacture of plant and machinery and withdrawn the scheme of arrangement wherein further issue of shares of the Company was contemplated. As a result, the net assets (net of tax effect) of the Oil business amounting to Rs. Nil (Previous Year Rs. 17881.80 lacs) was provided as exceptional items.
6. 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.
7. In the opinion of the Board, the current assets, loans and advances are approximately of the value stated if realized in the ordinary course of the business. The provisions for all known liabilities are adequate.
8. Balances of Sundry Debtors, Loans and Advances and Sundry Creditors are subject to confirmations, reconciliation and consequential adjustments, if any.

## 9. Employee Benefits – Gratuity

### Defined Benefit Plans -

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 following tables summarise 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

	2008-09 Rs. in lacs	2007-2008 Rs. in lacs
<b>Net employee benefit expense (recognized in Employee Cost)</b>		
Current service cost	13.27	12.45
Interest cost on benefit obligation	6.85	5.59
Expected return on plan assets	(7.42)	3.82
Net actuarial Losses/(Gains) recognized in the year	(12.29)	(5.56)
Past service cost	–	–
<b>Net benefit expense</b>	<b>0.41</b>	<b>8.66</b>
Actual return on plan assets	(11.09)	3.82

### Balance Sheet

	March 31, 2009 Rs. In lacs	March 31, 2008 Rs. In lacs
<b>Details of benefit obligation:</b>		
Defined Benefit Plan obligations	52.77	81.26
Fair value of plan assets	71.56	55.30
	(18.79)	25.96
Less – Unrecognized past service cost	–	–
<b>Plan Liability</b>	<b>(18.79)</b>	<b>25.96</b>

	2008-2009 Rs. In lacs	2007-2008 Rs. In lacs
<b>Changes in the present value of the defined benefit obligation are as follows:</b>		
Opening defined benefit obligation	81.26	69.86
Current service cost	13.27	12.45
Interest cost	6.85	5.59
Benefits paid	(17.81)	1.08
Actuarial Losses/(Gains) on obligations	(30.80)	(5.56)
<b>Closing defined benefit obligation</b>	<b>52.77</b>	<b>81.26</b>

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

	March 31, 2009 Rs. In lacs	March 31, 2008 Rs. In lacs
<b>Opening fair value of plan assets</b>	<b>55.30</b>	<b>45.30</b>
Expected return	7.42	3.82
Contributions by employer	45.16	7.27
Benefits paid	(17.81)	1.08
Actuarial gains/(Losses)	(18.51)	–
<b>Closing fair value of plan assets</b>	<b>71.56</b>	<b>55.30</b>

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

	March 31, 2009 %	March 31, 2008 %
<b>Category of Assets</b>		
Investment with Insurer	100%	100%

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

Particulars	2008-2009	2007-2008
Discount	8.00%	8.00%
Expected rate of return on plan assets	8.00%	8.42%
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.

## 10. Director's Remuneration:

Particulars	2008-2009 Rs. in lacs	2007-2008 Rs. in lacs
Salaries	23.48	55.76
Commission:		
To Managing Director and Whole-time Directors	–	6.98
To Other Directors	–	4.00
Exgratia	1.92	–
Contribution to Provident and other Funds	1.89	3.35
Contribution to Superannuation fund	0.56	0.96
Gratuity Paid	16.45	–
Perquisites	5.15	4.77
<b>Total</b>	<b>49.45</b>	<b>75.82</b>

As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above.

## 11. 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 31<sup>st</sup> March 2009 are as follows:

(Rs. lacs)

Particulars	2008-2009	2007-2008
Assets	157.65	153.90
Liabilities	7.86	7.31
Income	133.27	156.10
Expenses	127.95	151.76

There are no contingent liabilities and capital expenditure commitments of the Joint Venture.

- (ii) The Company has a 42% interest in a Joint Venture Company, Home Lighting India Ltd., incorporated in India, which is involved in selling of home lighting products in organized retail sector which include designer ambience and mood lighting.

The Company's proportionate share of the assets, liabilities, expenses and income of the jointly controlled entity as per Unaudited Accounts as at 31<sup>st</sup> March 2009 are as follows:

(Rs. lacs)

Particulars	2008-2009	2007-2008
Assets	444.55	223.58
Liabilities	317.04	97.19
Income	597.37	250.62
Expenses	595.98	239.69

There are no contingent liabilities and capital expenditure commitments of the Joint Venture.

- (iii) The Company has a 50% interest in a Joint Venture Company, Asian Retail Lighting Ltd., incorporated in India, which is involved in providing lighting solution to retail industry.

The Company's proportionate share of the assets, liabilities, expenses and income of the jointly controlled entity as per Unaudited Accounts as at 31<sup>st</sup> March 2009 are as follows:

(Rs. lacs)

Particulars	2008-2009	2007-2008
Assets	674.33	604.50
Liabilities	478.48	409.52
Income	1301.37	1578.78
Expenses	1297.68	1539.24

There are no contingent liabilities and capital expenditure commitments of the Joint Venture.

## 12. Earnings Per Share

Particulars	31st March 2009	31st March 2008
<b>Basic/Diluted Earning Per Share</b>		
Numerator used for Calculating Basic Earning Per Share – Net Profit after Tax (Rs. in lacs)	502.77	(15410.99)
Weighted Average number of shares used as denominator for Calculating Basic Earning Per Share (in Nos.)	29884944	29644944
<b>Basic/Diluted Earnings pre Share (in Rs.)</b>	<b>1.68</b>	<b>(51.99)</b>

## 13. Deferred Tax

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

In compliance with the 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.

## 14. 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. 120.11 lacs (Rs. 162.31 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)	2008-09	2007-08
Not later than one year	100.26	178.41
Later than one year and not later than five year	84.92	181.88
Later than five year	–	3.30
<b>Total</b>	<b>185.18</b>	<b>363.59</b>

## 15. Related Parties Disclosure

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

(a) Subsidiary

Nil

(b) Joint Venture:

Midcom Magnetics Management Private Limited

Asian Retail Lighting Limited

Home Lighting India Limited

(c) Key Management Personnel

Mr. Arun Shah, Chairman

Mr. Suresh Shah, Chairman Emeritus.

Mr. Jinendra Shah, Executive Director up to 3. 5. 2009

(d) Relatives of Key Management Personnel

Ms. Usha Shah, wife of Mr. Suresh Shah

Ms. Harshada Shah wife of Mr. Jinendra Shah

(e) Enterprises over which any person specified in (c) or (d) 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.

Shah Investments Financial Developments & Consultants Private Limited  
 U. S. Instruments Private Limited  
 K. Virji & Company Pvt. Ltd.  
 Indage Vintners Limited  
 Sirius Capital Services Limited  
 Indage Restaurants and Leisure Limited  
 Pranamghar (India) Private Limited  
 MNR Engineering Private Limited  
 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

(Rs. in lacs)

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	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
<b>Sales</b>														
K. Virji & Company Pvt. Ltd.	-	-	-	-	-	-	-	-	-	-	0.02	-	0.02	-
STS PCB Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Midcom Magnetics Management Pvt. Ltd.	-	-	-	-	270.74	320.97	-	-	-	-	-	-	270.74	320.97
Asian Retail Lighting Limited	-	-	-	-	24.39	2,188.78	-	-	-	-	-	-	24.39	2,188.78
Home Lighting India Limited	-	-	-	-	13.01	37.48	-	-	-	-	-	-	13.01	37.48
Asian Electronics LLC USA	-	16.51	-	-	-	-	-	-	-	-	-	-	-	16.51
<b>Lease Rent Paid.</b>														
Shah Investments Financials Developments & Consultants Pvt. Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Legal &amp; Professional Fees</b>														
Dalal Desai & Kumana	-	-	-	-	-	-	-	-	-	-	2.00	-	2.00	-
Sirus Capital Services Ltd.	-	-	-	-	-	-	-	-	-	-	2.76	-	2.76	-
<b>Reimbursement of Expenses</b>														
Shah Investments Financials Developments & Consultants Pvt. Ltd.	-	-	-	-	-	-	-	-	-	-	0.00	0.12	-	0.12
Midcom Magnetics Management Pvt. Ltd.	-	-	-	-	15.46	19.95	-	-	-	-	-	-	15.46	19.95
<b>Rent Paid</b>														
K. Virji & Company Pvt. Ltd.	-	-	-	-	-	-	-	-	-	-	0.07	0.39	0.07	0.39
<b>Receipt on Conversion of Equity Share Warrant into Equity Shares</b>														
Shah Investments Financials Developments & Consultants Pvt. Ltd.	-	-	-	-	-	-	-	-	-	-	-	1,296.00	-	1,296.00
<b>Advance Received</b>														
Pranamghar India Pvt. Ltd.	-	-	-	-	-	-	-	-	-	-	50.00	-	50.00	-
<b>Advance Paid</b>														
Pranamghar India Pvt. Ltd.	-	-	-	-	-	-	-	-	-	-	25.00	-	25.00	-
U.S. Instruments Pvt. Ltd.	-	-	-	-	-	-	-	-	-	-	40.89	2,414.29	40.89	2,414.29
Asian Electronics LLC USA	-	27.28	-	-	-	-	-	-	-	-	-	-	-	27.28
<b>Dividend Paid</b>														
Mrs. Usha S. Shah	-	-	-	-	-	-	-	-	-	38.38	-	-	-	38.38
Ms. Harshada Shah	-	-	-	-	-	-	-	-	-	0.44	-	-	-	0.44
Mr. Suresh Shah	-	-	-	-	-	-	-	0.22	-	-	-	-	-	0.22
Mr. Ashok Sharma	-	-	-	-	-	-	-	0.58	-	-	-	-	-	0.58

Related Party Disclosure (Continued)

(Rs. in lacs)

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	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Mr Jinendra Shah	-	-	-	-	-	-	-	0.44	-	-	-	-	-	0.44
Shah Investments Financials Developments & Consultants Pvt. Ltd.	-	-	-	-	-	-	-	-	-	-	-	151.38	-	151.38
U.S. Instruments Pvt. Ltd.	-	-	-	-	-	-	-	-	-	-	-	8.22	-	8.22
<b>Managerial Remuneration</b>														
Mr. Suresh Shah	-	-	-	-	-	-	35.07	37.82	-	-	-	-	35.07	37.82
Mr. Jinendra Shah	-	-	-	-	-	-	14.38	24.51	-	-	-	-	14.38	24.51
Mr. Ashok Sharma	-	-	-	-	-	-	-	4.85	-	-	-	-	-	4.85
Mr. Vardharajan Rajagopal	-	-	-	-	-	-	-	4.64	-	-	-	-	-	4.64
<b>Purchases of Material</b>														
Midcom Magnetics Management Pvt. Ltd.	-	-	-	-	353.42	446.28	-	-	-	-	-	-	353.42	446.28
<b>Balance outstanding as at the year end</b>														
<b>Outstanding Payables</b>														
Shah Investments Financials Developments & Consultants Pvt. Ltd.	-	-	-	-	-	-	-	-	-	-	(0.89)	(0.89)	(0.89)	(0.89)
Midcom Magnetics Pvt. Ltd.	-	-	-	-	(130.10)	(111.19)	-	-	-	-	-	-	(130.10)	(111.19)
Sirus Capital Services Ltd.	-	-	-	-	-	-	-	-	-	-	(2.45)	-	(2.45)	-
<b>Outstanding Receivable</b>														
Pranamghar India Pvt. Ltd.	-	-	-	-	-	-	-	-	-	-	150.00	-	150.00	-
Dalal Desai & Kumana	-	-	-	-	-	-	-	-	-	-	0.50	-	0.50	-
Asian Retail Lighting Limited	-	-	-	-	3.09	247.91	-	-	-	-	-	-	3.09	247.91
Home Lighting India Limited	-	-	-	-	2.10	17.60	-	-	-	-	-	-	2.10	17.60
<b>Outstanding Advances Balance</b>														
U.S. Instruments Pvt. Ltd.	-	-	-	-	-	-	-	-	-	-	(220.00)	4,151.69	(220.00)	4,151.69
<b>Outstanding current account Balance</b>														
K.Virji & Company Pvt. Ltd.	-	-	-	-	-	-	-	-	-	-	0.01	0.01	0.01	0.01
<b>Outstanding loan balance receivable</b>														
Asian Electronics LLC USA	-	244.33	-	-	-	-	-	-	-	-	-	-	-	244.33

16. 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.

17. Previous year's figures have been regrouped whenever necessary to confirm to this year's classification.

As per our report of even date

For SORAB S. ENGINEER & Co.  
Chartered Accountants

C.A. N. D. ANKLESARIA  
Partner  
Membership No. 10250

Place : Mumbai  
Date : 30<sup>th</sup> June, 2009

RASIK D. GORADIA  
Sr. Vice President Finance &  
Company Secretary

SNEHAL J. SHAH  
Joint Chief Financial Officer

For and on behalf of the Board of Directors

ARUN B. SHAH  
Executive Chairman

HARESH G. DESAI  
Director





ASIAN ELECTRONICS

## MARKETING HEADQUARTERS

Surya Plaza, 1st Floor, K-185/1, Sarai Jullena, New Friends Colony, New Delhi - 110 025

Telephone : 91-11-2631 7232, 2692 9073 • Fax : 91-11-2683 7406

E-mail : s.soni@aelgroup.com, aeldel@vsnl.com

## MARKETING OFFICES

### AHMEDABAD

Asian Electronics Limited  
11-14, Tej Complex,  
Near Lions Hall,  
Opp. Ashoka Chambers,  
Mithakhali,  
Ahmedabad - 380 006, Gujrat  
Ph: 26560691  
Fax: 26564673  
Email: aelahd@aelgroup.com  
VAT NO. 24073401790  
TIN NO. C-24573401790

### BANGALORE

Asian Electronics Limited  
No. 1115, 11th Main, 10th Cross,  
2nd Stage, West of Chord Road,  
Bangalore - 560 086  
Tel: 080 - 23592345  
Email: aelbng@aelgroup.com  
CST NO. 72887953 dt. 05.03.04  
VAT NO. 72837950 dt. 05.03.04  
TIN NO. 29210202869

### BHUBANESHWAR

Asian Electronics Limited  
3198/P, Gouri Bihar, Lewis Road,  
Bhubaneswar - 751 002  
Tel: 0674-2430779,  
Fax: 0674-2430779  
Email: aelbbsr@aelgroup.com  
CST NO. 21711117727  
VAT NO. 21711117727

### CHENNAI

Vadapalani, Chennai - 600 026  
Tel: 044-23650991, 23650938,  
Fax: 044-23651942  
Email: aelchn@aelgroup.com  
CST NO. 844492 dt.16.03.99  
VAT NO. 1423442/05-06  
TIN NO. 33051423442

### DEHRADUN

Asian Electronics Limited  
Sandhu Business Center,  
Transport Nagar,  
Saharanpur Road, Dehradun  
Tel: 0135-3209162  
Email: aelddn@yahoo.co.in  
TIN NO. 05006405323

### DELHI OFFICE

Asian Electronics Limited  
Karan Palace (Basement),  
185-K/3, Sarai Jullena  
New Friends Colony,  
New Delhi - 110 025  
Email: s.soni@aelgroup.com  
VAT NO. LC/94/023154/0480  
CST NO. LC/94/023154/0480

### DELHI GODOWN

Asian Electronics Limited  
B-52, Mayapuri Industrial Area,  
Phase-1,  
New Delhi - 110 064

### ERNAKULAM

Asian Electronics Limited  
No. 40/8552, 1st Floor, Kamath Building,  
Gopala Prabhu Road,  
Ernakulam - 682 035  
Tel: 0484-4021057  
Email: aelkochi@aelgroup.com  
CST NO. 0703C007190  
TIN NO. 32070371905

### GHAZIABAD

Asian Electronics Limited  
III-M-30/C Nehru nagar Ghaziabad (UP)  
Tel: 95120-2706225, 4110342  
Email: aelgzb@aelgroup.com,  
asiangzb@yahoo.com  
CST NO. GB-0461858 dt. 03.06.04  
VAT NO. GB-5364629 dt. 03.06.04

### GURGAON

Asian Electronics Limited  
Bearing No. 6,7,8 (Basement)  
Road No.V-20A, Gurgaon Phase-III,  
Near Kinder Land School  
Tel: 0124-4049672, 4272144, 4272155  
Email: aelggn@aelgroup.com  
TIN NO. 06221824307

### GUWAHATI

Asian Electronics Limited  
Dugar Building, 2nd floor,  
Kamrum Chamber Road, Fancy Bazar,  
Guwahati - 781 001  
Tel: 0361-2513132  
Fax: 0361-2513846  
Email: aelgwt@aelgroup.com  
CST NO. GWA/CST/0120 dt. 03.09.04  
VAT NO. 18210015792 dt. 03.09.04

### HYDERABAD

Asian Electronics Limited  
16-11-740/1, G2 - Shailaja Estates,  
Gaddiannaram,  
Dilsukhnagar, Hyderabad - 500 060  
Tel. & Fax: 040 - 24151700  
Mobile: 9391051139  
Email: aelhyd@aelgroup.com,  
sathi.balan@aelgroup.com  
CST NO. BGT/14/1/2438  
VAT NO. 28550140632  
TIN NO. 28550140632

### INDORE OFFICE

Asian Electronics Limited  
425, Amitesh Nagar,  
1st Floor,  
IDA Scheme No. 59,  
Near Choithram Hospital Junction,  
Indore - 452 914  
Tel: 0731-2330400, 2330411  
Email: aelindore@rediffmail.com

### INDORE GODOWN

Asian Electronics Limited  
C/o. Indore Ice & Cold Storage,  
17, Tejpur, Gadbad Pool,  
A.B. Road,  
Indore (MP) 452 014  
CST NO. 23601203357  
TIN NO. 23601203357

### JAIPUR

Asian Electronics Limited  
H8/23,24, Jagan Path,  
Chomu House,  
C Scheme,  
Jaipur  
Tel: 0414-5125120,2372215  
Email: aeljai@aelgroup.com  
CST NO. 07710 dt. 21.03.03  
VAT NO. 1426 dt. 21.03.03

### JAMSHEDPUR

Asian Electronics Limited  
Chandra Kunj, G 1, 27,  
New Baradwari,  
Email: aeljms@aelgroup.com  
CST NO. JR-4629 (C) dt. 05.04.04  
VAT NO. 20520800464 dt. 05.04.04

### KOLKATTA

Asian Electronics Limited  
142, Jodhpur Park,  
Kolkata -700 064  
Tel: 033-32544492,  
Fax: 033-24236619  
Email: aelcalcutta@aelgroup.com  
CST NO. 19414282281  
VAT NO. 19414282087

### LUCKNOW

Asian Electronics Limited  
M-10052, Ashiana,  
Lucknow  
Tel: 0522-3267232  
Email: aellku@sify.com,  
pradee24@sify.com  
CST NO. GB5364629  
VAT NO. GB-5364629 dt. 03.06.04

### MUMBAI/THANE

Asian Electronics Limited  
D11, Road No. 28,  
Wagle Industrial Estate,  
Thane - 400 604,  
Maharashtra  
Tel: 022-25835500-4-05,  
Fax: 022-25827636  
Email: aelwz@aelgroup.com  
CST NO. 27120002695C  
VAT NO. 27120002695V

### PUNE

Asian Electronics Limited  
Ashirwad, Plot No. 7,  
Tejas Co-operative Hsg. Society  
Behind Korhurd Bus Depot,  
Pune - 411 038, Maharashtra

### PATNA

Asian Electronics Limited  
55, MIG, Lohia Nagar Kankarbagh,  
Patna - 800 020  
Tel: 0612-2354390, Fax: 0612-2351554  
Email: aelpatna@aelgroup.com  
CST NO. 1024363114 dt. 21.07.06  
VAT NO. 10124368017 dt. 07.07.06

### RAIPUR

Asian Electronics Limited  
7/619, Fafadih Naka,  
Raipur,  
Chhatisgarh  
Tel: 0771-2525811, 22,2527000  
Email: gawri@airtelbroadband.in  
TIN NO. 22881404446

### SURAT

Asian Electronics Limited  
3/1881, A-1/9-B,Opp. Nima Apartment.  
Near Bardoli Pitha,  
Salabatpura,  
Surat - 395 003, Gujrat

### ZIRAKPUR/CHANDIGARH

Asian Electronics Limited  
Ma Durga Complex,  
(Adjoining Hotel Oasis),  
Chandigarh Ambala Road,  
Zirakpur (Punjab)  
Tel: 0172-6570658  
CST NO. 21646 dt.14.10.03  
TIN NO. 04820021847  
TIN NO. 03701045910

### BHIWANDI GODOWN

Asian Electronics Limited  
Unit No. M-07-08,  
Rajlaxmi Commercial Complex,  
Agra Road, Village - Kalher,  
Taluk - Bhiwandi,  
Dist. Thane - 421 302, Maharashtra  
Tel. No. & Fax No. - 02522-276950  
Email: aelwz@aelgroup.com

Regd. Office : D-11, Road No. 28, Wagle Industrial Estate, Thane - 400 064, Maharashtra



# 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 44<sup>th</sup> Annual General Meeting of Asian Electronics Limited held on Wednesday, the 30<sup>th</sup> September, 2009 at 11.00 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*	
----------	--

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

Client Id*	
------------	--

(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 \*

Name of Shareholder

Client Id \*



# 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 44<sup>th</sup> Annual General Meeting of the Company to be held on Wednesday, the 30<sup>th</sup> September, 2009 at 11.00 a.m. and at any adjournment thereof.

Dated ..... day of ..... 2009

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



*If undelivered, please return to:*

**ASIAN ELECTRONICS LTD.**

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