



ASIAN ELECTRONICS LIMITED

ANNUAL REPORT

2009-2010

Generating Savings for Generations

A HISTORICAL PERSPECTIVE

Particulars	Year ended March 31,				
	2010	2009	2008	2007	2006
<i>(Rs. in lacs except data per share, other information ,no. of shareholders and Ratios)</i>					
Revenue account					
Gross Revenue	22782	21398	22236	38006	16363
Operating profit (PBDIT)	3775	2429	5914	10266	3875
Financial Charges	2812	2130	2340	1663	780
Depreciation	439	461	1025	899	840
Exceptional Items	443	698	17882	-	-
Provision for taxation - Current	-	-	-	1012	190
- Deferred	-	-	43	1	(478)
- F.B.T.	-	33	39	28	28
- Excess Provision written back	213	-	(4)	-	-
Loss/Profit after tax	294	503	(15411)	7705	2255
Cash generation	963	266	(14386)	8604	3095
PBIDT as a percentage of total revenue - before exceptional item	17	11	27	27	24
PBIDT as a percentage of total revenue - after exceptional item	15	15	(54)	27	-
Return on net worth before exceptional item - %	(0.68)	0.75	12	22	-
Return on net worth after exceptional item - %	1.35	2.30	(73)	22	23
Capital account					
Share capital	1495	1453	1452	1392	894
Net worth	22383	21756	21225	35196	13719
Loan funds	13366	23885	20803	16501	15879
Net block	3784	4236	5536	4910	4345
Net current assets	20411	35522	31085	43802	24978
Debt-Equity Ratio	0.60	1.09	0.98	0.47	1.15
Per share data					
Earnings per Share of Rs.5/- (w.e.f. 2007-2008)	0.97	1.68	(52)	53	24
Book value of Share of Rs.5/- (w.e.f. 2007-2008)	73	73	71	253	153
Dividend %	Nil	NIL	NIL	45	25
Other information					
Number of shareholders	50951	45876	28483	8952	10990

Board of Directors

Mr. Arun B. Shah	Executive Chairman
Mr. Haresh G. Desai	Director
Mr. Suhas R. Tuljapurkar	Director (upto 30.9.2009)
Mr. Jinendra Shah	Executive Director (upto 3.5.2009)
Dr. Deepak Divan	Director
Mr. Suresh Sharma	Alternate Director to Dr. Deepak Divan
Mr. Dipankar De	Nominee Director of IDBI Bank Ltd. (upto 18.6.2010)
Mr. D. G. Prasad	Director (w.e.f. 29.8.2009)
Mr. Hemendra Srivastava	Nominee Director of IDBI Bank Ltd. (w.e.f. 19.6.2010)

Executive Director, Company Secretary & Compliance Officer

Mr. Rasik D. Goradia

Jt. Chief Financial Officer

Mr. Snehal J. Shah

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 - III

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

Silvassa Unit

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

Chennai Unit

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

Bhiwandi Unit (upto 12.6.2009)

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

Annual General MeetingTuesday, 21st September, 2010 at 2.00 p.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 Tuesday, 21st September, 2010 at 2.00 p.m. The bus will leave at 1.30 p.m. sharp from Thane Station (East) near Anand Cinema.

Members interested in attending the AGM may avail the facility.

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

Phone: (91-22) 25835504

Fax: (91-22) 25827636

Website: www.aelgroup.com

Email: secdept@aelgroup.com

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

CONTENTS

● Notice	2
● Directors' Report	4
● Auditors' Report	23
● Balance Sheet	26
● Profit & Loss Account	27
● Cashflow Statement	28
● Schedules	29
● Balance Sheet Abstract	52
● Consolidated Accounts	53
● Address of Marketing Offices	76

NOTICE OF THE 45TH ANNUAL GENERAL MEETING

Notice is hereby given that the Forty Fifth 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 Tuesday, the 21st September, 2010 at 2.00 P.M., for the purpose of transacting the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Accounts of the Company and the Reports of the Directors and Auditors for the year ended March 31, 2010.
2. To appoint a Director in place of Dr. Deepak Divan, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

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

Amendment of the Articles of Association of Company:-

“RESOLVED THAT pursuant to provisions of Section 31 and other applicable provisions, if any of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Articles of Association of the Company be and are hereby modified and Article 197 (a), which reads as under, be inserted after the existing Article 197:

Article 197 (a) :-

The Company shall also be at liberty to have an official Seal(s) in accordance with Section 50 of the Companies Act, 1956, for use in any territory, district or place outside India.

FURTHER RESOLVED THAT any of the Directors or Mr. R. D. Goradia, Executive Director & Company Secretary, be and are hereby severally authorized to do all acts, deeds and things, necessary to give effect to the foregoing resolution.”

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
Executive Director
& Company Secretary

Thane, 12th August, 2010

Notes:

- [a] The explanatory statement relating to the special business mentioned in the notice as required under Section 173(2) of the Companies Act, 1956, is annexed to the Notice.
- [b] A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
- [c] The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday the 15th September, 2010 to Tuesday the 21st September, 2010 [both days inclusive].
- [d] Members are requested to quote their folio number in all correspondence with the Company.
- [e] Consequent upon the amendment of Section 205A of the Act and the introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend for the subsequent years remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company shall be transferred to the Investor Education and Protection Fund (the Fund) set up by the Government of India and no payments shall be made in respect of any such claims by the Fund.

The Company has already transferred unclaimed dividends declared upto the financial year ended 31st March, 2002 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 31st March, 2003 onwards, are requested to make their claims to the Company accordingly, without any delay. It may be noted that the unclaimed dividend for the financial year ended 31st March, 2003 is due for transfer to the Fund on 21st February, 2011.
- [f] The Companies (Amendment) Act, 1999 has introduced nomination facility for Shareholders. Those shareholders who are interested in making nomination are requested to file with the Company the prescribed Form 2B which can be 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.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**ITEM NO. 4**

The Company proposes to insert Article No. 197 (a) after the existing Article No. 197 in the Articles of Association of the Company.

In view of the focus of the Company on the export market, the Company would be required to execute various deeds, documents etc. in countries outside India. Toward this end, the proposed insertion of Article 197 (a) provides for giving authority to the Company to have an official seal in accordance with Section 50 of the Act, for the use in any territory, district or place outside India.

In terms of Section 31 of the Companies Act, 1956, alteration of the Articles of Association requires approval of the Shareholders in a General Meeting by way of a Special Resolution.

The Resolution at Item No. 4 of the Notice is recommended to the Shareholders for passing as a Special Resolution.

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

Regd. Office :

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

R. D. Goradia
Executive Director
& Company Secretary

Thane, 12th August, 2010

Brief resume of Directors being appointed/re-appointed at the Annual General Meeting to be held on 21st September, 2010, Nature of their expertise in specific functional areas and names of companies in which they hold directors and membership/ chairmanship of Board Committees, as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges in India, is as under:

Name of Director	Dr. Deepak Divan
Date of Birth	10 th May, 1954
Date of Appointment	14 th May, 2009
Expertise in specific General Functional Area	Technology
Qualification	1. B. Tech. , IIT Kanpur 2. M.S. 3. Ph D.
List of outside Directorship held (Public Limited Companies)	1. Innovolt Inc., Atlanta, U.S.A.
Chairman/Member of the Committee of the Board of Directors of the Company.	Audit Committee Member
Chairman/Member of the Committee of Directors of other Companies in which he / she is Director.	
a) Audit Committee	Nil
b) Share Transfer & Investor Grievances Committee	Nil
c) Remuneration Committee	Nil
d) Executive Committee	Nil
Number of Shares of the Company held on 31-03-2010	Nil

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

Regd. Office :

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

R.D. Goradia
Executive Director
& Company Secretary

Thane, 12th August, 2010

DIRECTORS' REPORT

To the Members

Your Directors present the Forty-fifth Annual Report on the business and operations of the Company for the year ended March 31, 2010.

FINANCIAL RESULTS

	[Rupees in Lacs]	
Year ending March 31,	2010	2009
Gross revenue	22782	21403
Operating profit (PBIDT)	3775	2429
Finance Expenses	2812	2130
Depreciation	439	461
Profit before tax & Exceptional items	524	(162)
Exceptional items	(443)	698
Provision for taxes inclusive of Fringe Benefit Tax and Deferred Tax.	-	33
Excess provision of Income Tax of earlier year written back.	213	-
Profit after current tax and deferred Tax and Exceptional items	294	502
Balance brought forward	(79)	(581)
Balance available for Appropriation	215	(79)
Appropriation		
Dividend on Equity Shares recommended	-	-
Income tax on Equity Dividend	-	-
Transfer to General Reserve	-	-
Balance carried to Balance Sheet	215	(79)

DIVIDEND

In respect of the year under review, i.e., the year 2009-2010, your Directors do not propose to declare any dividend with a view to conserve the resources.

OPERATIONS

The Company is now focused on its core competence of manufacture of Energy efficient Lighting products and power products. During the year, the Company has achieved a gross revenue of Rs.227.82 crores as against Rs. 214.03 crores in the previous year.

Sale of lighting products comprises of Domestic Sales and Export Sales.

DOMESTIC SALES

The Company has, as a management structure, merged all sales activities under one stream compared to the earlier divisions of Consumer Lighting Group (CLG), Professional Lighting Group (PLG) and ESCO.

The year has witnessed a reduction in volume terms and value terms as well. The benefit of changed market position and credit terms will yield benefits over the next 2 years.

EXPORT SALES

The year has witnessed a significant growth in Export sales, resulting out of expansion in the product base, with major exports

to Europe and America. The exports sales have registered a rise of 146% as Exports rose to Rs. 20.94 crores in 2009-10 vis-avis Rs. 8.53 crores in the previous year. The company has consciously focused on this segment and taken steps to grow exponentially during the coming years. New products like the Power Products and the LED Products were introduced to new customers in this year. During the year, a patented Product 'E2T5' is exclusively developed complying to European specifications. The Power Products and LED related special designs are likely to cater to both the Export and Domestic markets and will play a major role in the business prospects of the Company in coming years.

RESEARCH AND DEVELOPMENT

The Company has set up Asian Technology Centre in Pune, Maharashtra, which has obtained UL/ETL Certification in Power Protection Productline & Solid State lighting, including Garage Parking lights. It has also achieved significant progress in Research & Development for LED Tubelights, Bulbs, cost rationalization, conventional CFL down lighters, OTS Products, Solar Products and Streetlights. The Company has also obtained the ISI certification for manufacture of CFLs. The awareness for LED-based products is growing fast in India and therefore the Company's foray into this product segment is a timely step towards establishing its presence in the marketplace for innovative and modern lighting solutions.

FINANCE

The Company has paid instalments of loans to IDBI Bank Ltd., UCO Bank, Bank of India and Indian Renewable Energy Development Agency Ltd. (IREDA) aggregating to Rs. 1,732.54 lacs during the Financial Year ended 31st March, 2010. Due to delayed recoveries and resultant curtailment of activities, the cash flows have not been comfortable leading to some delay in payment committed to secured and unsecured lenders. The Company is in negotiation to reschedule the borrowings in line with the present level of activities.

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

CAPITAL EXPENDITURE

As at 31st March, 2010, the gross fixed assets stood at Rs. 9,867.27 lacs and the net fixed assets at Rs. 3,783.87 lacs. Additions to Fixed Assets during the year amounted to Rs. 42.99 lacs.

INVENTORIES & RECEIVABLES

The Company's inventories have not been converted into cash or cash equivalent at a desired level. As regards receivables, including receivables on account of advances, their receivability / realisability is being examined. The Company has taken various steps, including evaluation of various business options with the help of a large global consultancy firm. The process is expected to yield benefits and should be completed in a manner that will allow the organization to meet with its plans during the current year.

SUBSIDIARY COMPANIES

With a view to improve the Shareholder Values, funding and business prospects, it is considered advisable to have different legal entities to pursue the activities, not closely linked, but as the Company's own 100% subsidiaries.

Your Board has carefully considered the angles of its finances, business focus and prospects. The plans under each category are being critically examined by professional agencies of repute.

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

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

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

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

RIGHT ISSUE

Though the proposed Rights Offer of 1,53,59,139 Equity Shares of Rs.5/- each at a premium of Rs. 15/- per Share had been cleared in the month of May, 2010, the receipt of observation letter from SEBI was delayed on account of procedural problem for transfer of Merchant Banking Licence from the name of the Lead Managers viz. Transwarranty Capital Pvt. Ltd. to Vertex Securities Ltd., the transferee company. The said problem has now been sorted out by the Lead Managers and the Company expects to receive the observation letter from SEBI very shortly and thereafter, the Board will take decision about the timing for the opening of the issue on completion of the remaining formalities.

ACCOUNTS

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

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

We have selected appropriate accounting policies which have been applied consistently and have made judgments and estimates that are reasonable and prudent so as to ensure that the accounts give a true and fair view of the state of affairs of the Company as at 31st March, 2010 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 observations as contained in the Auditors' Report dated 31st May, 2010 regarding transfer of related loans and debentures of ESCO and Project Division to wholly owned subsidiaries and Stock Options granted to the Directors and employees, a reference may please be made to Note No. 2 of Schedule 23 (III) and Note Nos. 4 to 7 of Schedule 23(III) to the Financial Statements respectively, which are self-explanatory.

PARTICULARS OF THE EMPLOYEES

None of the Employees were drawing salary of Rs. 24,00,000/- or more per annum, if employed throughout the year or Rs. 2,00,000/- or more per month, if employed for part of the year.

DIRECTORS

Retirement by rotation

In accordance with the provisions of the Articles of Association of the Company and the provisions of Companies Act, 1956, Dr. Deepak Divan retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. The Board recommends his re-appointment.

Resignation of Director

Mr. Suhas R. Tuljapurkar has resigned as a Director of the Company with effect from 30th September, 2009. The Board accepted his resignation and placed on record its sincere appreciation for his valuable contribution to the Company.

Nominee Director

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

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

The Board placed on record its sincere appreciation for the valuable contribution made by Mr. Dipankar De during his tenure as a Nominee Director of IDBI.

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 2010-2011 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 Out-go as required to be disclosed pursuant to Section 217 [1] (e) of the Companies Act, 1956, read with Companies [Disclosures of Particulars in the Report of Board of Directors] Rules, 1988 is given in the Annexure forming part of this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2010, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors had prepared the accounts for the financial year ended 31st March, 2010 on a 'going concern' basis.

CORPORATE GOVERNANCE

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

DEPOSITORY SYSTEM

As the members are aware, the Company's shares are compulsorily tradable in electronic form. As on 31st March, 2010, 93.06% of the Company's total paid-up capital representing 2,85,86,298 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.

ACKNOWLEDGEMENTS

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

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

On behalf of the Board of Directors

Place : Thane
Date : 12th August, 2010

Arun B. Shah
Executive Chairman

ANNEXURE TO THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2010.

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

(A) ENERGY CONSERVATION MEASURES TAKEN

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

(B) TECHNOLOGY ABSORPTION

- (a) Research and Development
 Specific areas in which R & D carried out by the :
 Company.
- 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. :
 Future plan of action
- The Company sees a bright future in commercially exploiting the above product.
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. 2.28 lacs |
| (c) Total | Rs. 2.28 lacs |
| (d) R & D expenditure as a percentage of the total turnover | 0.01% |
- 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. 2071.46 lacs
- (c) Foreign Exchange Used :
 Rs. 474.72 lacs

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Business Review

Armed with the challenges of global recession, coupled with increased competition from unorganized sector, imports and fast changing technology your board discussed ways and means of not only meeting with challenges but also opportunities for long term sustained growth.

Evaluation of existing businesses and SWOT analysis

For effective evaluation of each vertical, businesses were sub-grouped as under:

- Domestic Lighting
- Exports Lighting and power products
- ESCO funding
- Projects
- Research and Development

Domestic lighting business:

The Company enjoys a wide distribution network among industry segments. The retail net work is comprising of over 800 active counters and also through a JV with Future group. During the year, the LED segment was added to the portfolio. The products have a strong domestic competition and your Company's relative advantage is in proven after sales services. The cause of worry however is recovery of past dues, delayed return of goods and to an extent, disputed receivables. The extent of defective goods have gone down significantly, but not yet at a comfortable level. In bulk supplies new threats have appeared on pricing horizons.

The Company has focused on rationalization of inventories, cost reduction in procurements and outsourcing and re-looking at product designs through R & D efforts. The market will continue to grow at 15 to 20 per cent but will remain crowded by both brand leaders and unorganized players dominating on the advantages of position or price. However, sheer distribution strength will ensure a place for the Company in market leadership.

Export Lighting and Power Products:

Building up from the past track records of prestigious customer base in the European markets and US customers, besieged with post sales claims and disputes, the Company aimed for a locally organized player to channel all operations in Europe and aimed to be effective in new technology based contract manufacturing activities. It has entered into contracts with long term commitments, and is exploring to get a large advance against such contracts. The objectives are well defined where the capacity is well utilized but recovery and marketing issues are left at doorsteps of more competent channel partners, production efficiencies are improved with technologies owned by vendors but with right back home help of adaptation and improvements. Capabilities are developed to safeguard IPR of third parties while handling production. These factors, in medium to long run will evolve the enterprise to a global manufacturing hub dishing out well known brands' dependable product range in a timely manner with adequate safeguards for technology. The diversification to power products will augur well for both expansion of customer base and product range.

ESCO Funding:

Your Company has pioneered the concept well in domestic markets to finance capital starved government corporations. The plans, implemented in true spirit, will make a win-win situation for replacement of energy guzzlers. However, as happens with every pioneer, your Company had to bear the brunt of delayed payments attributable to a number of factors beyond control. Consciously, therefore, the business was curtailed during the year in search of a more stable business plan. Financing for a long term involves special skills almost akin to managing an NBFC. Also the capital gearing norms and shareholders expectations will be different from this business. The business is therefore hived off to a separate subsidiary and a new management structure is being established.

Projects:

The Company has participated in large value projects at SEB levels. The skill set of handling institutional clients and financing them, including receivables, are in no way aligned to the Company's core strength and hence the board has decided to hive off the activity into a separate SPV.

Research and Development:

The Company's business differentials emerge from knowledge based high profit activities. The patents for retrofit was first major step in this direction. The Company has decided to promote Asian Technology Centre, based at Pune to develop a special focus.

Major Institutional tie-ups:

In the back ground of the above business plans, the Company has tied up major contracts with the following:

Innovolt Inc, USA for handling LED technology, take over of Integral, a domestic manufacturing arm and supply of power products.

LED Co, USA for supply of parking and garage lights and street lights with base of LED.

Westlux for marketing of products in European markets.

Financials:

An in depth analysis of financial structure indicate a temporary stress arising out of the following:

Accumulation of inventories over years due to large overseas orders being cancelled and also some modifications in product specifications. This will result into some loss of values and stress due to outlay of funds at a cost.

Accumulation of receivables and ESCO funding for various reasons including claims, counter claims and legal processes. These levels are certainly out of sync with the costing efforts and in terms of NPV therefore may yield losses in some instances.

Investments in high tech plants division where legal disputes finally prompted the Company to give up the business but the funds deployed are not being serviced.

Investments in tools and facilities at designated supply chain have not yielded desired activities and hence servicing these advances result in avoidable stress.

The Company has availed services of experts and have taken measures to meet with demand of times. The steps include disposal of surplus assets, raising equity, restructuring of debts with lenders and one time costs for settlement of disputes. A couple of instances noticed were pointer to a possible fraudulent involvement of Company's officers which has prompted incorporation of stringent control norms.

The Company has also worked out a plan to provide for possible depletion in assets in a planned manner.

The Company, having restructured debts, will now work on capital allocation and funds planning to ensure that the stress and consequent delays in meeting with obligations are quickly addressed to make them a history.

The way forward:

Backed by the situation and philosophy as explained above, the way forward is planned considering the broad guidelines and factors defined as under:

- Stabilize and expand export operations which are neutral to market situation in short to medium term. Develop cost effective solution to enhance profitability. Use this improvement in efficiency to improve value addition in local markets.
- Consolidate and fix core competence in separate IBUs and companies. Develop management modules keeping in mind specific demands of the activity.
- Evaluate and utilize all old and aged assets to contribute values.
- Conduct planned human resources development program.
- Make flaw less transmission of technological advances to manufacturing brilliance.
- Raise adequate financial resources in equity and debt to provide a backbone for years ahead.
- Reduce interest costs in a planned manner.
- Provide and work for amicable solution to all pending legal disputes to preserve managerial resources for business initiatives.
- Rationalize and eliminate avoidable costs and overheads.

The management team is geared up to test all their actions by simple tests if they will enhance the enterprise value by above standards or guiding principles.

The challenges are however significant, mainly due to non-availability of timely Working Capital support. It is therefore decided to take a crash program on that front.

Timely servicing of debt is a challenge we will need to address.

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 has already signed a Memorandum of Statement with the Labour Union in January, 2010, which is valid for the period from 1st April, 2009 to 31st March, 2012. The Company has not lost a single day of work due to industrial unrest. The Company is investing in training of manpower to upgrade their skills.

Your Company endeavours to maintain a positive work environment and constructive relationship with its employees with a continuing focus on productivity and efficiency.

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.

M/s. Thingna & Contractor, Chartered Accountants were the Internal Auditors of the Company for the year under review, i.e., 2009-2010.

With effect from the current Financial Year, your Directors have decided to establish Inhouse Internal Audit Department and the said decision has already been implemented.

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

FINANCIAL POSITION AT A GLANCE

	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006
CAPITAL ACCOUNTS (Rs. in lacs)					
Share Capital	1495	1453	1452	1392	894
Reserves & Surplus	20888	20303	19773	33804	12825
Borrowings:- Secured	12800	18406	14793	11504	9746
Unsecured	566	5479	6010	4997	6133
Gross Block	9867	9977	14829	13225	11767
Net Block	3784	4236	5536	4910	4345
Net Current Assets	20411	35522	31085	43802	24978

REVENUE ACCOUNTS (Rs. in lacs)					
Sales and Other Income	22782	21398	22236	38006	16363
Gross Profit before extra-ordinary item, interest and depreciation	3775	2429	5914	10266	3875
Interest	2812	2130	2340	1663	780
Depreciation	439	461	1025	899	840
Profit before extra-ordinary items and tax	524	(162)	2549	7705	2255
Exceptional Items	443	698	(17882)	-	-
(Loss)/Profit after extra-ordinary items and tax	81	503	(15411)	7705	2255
Excess provision of Income Tax of earlier year written back	213				
Net earnings available for appropriation	294	503	(15411)	6663	2515
Dividend amount	-	-	-	763	259
Retained earnings	294	503	(15411)	5900	2256

SELECTED INDICATORS					
Return on Capital Employed %	12.79	7.23	(35.98)	14.87	13.06
Current Ratio	2.33	3.32:1	-	6.36:1	6.40:1
Earnings per share of Rs.5/- (w.e.f. 2007-2008)	0.97	1.68	(52)	53	24
Total Borrowings/Shareholder's Funds	0.60	1.09	0.98	0.47	1.15
Book value per share of Rs.5/- (w.e.f. 2007-2008)	73.00	73	66	236	153
Dividend %	-	-	-	45	25
Fixed Assets Turnover	6.02	5.05	3.9	7.48	3.75

ANNEXURE TO THE DIRECTORS' REPORT

Information relating to Corporate Governance

I. Company's philosophy on Code of Governance :

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

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

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

All the Members of the Board and the Senior Management Personnel of the Company have affirmed compliance to the Code of Conduct as on 31st March, 2010, and a declaration to that effect signed by the Executive Chairman is attached and forms part of this Report.

II. Board of Directors (Board)

The Board as on 31st March, 2010 comprises of 6 Directors of whom 1 is Alternate Director. Out of remaining Directors, 1 is Executive and 4 are in Non-Executive capacity. The Non-Executive Directors are eminent professionals with experience in overall 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 Director-ship 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 31.3.2010
Mr. Arun B. Shah	Executive, Promoter	20	3	9	-
Mr. Jinendra Shah*	Executive Director	1	-	-	-
Mr. Haresh G. Desai	Non-Executive, Independent	6	-	-	1000
Mr. Suhas R. Tuljapurkar **	Non-Executive, Independent	3	-	-	-
Dr. Deepak Divan ***	Non-Executive, Independent	2	-	-	-
Mr. Suresh Sharma****	Non-Executive, Independent	-	-	-	-
Mr. Dipankar De @@@	Non-Executive, Independent	-	-	-	-
Mr. D. G. Prasad @@@@	Non-Executive, Independent	4	2	1	250

@ Includes private Companies and Alternate Directorships

* Ceased to be a Director w.e.f. 4th May, 2009

** Ceased to be a Director w.e.f. 30th September, 2009

*** Appointed as a Director w.e.f. 14th May, 2009

**** Appointed as an Alternate Director to Dr. Deepak Divan w.e.f. 14th May, 2009.

@@ Appointed as a Nominee of IDBI Bank Ltd. w.e.f. 26th May, 2009

@@@ Appointed as a Director w.e.f. 29th August, 2009

b. Number of Board Meetings :

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

23 rd April, 2009	14 th May, 2009	3 rd June, 2009
10 th June, 2009	30 th June, 2009	6 th July, 2009
30 th July, 2009	29 th August, 2009	3 rd October, 2009
31 st October, 2009	1 st December, 2009	30 th January, 2010

c. Attendance of Directors :

Name of Director	Meetings Attended	Attended last AGM on 30 th September, 2009
Mr. Arun Shah	12	Yes
Mr. Jinendra Shah *	1	No
Mr. Haresh G. Desai	11	Yes
Mr. Suhas R.Tuljapurkar **	6	No
Dr. Deepak Divan ***	2	Yes
Mr. Suresh Sharma ****	2	No
Mr. Dipankar De @@	6	Yes
Mr. D. G. Prasad @@@	4	No

* Ceased to be a Director w.e.f. 4th May, 2009

** Ceased to be a Director w.e.f. 30th September, 2009

*** Appointed as a Director w.e.f. 14th May, 2009

**** Appointed as an Alternate Director to Dr. Deepak Divan w.e.f. 14th May, 2009.

@ Appointed as a Nominee of IDBI Bank Ltd. w.e.f. 26th May, 2009

@@ Appointed as a Director w.e.f. 29th August, 2009

III. Committee of Directors :

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

The Board has accordingly constituted Committees at its meeting held on 27th January, 2000 which comply with the

requirements of clause 49 of the Listing Agreement with the Stock Exchanges and the applicable provisions of the Companies (Amendment) Act, 2000. The said Committees were reconstituted from time to time by Resolutions passed by the Board of Directors of the Company.

(A) Audit Committee:-

As on 1st April, 2009, the Audit Committee comprised of the following Directors:

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

Consequent to the cessation of Mr. Suhas R. Tuljapurkar as a Director of the Company with effect from 30th September, 2009, as per the Board Resolution passed on 3rd October, 2009, Members of the reconstituted Committee with effect from 3rd October, 2009 are as under:

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

Mr. Haresh G. Desai is the Chairman of the Audit Committee. Mr.R.D.Goradia, Executive Director & Company Secretary 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 six times during the year 2009-2010 on 14th May, 2009, 30th June, 2009, 30th July, 2009, 29th August, 2009, 30th October, 2009 and 30th January, 2010.

The attendance of each Audit Committee member is as under:

Name of the Audit Committee Members	No. of meetings attended
Mr. Arun Shah *	4
Mr. Haresh G. Desai	5
Mr. Suhas R. Tuljapurkar **	4
Dr. Deepak Divan @	1***
Mr. D.G. Prasad @	2

* Ceased to be a Member of the Audit Committee w.e.f. 3rd October, 2009

** Ceased to be a Member of the Audit Committee w.e.f. 30th September, 2009.

@ Appointed as an Audit Committee Member w.e.f. 3rd October, 2009.

*** Attended by Mr. Suresh Sharma, Alternate Director to Dr. Deepak Divan.

The meetings were also attended by Jt. Chief Financial Officer – Mr. Snehal J. Shah, Mr. Hiten Shah - Sirius Capital Services Ltd., Mr. Vishvesh Raval – Head-

Special Projects, Mr. Dipankar De - Nominee Director of IDBI Bank Ltd. and Mr.Krishnaraj Kapadia – DGM (Accounts) as special invitees. The Secretary – Mr.R.D.Goradia attended all the Meetings.

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

The Statutory Auditors attended Audit Committee Meetings held on 30th June, 2009 and 30th January, 2010.

The Internal Auditors attended the Audit Committee Meeting held on 30th January, 2010.

(B) Executive Committee:-

The Executive Committee of the Board of Directors as on 1st April, 2009 comprised of the following Directors:

Mr. Arun B. Shah, Chairman and

Mr. Jinendra Shah, Executive Director

The said Committee was reconstituted consequent to the cessation of Mr. Jinendra Shah as Executive Director and Director of the Company with effect from 4th May, 2009 as per the Board Resolution passed on 14th May, 2009.

The Members of the reconstituted Committee with effect from 14th May, 2009 were as under:

Mr. Arun B. Shah, Chairman

Mr. Haresh G. Desai, Director and

Mr. Suhas R. Tuljapurkar, Director

Consequent to cessation of Mr. Suhas R. Tuljapurkar as a Director of the Company with effect from 30th September, 2009, the Executive Committee was reconstituted on 3rd October, 2009 consisting of the following Members:

Mr. Arun B. Shah, Chairman and

Mr. Haresh G. Desai, 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, nine meetings were held on the following dates:-

20.4.2009, 19.5.2009, 15.6.2009, 10.7.2009, 15.7.2009, 10.9.2009, 12.11.2009, 19.1.2010 and 20.2.2010.

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

Name	No. of Meetings attended
Mr. Arun Shah	9
Mr. Jinendra Shah *	1
Mr. Haresh G. Desai	8
Mr. Suhas R. Tuljapurkar **	3

* Ceased to be a Member of the Executive Committee w.e.f. 4th May, 2009

** Ceased to be a Member of the Executive Committee w.e.f. 30th September, 2009

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

(C) Committee for Transfer of Shares:-

The Committee for Transfer of Shares as on 1st April, 2009 comprised of the following Directors:

Mr. Arun B. Shah, Chairman

Mr. Jinendra Shah, Executive Director

The said Committee was reconstituted consequent to the cessation of Mr. Jinendra Shah as Executive Director as well as Director of the Company with effect from 4th May, 2009 as per the Board Resolution passed on 14th May, 2009.

The Members of the reconstituted Committee with effect from 14th May, 2009 were as under:

Mr. Arun B. Shah, Chairman

Mr. Haresh G. Desai, Director

Mr. Suhas R. Tuljapurkar, Director

Consequent to cessation of Mr. Suhas R. Tuljapurkar as a Director of the Company with effect from 30th September, 2009, the Committee for Transfer of Shares was reconstituted on 3rd October, 2009 consisting of the following Members:

Mr. Arun B. Shah, Chairman

Mr. Haresh G. Desai, Director

Mr. R.D. Goradia, Executive Director & Company Secretary acts as Secretary to the Committee.

During the year under review, 15 meetings were held on 15.4.2009, 30.4.2009, 15.5.2009, 30.5.2009, 30.6.2009, 15.7.2009, 31.8.2009, 15.9.2009, 31.10.2009, 30.11.2009, 23.12.2009, 15.1.2010, 30.1.2010, 27.2.2010 and 31.3.2010. The attendance of each Transfer Committee Members is as under:

Name & Designation	No. of meetings attended
Mr. Arun B. Shah, Chairman	15
Mr. Jinendra Shah	2
Mr. Haresh G. Desai	11
Mr. Suhas R. Tuljapurkar	5

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

(D) Shareholders' / Investors' Grievances Committee

(a) The Shareholders' / Investors' Grievances Committee as on 1st April, 2009 comprised of the following Directors:

1) Mr. Arun B. Shah, Chairman

2) Mr. Haresh G. Desai, Director

3) Mr. Suhas R. Tuljapurkar, Director

4) Mr. Jinendra Shah, Executive Director
Mr. R.D. Goradia, Executive Director & Company Secretary acts as Secretary to the Committee.

The said Committee was reconstituted consequent to the cessation of Mr. Jinendra Shah, Executive Director of the Company with effect from 4th May, 2009 and Mr. Suhas R. Tuljapurkar as a Director of Company with effect from 30th September, 2009, as per the Board Resolution passed on 3rd October, 2009. Thus, Mr. Jinendra Shah and Mr. Suhas R. Tuljapurkar ceased to be Members of the said Committee.

The Members of the reconstituted Committee with effect from 3rd October, 2009 are as under:

1) Mr. Haresh G. Desai

2) Mr. Arun B. Shah

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

During the year under review, the Shareholders' / Investors' Grievances Committee met once on 6th March, 2010.

This meeting was attended by Mr. Haresh G. Desai and Mr. Arun B. Shah. The meeting was also attended by the Secretary, Mr.R.D.Goradia. Compliance Officer: Mr. R.D. Goradia, Executive Director & Company Secretary.

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

During the year under review, total 69 investor's complaints / requests were received.

All the complaints / requests received during the year ended 31st March, 2010 were solved within the time to the satisfaction of the investors / shareholders and no complaints were pending as on 31st March, 2010 for more than 30 days. All the shares received for transfer / transmission have been transferred / transmitted and no transfer is pending as on 31st March, 2010.

(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 2009-2010

Name of the Director	Sitting Fees (Rs. in lacs)	Salaries, Commission Perquisites (Rs. in lacs)	Service Contract, Notice Period, Severance Fees.
Mr. Arun Shah	2.32	-	He has been appointed as Executive Chairman for a period of 5 years w.e.f. 23.4.2009. However, no remuneration has yet been fixed by the Compensation Committee.
Mr. Jinendra Shah	Nil	1.28	Service Contract expired on 3.5.2009.No Severance Fees.
Mr. Haresh G. Desai	2.42	-	-
Mr. Suhas R. Tuljapurkar	0.80	-	-
Dr. Deepak Divan	0.25	-	-
Mr. Suresh Sharma	0.45	-	-
Mr. Dipankar De, Nominee Director of IDBI Bank Ltd.	0.75	-	Sitting Fees directly paid to IDBI Bank Ltd.
Mr. D. G. Prasad	1.40	-	-

(F) Compensation Committee

The Compensation Committee as on 1st April, 2009 comprised of the following Directors:

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

The said Committee was reconstituted consequent to cessation of Mr. Suhas R. Tuljapurkar as a Director of the Company with effect from 30th September, 2009 as per the Board Resolution passed on 3rd October, 2009.

The Members of the reconstituted Committee with effect from 3rd October, 2009 are as under:

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

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, two Meetings of the Compensation Committee were held on 16th September, 2009 and 31st March, 2010.

The Meeting held on 16th September, 2009 was attended by Mr. Arun B. Shah, Mr. Haresh G. Desai and Mr. Suhas R. Tuljapurkar.

The Meeting held on 31st March, 2010 was attended by Mr. Haresh G. Desai, Mr. Arun B. Shah and Mr. D.G. Prasad.

Secretary, Mr. R.D. Goradia attended both the meetings.

IV. General Body Meetings

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

	Date	Time	Venue
(i) 42 nd Annual General Meeting	27 th September, 2007	11.30 a.m.	Registered Office of the Company at Thane.
(ii) 43 rd Annual General Meeting	29 th November, 2008	4.00 p.m.	Registered Office of the Company at Thane.
(iii) 44 th Annual General Meeting	30 th September, 2009	11.00 a.m.	Registered Office of the Company at Thane.

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

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

Date	Matter
27.9.2007	1) Approval for Sub-division of Equity Shares of the Company. 2) Approval for amendment of Article 3 of the Articles of Association of the Company 3) Approval for modification of the Company's Employee Stock Option Scheme – 2005.
29.11.2008	1) Modification of Employee Stock Option Scheme and Employee Stock Purchase Scheme. 2) Ratification and approval of Employee Stock Option Scheme and Employee Stock Purchase Scheme.
30.9.2009	1) Appointment and remuneration of Mr. Arun B. Shah as the Executive Chairman of the Company. 2) Modification of ESOS 2009 Scheme.

(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
Saturday	6 th May, 2006	11.00 a.m.	Registered Office of the Company at Thane.
Tuesday	26 th September, 2006	11.30 a.m.	Registered Office of the Company at Thane.
Monday	5 th November, 2007	3.00 p.m.	Registered Office of the Company at Thane.
Thursday	21 st February, 2008	11.00 a.m.	Registered Office of the Company at Thane.
Thursday	12 th February, 2009	11.00 a.m.	Registered Office of the Company at Thane.
Monday	6 th July, 2009	11.00 a.m.	Registered Office of the Company at Thane.

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

EGM held on	Whether Special Resolution passed	Summary
6.5.2006	Yes	<ol style="list-style-type: none"> 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. 4) Approval for issue of Equity Share Warrants to M/s. MNR Engineers Pvt. Ltd. on preferential basis.

EGM held on	Whether Special Resolution passed	Summary
26.9.2006	Yes	1) Approval for issue and allotment of Equity Shares or 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	<ol style="list-style-type: none"> 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.
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 waiving and foregoing any right and releasing the new management from the obligation of making public announcement and subsequent open offer in terms of SEBI SAST Regulations.

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

EGM held on	Whether Special Resolution passed	Summary
		<p>5) Approval under Regulation 6.3 (a) of SEBI (ESOS & 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> <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 & 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 of EGM held on 12.2.2009, pertaining to Change of Management from the team headed by Mr. Suresh H. Shah to the team headed by Mr. Arun B. Shah and pertaining to release of the new management team of any obligation or liability towards making 'Public Announcement' and subsequent 'Open Offer' for atleast Twenty per cent of the voting capital, respectively, were also passed by way of Postal Ballot pursuant to Section 192A(2) of the Companies Act, 1956 and the results thereof as per the Scrutinizer's Report dated 11th February, 2009 were declared at the Extra-Ordinary General Meeting held on the 12th February, 2009.

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

6.7.2009	Yes	<ol style="list-style-type: none"> 1) Approval pursuant to the provisions of Section 81 and all other applicable provisions, if any, of the Companies Act, 1956 for raising of funds not exceeding Rs. 70 crores by issue of securities to finance the Company's requirement of capital expenditure for expansion and modernisation activities etc. 2) Approval pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Act for issue of 60,00,000 Equity Share Warrants at a price of Rs.40/- (inclusive of premium of Rs.35/- each) to Financial Investors. 3) Approval for passing Special Resolution for issue of Right Shares in the ratio of 1:2 at a price of Rs.20/- per Share or such other price as may be decided by the Board. 4) Approval of Special Resolution for modification of CSOS-2009 Scheme for making corrections in the number of Shares to be allotted. 5) Approval of Special Resolution for modification of earlier Resolution pursuant to the provisions of Sections 77, 79A, 81, 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 for CSOS-2009 under Clause 6.3(b) of the ESOP Guidelines.
----------	-----	--

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

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 12th August, 2010 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 have been given under Note 17 - Schedule 23(III) of the Annual Accounts.

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

- (ii) All Accounting Standards mandatorily required have been followed in preparation of financial statements and no deviation has been made in following the same.
- (iii)
 - (a) All pecuniary relationship or transactions of the Non-executive Directors vis-a-vis the Company have been disclosed hereinabove.
 - (b) The Company has one Whole time Director on the Board whose appointment and remuneration have been fixed by the Board in terms of Resolution passed by the members. The remuneration paid / payable is mentioned hereinabove.
 - (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 21st 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 24th September, 2004, requesting them to take lenient view and condone the delay on the part of the Company and its Officers in compliance of the SEBI Takeover Regulations and requested for personal hearing in the matter. As of date, the Company has not received any response from SEBI.

VII. Means of Communication

- 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
- 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 website from quarter ending 30th September, 2002 in compliance with Clause 51 of the Listing Agreement.
- The Company has made presentations to various Institutional Investors/ Analysts during the year.
- Management Discussion & Analysis is covered elsewhere in the Directors' Report to Members.
- 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

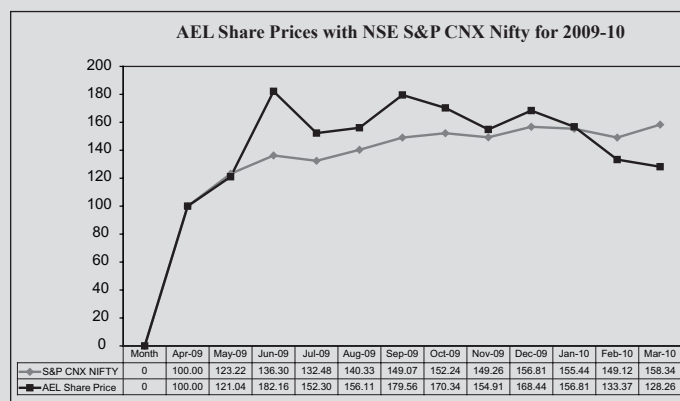
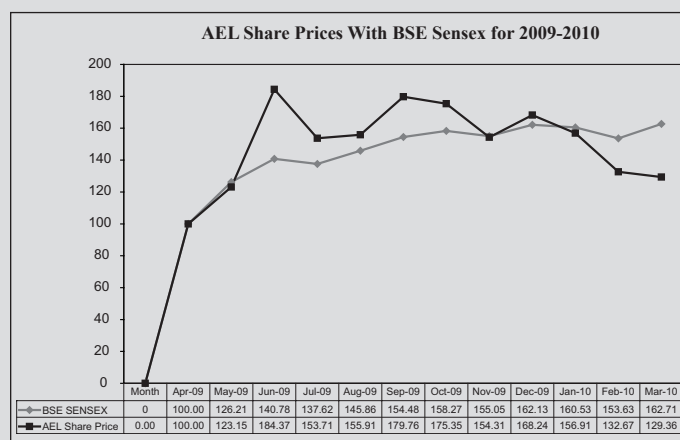
Management Discussion & Analysis forms part of the Directors' Report.

IX. Shareholder Information

1. Annual General Meeting	
Date	: 21 st September, 2010
Time	: 2.00 p.m.
Venue	: Registered Office of the Company at D-11, Road No. 28, Wagle Industrial Estate, Thane – 400 604. Maharashtra, India.
2. Financial Year	: 2009-2010
3. Book closure date	: 15 th September, 2010 to 21 st September, 2010
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 2010-2011 (as applicable) has been paid by the Company to BSE and NSE.
6. Stock Code	: BSE Scrip Code : 503940 NSE Trading symbol: ASIANELEC

Market Price Data : High/Low in each month of the year ended March 31, 2010 on Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd.

Month/ Year	Bombay Stock Exchange Limited			National Stock Exchange of India Limited.		
	High (Rs.)	Low (Rs.)	Volume (Nos.)	High (Rs.)	Low (Rs.)	Volume (Nos.)
Apr-09	30.05	19.85	3825822	30.10	19.80	4452266
May-09	39.05	22.40	1918031	38.10	22.30	744407
Jun-09	52.25	39.75	3297797	51.20	39.70	2577441
Jul-09	43.35	33.35	1781351	43.00	33.00	1637635
Aug-09	43.80	34.00	2603976	43.90	34.00	1944757
Sep-09	49.70	40.00	4364041	49.50	40.10	4934174
Oct-09	51.50	36.00	1703443	49.00	36.00	2048790
Nov-09	44.40	32.60	11821027	44.45	32.85	12960885
Dec-09	45.70	38.25	10749347	45.65	38.40	11475705
Jan-10	44.20	34.10	15366323	44.25	34.00	15187160
Feb-10	38.10	28.10	3856476	38.50	28.05	4807469
Mar-10	36.90	27.65	8483110	36.30	27.70	11468383
TOTAL :			69770744			74239072



7. Registrars & Transfer Agents :

The Company was handling share transfer and other allied work in-house and Link Intime India Pvt. Ltd. were the connectivity agent for Demat of Company's shares.

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

8. Share Transfer System :

Transfer requests received in physical form are presently processed by the R & T Agent and Share Certificates are returned within a period of 30 days from the date of receipt.

The Company obtains from a Company Secretary in Practice half yearly certificate of compliance with the share transfer formalities as required under Clause 47 (C) of the Listing Agreement with Stock Exchanges and files a copy of the Certificate with Stock Exchanges.

9. Distribution of Shareholding as on 31st March, 2010:

No of Equity Shares held (Range)	No of Share-holders	% of Share-holders	No of Shares held	% of Share-Holding
1 to 500	42935	84.27	6342815	20.65
501 to 1000	4307	8.45	3542800	11.53
1001 to 2000	1908	3.74	2890406	9.41
2001 to 3000	660	1.30	1698985	5.53
3001 to 4000	280	0.55	1015416	3.31
4001 to 5000	259	0.51	1230318	4.01
5001 to 10000	332	0.65	2422569	7.89
10001 & above	270	0.53	11574968	37.68
Total :	50951	100.00	30718277	100.00

10. Categories of shareholding as on 31st March, 2010 :

Category	No of Share-holders	% of Share-holders	No of Shares held	% of Share-Holding
Promoters & Group Companies	0	0.00	0	0.00
Directors	2	0.00	1250	0.00
Financial Institution / Banks	5	0.01	89340	0.29
Mutual Funds	4	0.01	3200	0.01
F. I. I.s, N.R.I.s & OCBS	435	0.85	483737	1.57
Public	50505	99.12	30140750	98.12
Total	50951	100.00	30718277	100.00

11. Dematerialisation of shares

During the previous years and the year under review 2,85,86,298 (93.06%) shares were dematerialised in the following depositories :

National Securities Depository Ltd. (NSDL)	18159006 (59.11%) shares
Central Depository Services (India) Ltd.(CDSL)	10427292 (33.95%) shares
ISIN No.	INE441A01026

12. Plant Locations

Company's Plants are located at

Works

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

DTA Unit

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

EOU

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

Solan Unit

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

Silvassa Unit

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

Chennai Unit

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

Bhiwandi Unit (upto 12.6.2009)

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

13. Address for correspondence

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

Shareholder correspondence may be directed to:

Link Intime India Pvt. Ltd.,
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai – 400 078.

Tel.: 25963838, Fax: 25946979,
E-mail: helpline@linkintime.co.in

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

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

During the year under review, the Company has credited Rs. 89,008/- 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 31st March, 2010, 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 observations as contained in the Audit Report dated 12th August, 2010, reference may be made to Note 2 of Schedule 23(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 12th August, 2010 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 Senior Management Personnel of the Company pursuant to Clause 49 of the Listing Agreement with Stock Exchanges to further strengthen corporate governance practices in the Company.

All the members of the Board and Senior Management Personnel of the Company have affirmed due observance of the said Code of Conduct in so far as it is applicable to them and there is no non-compliance thereof during the year ended 31st March, 2010.

Place : Mumbai

Date : 12th August, 2010

Arun B. Shah

Executive Chairman



AUDITORS' REPORT ON CORPORATE GOVERNANCE

To the Members of Asian Electronics Ltd.

We have examined the compliance of conditions of Corporate Governance by Asian Electronics Ltd., for the year ended 31st March, 2010, 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: 12th August, 2010

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, 2010 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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, 2010, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2010

from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

- f. Attention is invited to the following:
 - i. *Note No. 2 of Schedule 23(III) regarding transfer of related loans and debentures of ESCO and Project Division aggregating to Rs. 12,349.21 Lacs to two wholly owned subsidiaries (proposed) without obtaining the approval of the lenders. On the basis of information available to us, we are unable to form an opinion in this matter.*
 - ii. *Note Nos. 4 to 7 of Schedule 23(III) regarding Stock Options granted to Directors and Employees. Since the Company has not ascertained the fair value of the Options granted, impact of the same on the Proforma Net Profit, Proforma basic earnings per share and Proforma diluted earnings per share is not ascertainable.*
- g. In addition to our remarks mentioned in Paragraph (f) above and our comments in the Annexure referred to in Paragraph 1, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010 ;
 - (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
Firm Registration No.: 110417W

CA N.D. ANKLESARIA
Partner
Membership No. 10250

Place : Mumbai.
Date : 31st May, 2010

ANNEXURE TO THE AUDITORS' REPORT

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

- | | |
|--|--|
| <p>i. a. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.</p> <p>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.</p> <p>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.</p> <p>ii. a. The inventory has been physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>e. 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.</p> <p>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 10 of Schedule 23 (III).</p> <p>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) and (b) of the Order are not applicable to the Company.</p> | <p>vi. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public.</p> <p>vii. In our opinion and 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.</p> <p>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.</p> <p>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.</p> <p style="margin-left: 20px;">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.</p> <p>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, 2010 for a period of more than six months from the date they became payable.</p> <p>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:</p> |
|--|--|

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
	Income Tax	1282.38	Assessment Year 2007-2008	Commissioner of Income Tax (Appeals)

Name of the statute	Nature of Dues	Amount (Rs. In lacs)	Period to which amount relates	Forum where dispute is pending
Tamil Nadu Sales Tax Act and Central Sales Tax Act	Sales Tax, Penalty and Interest	52.05	Assessment Year 2001-02	Honorable High Court of Madras
Tamil Nadu Sales Tax Act and Central Sales Tax Act	Sales Tax, Penalty and Interest	24.25	Assessment Year 2002-03	Appellate Commissioner Commercial Tax Tamil Nadu
Tamil Nadu Sales Tax Act and Central Sales Tax Act	Sales Tax, Penalty and Interest	0.75	Assessment Year 2005-06	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. The Company does not have accumulated losses. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- xi. As per the information and explanations given by the management, the Company has defaulted in repayment of its dues to various banks amounting to Rs. 1,333.23 Lacs during the period covered by our audit.
- 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 given a corporate guarantee for a loan taken by a third party from a bank. The terms and conditions of the said guarantee are, prima facie, not prejudicial to the interest of the Company.
- 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, during the period covered by our audit report, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix. According to the information and explanations given to us, during the year covered by our audit report, the Company has not issued any secured debentures.
- 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
Firm Registration No.: 110417W

CA N.D. ANKLESARIA

Partner
Membership No. 10250

Place : Mumbai

Date : 31st May, 2010

BALANCE SHEET AS AT 31st MARCH, 2010

	Schedules	March 31, 2010 Rs. in Lacs	March 31, 2009 Rs. in Lacs
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	1,495.03	1,453.37
Stock Options Outstanding		443.03	-
Equity Share Warrants		231.17	-
Reserves and surplus	2	20,888.18	20,302.55
Loan Funds			
Secured loans	3	12,799.56	18,406.39
Unsecured loans	4	566.02	5,478.89
Total		36,422.99	45,641.20
APPLICATION OF FUNDS			
Fixed Assets			
Gross block	5	9,867.27	9,977.31
Less : Accumulated Depreciation / Impairment		6,083.40	5,741.42
Net block		3,783.87	4,235.89
Capital work in progress including capital advances		1,136.65	1,100.02
Investments	6	11,086.96	4,783.47
Current Assets, Loans and Advances			
Inventories	7	9,505.97	8,346.95
Sundry debtors - Others	8	18,158.14	17,498.83
ESCO	9	-	12,974.12
Cash and bank balances	10	968.70	567.19
MSEDCL Receivables	11	-	4,114.09
Other Current Assets	12	8.22	7.19
Loans and advances	13	7,133.55	7,294.77
		35,774.58	50,803.14
Less : Current Liabilities and Provisions	14		
Current liabilities		15,252.63	15,194.74
Provisions		111.38	86.58
		15,364.01	15,281.32
Net Current Assets		20,410.57	35,521.82
Miscellaneous Expenditure			
(to the extent not written off or adjusted)	15	4.94	-
Total		36,422.99	45,641.20
Notes to accounts	23		

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

As per our report of even date attached

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

Chartered Accountants

For and on behalf of the Board of Directors

RASIK D. GORADIA

Executive Director & Company Secretary

ARUN B. SHAH

Executive Chairman

C.A. N. D. ANKLESARIA

Partner

Membership No. 10250

SNEHAL J. SHAH

Joint Chief Financial Officer

HARESH G. DESAI

Director

Mumbai : 31st May, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010

	Schedules	March 31, 2010 Rs. in Lacs	March 31, 2009 Rs. in Lacs
INCOME			
Sale of Goods (Net of Excise duty)	16	22,440.57	21,179.29
Other Income	17	341.37	223.78
Total		22,781.94	21,403.07
EXPENDITURE			
Materials Consumed	18	17,063.91	12,706.98
(Increase) /Decrease in Inventories	19	(1,451.59)	703.80
Personnel Expenses	20	1,057.33	1,341.18
Manufacturing, Administrative and Other Expenses	21	2,337.24	4,222.65
Financial Expenses (Net)	22	2,811.80	2,130.12
Depreciation/Amortisation	5	439.16	460.82
Total		22,257.85	21,565.55
Profit / (Loss) before Exceptional Items and Tax		524.09	(162.48)
Exceptional Items		(443.03)	698.29
[Refer Note No 6 to Schedule 23 (III)]			
Profit / (Loss) before tax		81.06	535.81
Less: Provision for taxation -			
Current tax		-	-
Deferred tax - (credit) / charge		-	-
Fringe Benefit Tax		0.05	33.04
Profit / (Loss) after tax		81.01	502.77
Excess Provision of Income Tax of Earlier Years W/Back		212.95	-
Profit / (Loss) after prior period items and tax		293.96	502.77
Balance brought forward from previous year		(78.64)	(581.41)
Balance Carried to Balance Sheet		215.32	(78.64)
Weighted average number of Equity Shares outstanding during the year for calculating basic earning per share.		30,161,200	29,884,944
Basic earnings per share of face value Rs. 5/- per share (in Rs.)		0.97	1.68
Weighted average number of Equity Shares outstanding during the year for calculating diluted earning per share.		30,161,200	29,884,944
Diluted earnings per share of face value Rs. 5/- per share (in Rs.) (Refer Note 14 to schedule 23 (III))		0.97	1.68
Notes to Accounts	23		

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

As per our report of even date attached

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

Chartered Accountants

For and on behalf of the Board of Directors

RASIK D. GORADIA

Executive Director & Company Secretary

ARUN B. SHAH

Executive Chairman

C.A. N. D. ANKLESARIA

Partner

Membership No. 10250

SNEHAL J. SHAH

Joint Chief Financial Officer

HARESH G. DESAI

Director

Mumbai : 31st May, 2010

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

	March 31, 2010 Rs. in Lacs	March 31, 2009 Rs. in Lacs
A. CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES:		
Profit before tax	81.06	535.81
Adjustments for:		
Depreciation / Amortization	439.16	460.82
Foreign exchange Loss / (Gain) (Net)	307.43	170.89
Misc Expenditure written off	-	0.45
Loss on sale of fixed assets	1.66	3.41
Interest expenses	3,166.24	3,158.52
Interest Income	(354.44)	(1,028.40)
Exceptional items	443.03	(698.29)
Sundry credit balances written back	(162.19)	(3.66)
Bad debts written off	19.89	7.80
Provision for doubtful debts / advances	-	510.79
Operating profit before working capital changes	3,941.84	3,118.14
Movement in working capital:		
(Increase) / Decrease in Inventories	(1,159.01)	1,104.45
(Increase) / Decrease in Sundry Debtors	16,101.35	(11,577.89)
(Increase) / Decrease in Loans and Advances	368.21	426.86
Increase / (Decrease) in Current Liabilities / Provisions	244.88	4,564.43
Cash generated from operations	19,497.27	(2,364.01)
Direct Taxes paid (net)	(5.93)	(177.43)
Net cash generated from operating activities	(A) 19,491.34	(2,541.44)
B. CASH FLOWS USED IN INVESTING ACTIVITIES:		
Purchase of fixed assets	(79.60)	(996.13)
Proceeds from sale of fixed assets	54.19	1,777.57
Purchase of investments	(6,429.49)	-
Sale of Investments	126.00	275.59
Maturity of fixed deposits (net)	3.04	(80.74)
Interest received	354.44	1,028.40
Net cash used in investing activities	(B) (5,971.42)	2,004.69
C. CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of share capital	333.33	28.00
Proceeds from issuance of Equity Share Warrants	231.17	-
Proceeds from issuance of unsecured non convertible debentures	-	4,574.33
Repayment of unsecured non convertible debentures	(4,578.89)	-
Proceeds from borrowings	3,631.03	3,613.55
Repayment of borrowings	(9,571.84)	(5,105.21)
Interest paid	(3,166.24)	(3,158.52)
Dividend paid	-	-
Net cash generated from financing activities	(C) (13,121.44)	(47.85)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	398.47	(584.60)
Cash and cash equivalents at the beginning of the year	240.22	824.82
Cash and cash equivalents at the end of the year	638.69	240.22
Reconciliation of cash and cash equivalents		
Cash in hand	12.92	95.45
Balance with scheduled banks - Current account	362.73	33.04
- Deposit account	330.01	326.97
- On Margin accounts	252.30	100.00
- On unpaid dividend accounts	10.74	11.73
Cash and bank balances as per Balance Sheet	968.70	567.19
Less : Long term deposits considered in investing activities	(330.01)	(326.97)
Cash and cash equivalents considered for cashflows	638.69	240.22

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

For and on behalf of the Board of Directors

RASIK D. GORADIA
Executive Director & Company Secretary

ARUN B. SHAH
Executive Chairman

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

SNEHAL J. SHAH
Joint Chief Financial Officer

HARESH G. DESAI
Director

SCHEDULES FORMING PART OF THE ACCOUNTS

	March 31, 2010 Rs. In Lacs	March 31, 2009 Rs. In Lacs
SCHEDULE 1		
SHARE CAPITAL		
Authorised		
8,00,00,000 (Previous year 8,00,00,000) Equity Shares of Rs.5 each	4,000.00	4,000.00
	<u>4,000.00</u>	<u>4,000.00</u>
Issued		
3,07,19,377 (Previous year 2,98,86,044) Equity Shares of Rs.5 each fully paid	1,535.96	1,494.30
	<u>1,535.96</u>	<u>1,494.30</u>
Subscribed and Paid up		
3,07,18,277 (Previous Year 2,98,84,944) Equity Shares of Rs.5 each fully paid (includes 8,33,333 equity shares of Rs. 5 each allotted during the year on conversion of share warrants	1,535.91	1,494.25
Less: Amount Recoverable from ESOP Trust (Refer Note No. 4 of Schedule 23(III))	(40.88)	(40.88)
	<u>1,495.03</u>	<u>1,453.37</u>

Note:**Subscribed and Paid up capital includes :**

- 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.
- During the year 2005-06, the Company has approved a Scheme of Arrangement ('the Scheme') between Asian Raymold Lighting Private Limited ('ARLPL') and Asian Electronics Limited ('the Company') vide Board Resolution dated June 29, 2005 and shareholders approval dated September 26, 2005. The said Scheme has been approved during the year 2006-07 by the Honourable High Court, Mumbai and Honourable High Court, Chennai respectively and the scheme has become effective and consequently the Company has issued 8,00,000 Equity Shares of Rs.5/- each to the shareholders of ARLPL, i.e.Asian Raymold Lighting Private Limited other than the Company.

	March 31, 2010 Rs. In Lacs	March 31, 2009 Rs. In Lacs
SCHEDULE 2		
RESERVES AND SURPLUS		
Capital reserve		
As per last balance sheet	321.23	321.23
	<u>321.23</u>	<u>321.23</u>
Capital redemption reserve		
As per last balance sheet	87.62	87.62
	<u>87.62</u>	<u>87.62</u>
Securities premium account		
As per last balance sheet	20,313.71	20,313.71
Add : Additions during the year	291.67	-
	<u>20,605.38</u>	<u>20,313.71</u>
Less: Amount Recoverable from ESOP Trust (Refer Note No. 4 of Schedule 23(III))	(666.37)	(666.37)
	<u>19,939.01</u>	<u>19,647.34</u>
Special reserve		
As per last balance sheet	325.00	325.00
	<u>325.00</u>	<u>325.00</u>
Profit and loss account balance		
	215.32	(78.64)
Total	<u>20,888.18</u>	<u>20,302.55</u>

SCHEDULES FORMING PART OF THE ACCOUNTS

	March 31, 2010 Rs. In Lacs	March 31, 2009 Rs. In Lacs
SCHEDULE 3		
SECURED LOANS		
Term loans from		
Financial institution	184.64	431.04
Banks	1,158.24	9,566.88
Interest Due	-	14.13
Vehicle loan from Banks	2.50	5.17
Cash credit / working capital loans from Banks	11,454.18	8,389.17
Total	12,799.56	18,406.39
Repayment of secured loans due in next 12 months	1,345.38	2,953.40

Notes :

1. Rupee term loan of Rs.184.64 lacs (Previous year Rs.431.04 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. Term Loan of Rs.608.67 lacs (Previous year Rs.1514.13 lacs) from UCO Bank is secured by :
 - (1) Assignment of Letter of Credit of MSEDCL and hypothecation of receivables arising out of MSEDCL lease rentals.
 - (2) Exclusive charge on ESCO receivables subject to first prior charge of IREDA to the extent Rs 1800 lacs.
 - (3) Exclusive first mortgage charge on immovable propoerties and hypothecation charge on movable fixed assets of the company excluding charge created in favour of IREDA.
 - (4) Pari-passu second charge on company's current assets excluding ESCO receivables and MSEDCL receivables.
3. Short term loan of Rs. 549.57 lacs from Bank of India is secured by first charge by way of Equitable Mortgage on the immovable properties of the Company at Thane during the Financial year.
4. Working Capital Facilities of Rs. 11454.18 lacs (Previous year Rs.8389.17 lacs) are secured by :
 - [1] Hypothecation of current assets except Esco receivables.
 - [2] Second charge on immovable properties at 68, MIDC, Satpur, Nasik - 422 007.
5. Vehicle loan of Rs. 2.5 lacs (Previous year Rs.5.17 lacs) from banks is secured by hypothecation of vehicles.

	March 31, 2010 Rs. In Lacs	March 31, 2009 Rs. In Lacs
SCHEDULE 4		
UNSECURED LOANS		
Short term loan - From Banks	-	900.00
Non Convertible Debentures	-	4,578.89
Interest Accrued and Due	-	-
From Companies	566.02	-
Total	566.02	5,478.89
Repayment of unsecured loans due in next 12 months	566.02	5,478.89

SCHEDULE 5: FIXED ASSETS

Rs. In Lacs

Sr. No.	Particulars	Gross Block			Depreciation			Impairment		Net Block	
		As at 01.04.09	Additions / Adjustments	Deductions / Adjustments	As at 31.03.10	As at 01.04.09	Total Depreciation for the year	As at 31.03.10	As at 01.04.09	As at 31.03.10	As at 31.03.09
Tangible Assets											
1	Free Hold Land	2.95	-	-	2.95	-	-	-	-	2.95	2.95
2	Lease Hold	13.55	-	7.46	6.09	0.10	1.66	-	-	4.16	10.06
3	Factory Building	1,196.87	-	81.36	1,115.51	39.51	41.09	356.34	-	759.17	838.95
4	Flat	6.21	-	-	6.21	-	-	0.80	5.41	5.41	-
5	Plant & Machinery	7,463.61	36.83	19.30	7,481.14	250.37	13.61	3,293.18	1,558.37	2,629.59	2,848.82
6	Furniture & Fixtures	250.28	0.81	8.70	242.39	10.65	8.21	166.62	4.89	70.88	81.21
7	Vehicle / Cycle	187.66	2.28	36.21	153.73	11.50	32.61	77.17	0.31	76.25	89.07
Intangible Assets											
	Goodwill	119.00	-	-	119.00	23.80	-	73.93	-	45.07	68.87
	Patents & Trademarks	22.76	3.07	-	25.83	2.71	-	17.30	-	8.53	8.17
	Product Development Cost	712.21	-	-	712.21	100.08	-	526.04	-	186.17	286.25
	Software	2.21	-	-	2.21	0.44	-	1.11	-	1.10	1.54
	Total	9,977.31	42.99	153.03	9,867.27	439.16	97.18	4,514.42	1,568.98	3,783.87	4,235.89
	Previous Year	14,828.77	243.37	5,094.83	9,977.31	460.82	4,012.14	4,172.44	1,568.98	4,235.89	

SCHEDULES FORMING PART OF THE ACCOUNTS

	March 31, 2010 Rs. In Lacs	March 31, 2009 Rs. In Lacs
SCHEDULE 6		
INVESTMENTS		
Long Term Investments (At cost)		
Trade Investments (Unquoted)		
In Others		
10,000 (Previous year - 10,000) Shares of Asian Electronics LLC, Delaware, USA. of US\$ 1 each fully paid	4.54	4.54
4,750 (Previous year - 4,750) Equity shares of Global Energy Management (Europe) Ltd. of pound 1 each fully paid	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	4,360.20	4,360.20
In Joint Ventures		
20,000 (Previous year - 20,000) Equity shares of Midcom Magnetics Management Pvt.Ltd. of Rs.10 each fully paid	139.50	139.50
14,51,040 (Previous year - 15,00,000) Equity shares of Asian Retail Lighting Pvt. Ltd. of Rs.10 each fully paid up [Refer Note No. 13(ii) to Schedule 23 (III)]	276.00	150.00
Nil (Previous year - 12,60,000) Equity shares of Home Lighting India Ltd. of Rs.10 each fully paid up [Refer Note No. 13(ii) to Schedule 23(III)]	-	126.00
In Proposed Wholly Owned Subsidiaries		
Investment Suspense Account [Refer Note No. 2 to Schedule 23(III)]	6,303.49	-
Total	11,086.96	4,783.47
SCHEDULE 7		
Inventory (at lower of cost and net realisable value)		
(as taken, valued and certified by the management)		
Stores and Spares	139.91	-
Raw Materials - in stock (including stock in transit Rs. Nil (Previous year Rs.9.90 Lacs)	3,521.23	3,772.42
Work in Progress	3,829.60	4,109.59
Finished Goods	4,698.48	5,896.65
Trading Materials	2,929.75	175.92
Contract WIP	-	5.37
Total	15,118.97	13,959.95
Less : Provision for Inventory	5,613.00	5,613.00
	9,505.97	8,346.95
SCHEDULE 8		
Sundry Debtors (Unsecured)		
Debts outstanding for period exceeding six months :		
Considered good	8,116.29	7,108.90
Considered doubtful	13,115.54	13,115.54
Other Debts - considered good - (Refer note 1 below)	10,041.85	10,389.93
	31,273.68	30,614.37
Less : Provision for doubtful debts	13,115.54	13,115.54
Total	18,158.14	17,498.83

Note :

1. Includes Rs. 40.05 lacs (Previous year Rs. 218.90 lacs) for sale made on deferred payment terms.

SCHEDULES FORMING PART OF THE ACCOUNTS

	March 31, 2010 Rs. In Lacs	March 31, 2009 Rs. In Lacs
SCHEDULE 9		
ESCO Debtors (Unsecured) [Refer Note No. 2 of Schedule 23 (III)]		
Debts outstanding for period exceeding six months :		
Considered good	-	10,593.60
Considered doubtful	-	62.14
Other Debts - considered good	-	2,380.52
	-	13,036.26
Less : Provision for doubtful debts	-	62.14
Total	-	12,974.12
SCHEDULE 10		
Cash and Bank Balances		
Cash on hand	12.92	95.45
Balances with Scheduled Banks :		
On current accounts	362.61	32.92
On deposit accounts	330.01	326.97
On margin accounts	252.30	100.00
On unpaid dividend accounts	10.74	11.73
Balance with other Bank (National Co-Op Bank) : (Note below)		
On current account	0.12	0.12
Total	968.70	567.19
Note :		
Non- Scheduled Bank: Maximum balance during the year with National Co-Operative Bank Ltd.	0.12	0.12
SCHEDULE 11		
MSEDCL - Receivables [Refer Note No. 2 of Schedule 23 (III)]		
Debtors (outstanding for a period exceeding 6 months)	-	1,839.40
Loans & Advances	-	505.33
Fixed Assets	-	1,769.36
	-	4,114.09
SCHEDULE 12		
Other Current Assets		
Interest receivable	8.22	7.19
	8.22	7.19

SCHEDULES FORMING PART OF THE ACCOUNTS

	March 31, 2010 Rs. In Lacs	March 31, 2009 Rs. In Lacs
SCHEDULE 13		
Loans & Advances (unsecured, considered good, unless otherwise stated)		
Inter - corporate loans	3.38	94.90
Other loans	100.00	100.00
Advances recoverable in cash or in kind or for value to be received		
Considered good	388.14	318.83
Considered doubtful	199.59	199.59
Advances to suppliers		
Considered good	4,593.78	4,538.72
Considered doubtful	1,039.16	1,039.16
Balance with excise authorities / sales tax authorities, etc :		
Considered good	415.01	710.61
Considered doubtful	95.05	95.05
Prepaid Expenses	-	11.33
Advance Income tax payments [Net of Provision Rs. 87.80 Lacs (Previous Year Rs. 1520.69 Lacs)]	1,111.84	904.87
Deposits :		
Against lease rent payable	35.05	35.05
Others	486.35	580.46
	8,467.35	8,628.57
Less : Provision for doubtful advances	1,333.80	1,333.80
	7,133.55	7,294.77
Total	35,774.58	50,803.14
SCHEDULE 14		
CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors		
(a) Total outstanding dues of Micro and Small Enterprises (Refer Note 1 to Schedule 23 (III))	125.40	205.50
(b) total outstanding dues of creditors other than Micro and Small Enterprises	13,288.81	12,232.04
Advances from Customers	74.22	89.70
Due to joint venture company	114.74	130.10
Security deposits	206.71	194.58
Amount due to Investors Education & Protection Fund (as and when due) - unpaid dividends	10.74	11.75
Others	1,432.01	2,331.07
	15,252.63	15,194.74
Provisions		
Provision for Gratuity	54.37	52.77
Provision for Leave Encashment	57.01	33.81
	111.38	86.58
Total	15,364.01	15,281.32
SCHEDULE 15		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
As per last balance sheet	-	0.45
Add : Additions of Rights Issue	4.94	-
Less : Charged off during the year	-	(0.45)
Total	4.94	-

SCHEDULES FORMING PART OF THE ACCOUNTS

	March 31, 2010 Rs. In Lacs	March 31, 2009 Rs. In Lacs
SCHEDULE 16		
SALES		
Sale of Goods	22,996.65	21,943.90
Less : Excise duty	672.47	1,049.86
	<u>22,324.18</u>	<u>20,894.04</u>
Lease rent and maintenance charges	116.39	285.25
Total	<u><u>22,440.57</u></u>	<u><u>21,179.29</u></u>
SCHEDULE 17		
OTHER INCOME		
Sundry Credit balances written back (net)	162.19	3.66
Miscellaneous income	179.18	220.12
Total	<u><u>341.37</u></u>	<u><u>223.78</u></u>
SCHEDULE 18		
MATERIALS CONSUMED		
Raw materials consumed :		
Opening stock	3,772.42	4,088.79
Add : Purchases	6,900.91	7,260.31
	<u>10,673.33</u>	<u>11,349.10</u>
Less : Closing Stock	3,521.23	3,772.42
	<u>7,152.10</u>	<u>7,576.68</u>
Stores and spares consumed	48.27	56.21
Packing materials consumed	65.08	213.57
Cost of traded materials	9,798.46	4,860.52
Total	<u><u>17,063.91</u></u>	<u><u>12,706.98</u></u>
SCHEDULE 19		
(INCREASE) / DECREASE IN INVENTORY		
Opening stock		
Finished goods	5,637.85	6,573.72
Work - in progress	4,109.59	4,136.32
Op. Stock - Trading Materials	258.80	-
	<u>10,006.24</u>	<u>10,710.04</u>
Closing stock		
Finished goods	4,698.48	5,896.65
Work - in progress	3,829.60	4,109.59
Closing Stock - Trading Materials	2,929.75	-
	<u>11,457.83</u>	<u>10,006.24</u>
(Increase) / Decrease in Inventory	<u><u>(1,451.59)</u></u>	<u><u>703.80</u></u>
SCHEDULE 20		
PERSONNEL EXPENSES		
Salaries, wages, allowances, bonus and exgratia payment	974.90	1,153.42
Contribution to provident and other funds	53.52	132.50
Gratuity Expenses [Refer Note No. 11 to Schedule 23 (III)]	(0.50)	18.43
Workmen and Staff welfare expenses	29.41	36.83
Total	<u><u>1,057.33</u></u>	<u><u>1,341.18</u></u>

SCHEDULES FORMING PART OF THE ACCOUNTS

	March 31, 2010 Rs. In Lacs	March 31, 2009 Rs. In Lacs
SCHEDULE 21		
MANUFACTURING, ADMINISTRATIVE AND OTHER EXPENSES :		
Lease rent for equipments	-	7.43
Installation and maintenance charges	115.00	404.47
Rent	103.55	120.11
Rates and taxes	21.81	24.04
Electricity charges	76.04	83.12
Freight and forwarding charges	283.28	604.85
Repairs and maintenance :		
Buildings	2.90	1.78
Machinery	6.14	7.67
Others	292.97	380.40
Insurance	33.73	55.36
Travelling and conveyance	180.42	276.38
Communication expenses	49.82	89.86
Commission (to other than sole selling agents) and brokerage	157.40	807.39
Legal and professional charges	193.23	213.75
Discounts & rebates	13.64	31.77
Advertisement	18.19	15.91
Auditors' remuneration :		
For audit	30.00	18.00
For other services	2.33	-
Directors' sitting fees	8.39	3.85
Bad debts Written off (back)	19.89	7.80
Loss on sale / write off of assets	1.66	3.41
Provision for doubtful debts/advances	-	510.79
Foreign exchange fluctuation-net	307.43	170.89
Excise duty	206.72	4.91
Miscellaneous expenses	212.70	378.71
	2,337.24	4,222.65
SCHEDULE 22		
FINANCIAL EXPENSES		
Finance and bank charges	331.24	399.91
Interest :		
On term loans	623.96	1,146.66
On WCDL	575.52	-
On debentures	203.63	453.89
On others	1,431.89	1,158.06
	3,166.24	3,158.52
Less :- Interest Income		
From Banks [Tax Deducted at Source Rs. 2.06 lacs (Previous Year Rs. 3.90 Lacs)]	23.02	19.74
From Others [Tax Deducted at Source Rs. 5.12 lacs (Previous Year Rs. 61.70 Lacs)]	331.42	1,008.66
	2,811.80	2,130.12

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE 23 (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	Installed		Unit	Production
	Unit	Capacity		
Capacitors	Nos.	24,00,000	Nos.	61,661
		<i>24,00,000</i>		<i>65,777</i>
Automatic load monitoring/ management system	Nos.	30,000	Nos.	-
		<i>30,000</i>		-
Decorative Fixtures & Bracing for Fan -	Nos.	18,00,000	Nos.	-
		<i>18,00,000</i>		-
Distribution transformer core	Kgs.	1,50,000	Kgs.	-
		<i>1,50,000</i>		-
Retrofit electronic lighting system	Nos.	24,00,000	Nos.	10,67,143
		<i>24,00,000</i>		<i>1,31,23,114</i>
Machinery for solid waste management	Nos.	20	Nos.	-
		<i>20</i>		-
Tubelight fittings/Energy Saving Devices for Tubelights	Nos.	12,00,000	Nos.	-
		<i>12,00,000</i>		-
Power Plants/parts	Nos.	480	Nos.	-
		<i>480</i>		-

Figures in Italics pertain to previous year.

Notes:

- The quantity of actual production is inclusive of goods produced by processors.
- Installed capacity and quantitative information regarding sales and production is as certified by Directors and accepted by the Auditors as correct.

Sales

	Unit	Quantity (2009-10)	Rs. In lacs (2009-10)	Quantity (2008-09)	Rs. in lacs (2008-09)
Capacitors	Nos.	-	-	65,777	20.13
Retrofit electronic lighting system	Nos.	29,75,167	14,576.90	1,31,10,836	17,315.52
Tubelight fittings					
Decorative Fixtures & Bracing for Fan		-	-	241908	130.87
Trading sales			7,747.28		3,427.52
Rent and maintenance			116.39		285.25
Total			<u>22,440.57</u>		<u>21,179.29</u>

Details of Finished Goods

	Unit	Opening Stock		Closing Stock	
		Quantity (2009-10)	Rs. in Lacs (2009-10)	Quantity (2009-10)	Rs. in Lacs (2009-10)
Capacitors	Nos	-	-	-	-
		-	-	-	-
Automatic load monitoring/ management system	Nos	4	-	-	-
		<i>4</i>	-		-
Decorative Fixtures & Bracing for Fan	Nos	-	-	219,738	184.30
		<i>2,41,908</i>	<i>130.87</i>	-	-

	Unit	Opening Stock		Closing Stock	
		Quantity (2009-10)	Rs. in Lacs (2009-10)	Quantity (2009-10)	Rs. in Lacs (2009-10)
Retrofit electronic lighting system	Nos	31,51,490	2296.65	10,23,728	914.18
		<i>31,39,212</i>	<i>2842.85</i>	<i>31,51,490</i>	<i>2296.65</i>
Machinery to solid waste Mgmt (Fully Provided)	Nos	2	3,600.00	2	3,600.00
		2	<i>3,600.00</i>	2	<i>3,600.00</i>
Total			5896.65		4698.48
			<i>6573.72</i>		<i>5896.65</i>
Trading Stock		-	-	-	2929.75

Figures in Italics pertain to previous year

Consumption of raw materials

		Quantity (2009-10)	Rs. in Lacs (2009-10)	Quantity (2008-09)	Rs. In Lacs (2008-09)
Tube rods	Nos.	13,83,186	716.04	1,436,380	744.32
Others		-	6436.06	-	6832.36
Total			7152.10		7576.68
Trading materials					
Lighting components / fixtures		-	9798.46		4860.52

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

Consumption of raw materials

	% of total consumption	Rs. in Lacs (2009-10)	% of total consumption	Rs. in Lacs (2008-09)
Imported	11.18%	799.91	28.66%	2171.83
Indigenous	88.82%	6352.19	71.34%	5,404.85
Total	100%	7152.10	100%	7576.68
Stores and spares				
Imported	-	-	-	-
Indigenous	100%	48.27	100%	56.21
Total	100%	48.27	100%	56.21

2. Expenditure in foreign currency (Accrual basis)

Particulars	2009-10 Rs. in Lacs	2008-09 Rs. in Lacs
Travelling expenses	5.76	14.63
Professional and Consultation fees	-	40.27
R & D	-	12.98
Total	5.76	67.88

3. Value of Imports Calculated on CIF basis

Particulars	2009-10 Rs. in Lacs	2008-09 Rs. in Lacs
Raw materials	468.96	2706.18
Capital goods	-	385.71
Total	468.96	3091.89

4. Net Dividend remitted in foreign exchange

Particulars	2009-10 Rs. in Lacs	2008-09 Rs. in Lacs
Number of non- resident shareholders	435	474
Number of Equity Shares held on which dividend was due	4,83,737	18,96,836
Gross amount of dividends	-	-
Amount deposited in their bank accounts in India	-	-
Remittance in foreign currency	-	-

5. Earnings in Foreign Exchange (Accrual basis)

Particulars	2009-10 Rs. in Lacs	2008-09 Rs. in Lacs
Exports at FOB value	2071.46	852.67
Others	-	-
Total	2071.46	852.67

6. Capital Commitments

Particulars	2009-10 Rs. in Lacs	2008-09 Rs. in Lacs
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).	-	-

7. Contingent Liabilities not provided for

Particulars	2009-10 Rs. in Lacs	2008-09 Rs. in Lacs
Claims against the Company not acknowledged as debts – Refer Note (a)	990.59	633.16
Guarantees given by the bankers on behalf of the Company	1651.71	3045.04
Corporate Guarantee given by the Company on behalf of a third party	300.00	-
Bills/LC discounted with banks	716.85	1574.81
Disputed income tax demand – Refer Note (b)	1515.25	232.87
Disputed Sales tax demand – Refer Note (c)	77.05	118.37
Total	5251.45	5604.25

Notes:

- The above claims include a dispute with a finance company relating to lease transactions entered in the year 1997. These disputes were under arbitration. During the year 2005-2006, awards were given by the arbitrator directing the Company to compensate the finance company for the losses suffered by them due to disallowances of certain claims. The award also stipulated that the finance company should refund the amount to the Company on succeeding in further appeals. The Company's Arbitration Petition in the High Court of Bombay for setting aside the award passed by the Honourable Arbitrator on 23rd March 2006 has been dismissed. Aggrieved by the said order the Company had 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. 1515.25 Lacs (Previous year - Rs. 232.87 Lacs) arising from disallowances made in assessments which are pending with Appellate Authorities for its decision.
- The Company has not provided for disputed sales tax liability of Rs. 77.05 Lacs (Previous year - Rs. 118.37 Lacs) arising from disallowances made in assessments which are pending with Appellate Authorities for its decision.

SCHEDULE 23 (II)

SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

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

Basis of Preparation

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

Use of Estimates

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

1. Method of accounting

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

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

2. Fixed assets and depreciation

- a) Fixed assets are stated at cost less accumulated depreciation & impairment losses, if any. Cost comprises of all expenses attributable for bringing the assets to their working condition for intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use
- b) Depreciation on fixed assets, other than leased assets, is provided as per useful lives of the assets estimated by the management, or at the rates prescribed under Schedule XIV of the Companies Act, 1956 whichever is higher as under :
 - on the fixed assets acquired upto 31.12.1988, on written down value as appearing in the books on 1.1.1989. - on the fixed assets acquired after 31.12.1988 on straight line basis, other than assets lying at Chennai Division, which are depreciated on written down value method.
 - assets costing less than Rs.5,000 acquired after 15.12.93 are depreciated at 100%
- c) Leased assets are depreciated on straight line basis over the period of lease.
- d) Patents and Trade marks are amortized over a period of ten years.
- e) Miscellaneous expenditure is written off over a period of five years.
- f) Product Development expenditure are amortized over a period of 3-7 years.
- g) Software is written off over a period of five years.
- h) Goodwill is amortized using straight line method over a period of five years. However, no costs are incurred in respect of para (c) to (h) during the year, and are applicable for historical assets only.

3. Impairment

- a) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.
- b) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.
- c) A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation

if there was no impairment.

4. Lease rental

Where the Company is the lessee

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

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

Where the Company is the lessor

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

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

5. Investment

Investments are divided in the following segments:

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

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

6. Inventories

Inventories are valued as under:

- Raw materials, Components, stores and spares: Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on FIFO basis.
- Finished goods: at lower of cost and net realizable value
- Work in progress: at lower of cost and net realizable value
- Cost in relation to finished goods and work in progress includes cost of material and appropriate share of manufacturing overheads and includes excise duty payable on uncleared finished goods and excise duty paid on goods cleared but unsold.
- Cost of consumable spares purchased during the year is charged to the profit and loss account.
- Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

7. Revenue recognition

I. ESCO:

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

- a) Sales: Equipment manufactured and supplied under the above contracts is recognized as sales at Net Present Value (NPV) by discounting the future receivables for interest and maintenance.
- b) Future Maintenance Expenses: The expenses are accounted for as and when they are incurred.

- c) Interest Income: Interest income (i.e. the difference between the Contract Value and the Sales at NPV) is accounted on accrual basis (from current year) over the tenure of the contract.
- d) Liabilities: Any specific term loan taken is shown separately under the head of Secured Loan.
- e) Assets: Any amount receivables under the above contracts are shown under a separate head. The assets include rights over products and receivables.

II. Others

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

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

8. Retirement and other employee benefits

- a) Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.
- b) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
- c) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.
- d) Actuarial gains / losses are immediately taken to profit and loss account and are not deferred.

9. Foreign currency translation

- a) Initial Recognition

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

- b) Conversion

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

- c) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise except those arising from investments in non-integral operations. Forward Exchange Contracts are not intended for trading or speculation purposes

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

10. Taxes on Income

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

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets on unabsorbed depreciation and unabsorbed tax losses are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

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

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

11. Earnings Per Share

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

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

12. Provisions

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

13. Cash and Cash Equivalents

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

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

SCHEDULE 23(III) NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS

- 1 (a) Sundry Creditors include principal amount of Rs. 125.40 Lacs (Rs. 205.50 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, 2010 are as under –

Aashirwad Press Tools, Ashoka Industries, Bhamre Saw Mill, Chafekar Engineering Works, Impakt Packaging, Libra Industries, See Megh Industrial Electricals Pvt.Ltd., Shalaka Polymers, Shiva Enterprises, Suprim Engineering, Swami Samarth Electronics Pvt Ltd, Swati Packagers, Bright Light Company, Devyani Enterprises, Hira Plastics Industries, PRINTA CHEM, Kalpana Enterprises, Kunal Enterprises, M-Tech Trading Co., Nisha Enterprises, Perfect Engraving Works, Pramod Fibre-Plast Pvt Ltd, Pushkraj Packaging, Sa Enterprises, Sai Ashish Enterprises, Sarang Enterprises, See Ram Industries, Sheetal Thermocol Packers, Shree Fabs, Shree Raj Packaging, Shubham Engineering.

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

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

- b. Business of Projects Division, i.e. State Electricity Board Projects and all activities related thereto together with all related assets, liabilities and entitlements at book values as at the time of transfer on a going concern basis.
- (ii) In accordance with the accounting principles, the accounts have incorporated all such transactions at book values at the time of transfer and the difference between the book values of identified Assets and Liabilities of ESCO Division amounting to Rs. 5,174.34 Lacs and of Projects Division amounting to Rs. 1,129.15 Lacs is shown as an Investment in the proposed subsidiaries.

However, pending formalities for formation of the two subsidiary companies, the Company has for the time being shown the said investments under Investment Suspense Account in Schedule 6 of the Accounts.

- (iii) The Company has applied for approvals of Secured / Unsecured Lenders which are awaited. Pending such approval, the company will continue to be contingently liable to the lenders for the following:

Liabilities of ESCO Division

- a. Term loan and interest due thereon to IDBI for Rs 1500 lacs which is secured by way of:
- First charge on movable properties of the Company by way of hypothecation.
 - First charge by way of equitable mortgage on the immovable properties of the Company at Nasik.
 - Hypothecation of receivables pertaining to ESCO Division subject to first prior charge of IREDA to the extent of Rs.1800 lacs.
- b. Term loan and interest due thereon to IDBI for Rs 6322.50 lacs which is secured by way of:
- First charge on immovable and movable properties of the Company located at 68, MIDC, Satpur Nashik by way of extension of pari-passu first charge with UCO Bank in respect of its Term loan of Rs.6000 lacs (outstanding as on 31 Mar 2010 is Rs. 608.67 Lacs) excluding exclusive charge created in favour of IREDA on the Solar Plant acquired out of assistance of Rs.1971 lacs sanctioned by IREDA
 - Exclusive first charge of ESCO receivables (except MSEDCL receivables) under deferred sales and all new ESCO contracts for Energy Efficient Lighting Systems to be funded by IDBI under this loan
 - Charge on MSEDCL receivables is subject to first prior charge in favor of UCO Bank in respect of its Rupee Term Loan of Rs.6000 lacs (Outstanding as on 31 Mar 2010 is Rs. 608.67 Lacs) and first prior charge in respect of IREDA to the extent of Rs.1800 lacs.

Liabilities of Projects Division

- a. Unsecured Redeemable Non – Convertible Debentures and interest thereon issued to LIC Mutual Fund Asset Management Company Limited amounting to Rs. 4526.70 Lacs
- (iv) The Wholly Owned Subsidiary Companies (Transferee Companies) may opt to revalue the assets and appropriate the costs incurred based on fair market value including goodwill and may therefore adjust premium on transfer upon completion of exercise.
- 3 During the year, the Company had issued and allotted 31,45,000 Equity Share Warrants to an investor on 13th August 2009 at an exercise price of Rs. 40 per equity share aggregating to Rs. 1258. 00 Lacs on payment of 25% of the issue price aggregating to Rs. 314.50 Lacs. Out of the above 31,45,000 warrants, the investor has exercised options for conversion of 8,33,333 warrants in to equivalent number of Equity Shares on payment of the balance amount i.e. Rs. 250 Lacs upto 1st December 2009. The money so raised has been utilized for the working capital requirement of the Company.
- 4 During the financial year 2005-2006, the Company had 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 31st March 2010 are as under:

Particulars	Shares arising out of options
Options Outstanding at the beginning of the year	8,50,000
Options relinquished during the year	(8,50,000)
Options issued during the year	3,51,550
Options exercised during the year	NIL
Options Outstanding at the end of the year	3,51,550

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 25th January, 2007 to administer the Scheme under the directions of the Compensation Committee.

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

given advance of Rs. 735.25 Lacs to the Trust for the purpose. The balance outstanding as on 31st March 2010 is Rs. 707.25 Lacs which is adjusted against Share Capital and Securities Premium Account.

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

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

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

Particulars	Shares arising out of options
Options Outstanding at the beginning of the year	Nil
Options issued during the year	10,00,000
Options exercised during the year	NIL
Options Outstanding at the end of the year	10,00,000

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

The amount of Rs. 443 lacs being the difference between the market price prevailing on 12th February 2009 (being the date on which the Chairman became eligible for the options) and the exercise price of Rs. 5 per share has been provided as an exceptional item.

- 7 The Company has followed the Intrinsic value method of accounting for the Options granted to Employees under the above mentioned Stock Option Schemes as mentioned in Paras 4, 5 and 6 above. However since the Company has not ascertained the fair value of the above Options granted, disclosure of the impact of the same if any on the Company's proforma net profit, proforma basic earnings per share and proforma diluted earnings per share is not ascertainable.
- 8 The Company's products have warranty clause for a period of 24 months. Provision for warranty claims has not been considered as the amount of claim on sale under warranty is estimated to be not material.
- 9 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.
- 10 Balances of Sundry Debtors, Loans and Advances and Sundry Creditors are subject to confirmations, reconciliation and consequential adjustments, if any, the effects of which are at present unascertainable.

11 Employee Benefits

a. Defined Contribution Plans

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

(Rs. in Lakhs)

Particulars	2009-2010	2008-2009
Provident Fund	31.72	46.75

b. State Plans

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

(Rs. in Lakhs)

Particulars	2009-2010	2008-2009
Employees State Insurance	2.84	5.22

c. Defined Benefit Plans

Salaries and Wages includes Rs. 23.20 Lacs towards provision made in respect of accumulated leave encashment.

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed five years or more of service. The scheme is funded with an insurance Company in the form of a qualifying insurance policy. The Company has provided for gratuity and leave encashment based on actuarial valuation done as per Projected Unit Credit Method. The details of the Gratuity Fund for its employees are given below which is certified by an actuary and relied upon by the auditors.

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

Profit and Loss account

	2009-10	2008-09
	Rs. in Lacs	Rs. in Lacs
Net employee benefit expense (recognized in Employee Cost)		
Current service cost	8.44	13.27
Interest cost on benefit obligation	4.22	6.85
Expected return on plan assets	6.07	(7.42)
Net actuarial Losses / (Gains) recognized in the year	7.14	(12.29)
Past service cost	-	-
Net benefit expense	13.73	0.41
Actual return on plan assets	6.07	(11.09)

Balance Sheet

	March 31, 2010	March 31, 2009
	Rs. in Lacs	Rs. in Lacs
Details of benefit obligation:		
Defined Benefit Plan obligations	54.36	52.77
Fair value of plan assets	65.24	71.56
	(10.88)	(18.79)
Less – Unrecognized past service cost	-	-
Plan Liability	(10.88)	(18.79)

Changes in the present value of the defined benefit obligation are as follows:	2009-10	2008-2009
	Rs. In Lacs	Rs. In Lacs
Opening defined benefit obligation	52.77	81.26
Current service cost	8.44	13.27
Interest cost	4.22	6.85
Benefits paid	(18.20)	(17.81)
Actuarial Losses / (Gains) on obligations	7.14	(30.80)
Closing defined benefit obligation	54.37	52.77

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

	March 31, 2010	March 31, 2009
	Rs. In Lacs	Rs. In Lacs
Opening fair value of plan assets	77.29	55.30
Expected return	6.07	7.42
Contributions by employer	0.09	45.16
Benefits paid	(18.20)	(17.81)
Actuarial gains / (Losses)	-	(18.51)
Closing fair value of plan assets	65.25	71.56

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

	March 31, 2010	March 31, 2009
	%	%
Category of Assets		
Investment with Insurer	100%	100%

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

Particulars	2009-2010	2008-2009
Discount	8.00%	8.00%
Expected rate of return on plan assets	7.86%	8.00%
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.

12 Director's Remuneration

Particulars	2009-2010 Rs. in Lacs	2008-2009 Rs. in Lacs
Salaries	1.19	23.48
Commission :		
To Managing Director and Whole-time Directors	-	-
To Other Directors	-	-
Exgratia	-	1.92
Contribution to Provident and other Funds	0.09	1.89
Contribution to Superannuation fund	-	0.56
Gratuity	-	16.45
Perquisites	-	5.15
Total	1.28	49.45

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.

13 Interest in Joint Ventures

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

The Company's proportionate share of the assets, liabilities, expenses and income of the jointly controlled entity as per Unaudited Accounts as at 31st March 2010 are as follows:

(Rs. in Lacs)

Particulars	2009-2010	2008-2009
Reserves and Surplus	138.63	147.79
Secured Loans	-	-
Unsecured Loans	-	-
Deferred Tax Liability	2.27	2.27
Fixed Assets (net)	29.32	31.08
Capital Work in Progress	51.10	51.10
Current Assets		
Inventories	4.63	7.14
Sundry Debtors	57.73	65.05
Cash and Bank	0.91	0.53
Particulars	2009-2010	2008-2009
Loans and Advances	67.10	75.37
Current Liabilities and Provisions	4.66	5.59
Pre Operative Expenses	0.05	0.09

(Rs. in Lacs)

Particulars	2009-2010	2008-2009
Turnover	46.76	135.13
Expenses :		
Consumption of Raw Material	38.82	108.31
Manufacturing, Administrative & Other Expenses	15.33	19.74
Depreciation	1.76	1.76
Profit/(Loss) Before Tax	(9.15)	5.32
Provision for Tax	-	1.55
Provision for Deferred Tax Liability	-	0.55
Fringe Benefit Tax	-	0.03
Profit After Tax	(9.15)	3.19
Contingent Liabilities	Nil	Nil
Capital Commitments	Nil	Nil

- ii) The Company alongwith Home Solutions Retail (India) Ltd., a Future Group Company had formed two Joint Ventures, i.e., Asian Retail Lighting Ltd. (ARLL) and Home Lighting India Ltd. (HLIL) for the purpose of providing lighting solutions to Retail Industries in the year 2007-2008. The Company had invested 50% in the Equity Share Capital in ARLL and 42% in the Equity Share Capital of HLIL.

As per the decision of the Board of Directors of the above Companies at their respective meetings held on 4th January, 2010, a proposal was finalized to merge both the businesses into one by assignment of business of HLIL to ARLL with effect from 1st April, 2009.

Under the new arrangement, the Company sold its entire investment in HLIL, i.e., 12,60,000 Shares of Rs. 10/- each aggregating to Rs. 1,26,00,000/-. The Company also sold 1,03,500 Shares of Rs. 10/- each of ARLL aggregating to Rs. 10,35,000/-. The proceeds amounting to Rs.1,36,35,000/- has been utilized to buy 54,540 Shares of ARLL of Rs. 10/- each at a premium of Rs. 240/- per Share. Thus, the investment in HLIL became Nil and the investment in ARLL has gone up to Rs. 2,76,00,000/- which consists of 13,96,500 Equity Shares at the cost of Rs. 10/- each and 54,540/- Shares of Rs. 10/- each at a price of Rs. 250/- each. So, as on 31st March, 2010, the number of Shares of ARLL is 14,51,040 at the cost of Rs.2,76,00,000/-.

Consequently, the shareholding in Joint Ventures i.e. ARLL has become 46.5% and the shareholding in HLIL has become Nil as on 31st March, 2010. This arrangement has been approved by both the Joint Venture Companies as well as the Company.

The Company's proportionate share of the assets, liabilities, expenses and income of the jointly controlled entity, i.e., ARLL as per the Unaudited Accounts as at 31st March 2010 are as follows:

(Rs. Lacs)

Particulars	2009-2010	2008-2009
Reserves and Surplus	179.94	42.63
Secured Loans	413.27	211.35
Deferred Tax Liability	1.18	0.77
Fixed Assets (net)	27.93	15.18
Current Assets		
Inventories	452.42	273.69
Sundry Debtors	413.23	269.21
Cash and Bank	20.51	8.56
Loans and Advances	90.40	60.47
Current Liabilities and Provisions	265.02	232.86

Particulars	2009-2010	2008-2009
Turnover	1908.07	1103.11
Expenses :		
Consumption of Raw Material	1532.43	860.36
Manufacturing, Administrative & Other Expenses	367.78	237.36
Depreciation	3.72	1.97
Profit/(Loss) Before Tax	4.14	3.42

Provision for Tax	0.35	0.55
Particulars	2009-2010	2008-2009
Provision for Deferred Tax Liability	0.41	0.51
Fringe Benefit Tax	-	1.55
Profit After Tax	3.38	0.81
Contingent Liabilities	Nil	Nil
Capital Commitments	Nil	Nil

14 Earnings Per Share

Particulars	March 31, 2010 (Rs. in Lacs)	March 31, 2009 (Rs. in Lacs)
Basic / Diluted Earning Per Share		
Numerator used for Calculating Basic Earning Per Share – Net Profit after Tax	293.96	502.77
Weighted Average number of shares used as denominator for Calculating Basic Earning Per Share (in Nos)	3,01,61,200	2,98,84,944
Basic / Diluted Earnings pre Share	0.97	1.68

15 Deferred Tax

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

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

16 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. 103.55 Lacs (Rs. 120.11 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)	2009-10	2008-09
Not later than one year	42.20	100.26
Later than one year and not later than five year	42.72	84.92
Later than five year	-	-
Total	84.92	185.18

17 Related Parties Disclosure

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

a. Subsidiary

Proposed Company to which the Projects division has been transferred.

Proposed Company to which the ESCO division has been transferred.

b. Joint Venture:

Midcom Magnetics Management Private Limited

Asian Retail Lighting Limited

Home Lighting India Limited [Up to 31 March 2009, refer note 13 (ii)]

c. Associate

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

d. Key Management Personnel

Mr. Arun Shah, Chairman

Mr. Suresh Shah, Chairman Emeritus (upto 26.09.2009)

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

e. Relatives of Key Management Personnel

None

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

Pranamghar (India) Private Limited

Arsh Advisors Pvt. Ltd.

Arun & Co.

Indage Vintners Limited

Indage Restaurants and Leisure Limited

Sirius Capital Services Limited

MNR Engineering Private Limited

Dalal Desai and Kumana (Partnership Firm)

Shah Investments Financial Developments & Consultants Private Ltd. (upto 26.09.2009)

U.S. Instruments Private Ltd. (upto 26.09.2009)

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

Related Party Disclosure

Transactions during the period	Subsidiaries		Associates		Joint Ventures		Key Management Personnel (KMP)		Relative of Key Management Personnel		Enterprises over which KMP and their relatives are able in exercise significant influence		Total		
	Mar-10	Mar-09	Mar-10	Mar-09	Mar-10	Mar-09	Mar-10	Mar-09	Mar-10	Mar-09	Mar-10	Mar-09	Mar-10	Mar-09	
Sales															
Midcom Magnetics Management Pvt Ltd					84.33	270.74							84.33	270.74	
Asian Retail Lighting Limited					58.59	24.39							58.59	24.39	
Home Lighting India Limited					-	13.01							-	13.01	
Legal & Professional Fees															
Dalal Desai & Kumana												-	2.00	-	2.00
Sirius Capital Services Ltd.												15.01	2.76	15.01	2.76
Reimbursement of Expenses															
Midcom Magnetics Management Pvt Ltd					13.56	15.46								13.56	15.46
Pranamghar India Pvt Ltd												1.91		1.91	-
Advance Received															
Pranamghar India Pvt Ltd												-	50.00	-	50.00
Advance Paid															
Pranamghar India Pvt Ltd												118.44	25.00	118.44	25.00
U.S. Instruments Pvt Ltd												-	40.89	-	40.89
Managerial Remuneration															
Mr. Suresh Shah								-	35.08					-	35.08

Mr. Jinendra Shah							-	14.37						-	14.37
Purchases of Material															
Transactions during the period	Subsidiaries		Associates		Joint Ventures		Key Management Personnel (KMP)		Relative of Key Management Personnel		Enterprises over which KMP and their relatives are able in exercise significant influence		Total		
	Mar-10	Mar-09	Mar-10	Mar-09	Mar-10	Mar-09	Mar-10	Mar-09	Mar-10	Mar-09	Mar-10	Mar-09	Mar-10	Mar-09	
Midcom Magnetics Management Pvt Ltd					114.09	353.42							114.09	353.42	
Asian Retail Lighting Limited					28.99	-							28.99	-	
Balance outstanding as at the year end															
Outstanding Payables															
Shah Investments Financials Developments & Consultants Pvt Ltd											(0.89)	(0.89)	(0.89)	(0.89)	
Midcom Magnetics Pvt Ltd					(114.74)	(130.10)							(114.74)	(130.10)	
Sirus Capital Services Ltd.											(12.03)	(2.45)	(12.03)	(2.45)	
Outstanding Receivable															
Pranamghar India Pvt Ltd											269.03	150.00	269.03	150.00	
Dalal Desai & Kumana											0.50	0.50	0.50	0.50	
Asian Retail Lighting Limited					34.09	3.09							34.09	3.09	
Home Lighting India Limited					-	2.10							-	2.10	
Outstanding Advances Balance															
U.S. Instruments Pvt Ltd											(220.00)	(220.00)	(220.00)	(220.00)	
Outstanding loan balance receivable															
Asian Electronics LLC USA													-	-	

18 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.

- 19 Previous Year figures have been regrouped / rearranged wherever necessary. The figures of the previous year are not comparable as the businesses of two divisions of the Company have been transferred during the year.

As per our report of even date attached

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

Chartered Accountants

For and on behalf of the Board of Directors

RASIK D. GORADIA

Executive Director & Company Secretary

ARUN B. SHAH

Executive Chairman

C.A. N. D. ANKLESARIA

Partner

Membership No. 10250

SNEHAL J. SHAH

Joint Chief Financial Officer

HARESH G. DESAI

Director

Place : Mumbai

Date : 31st May, 2010

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. REGISTRATION DETAILS

Registration No. State Code

Balance Sheet Date

Date Month Year

2. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS.THOUSANDS)

Public Issue	Right Issue
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> N I L	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> N I L
Bonus Issue	Private Placement
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> N I L	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> 4 1 6 6
Preference Shares	
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> N I L	

3. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS.THOUSANDS)

Total Liabilities	Total Assets
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="9"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="9"/>
Sources of Funds: Paid-up Capital	Reserves & Surplus
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="9"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="3"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="8"/> <input type="text" value="8"/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="8"/>
Secured Loans	Unsecured Loans
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="9"/> <input type="text" value="5"/> <input type="text" value="6"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="2"/>
Stock Option outstanding	Equity Share Warrants
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="3"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="7"/>

4. Application of Funds:

Net Fixed Assets	Investments
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="9"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="5"/> <input type="text" value="2"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="6"/>
Net Current Assets	Miscellaneous Expenditure
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="5"/> <input type="text" value="7"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="9"/> <input type="text" value="4"/>
Accumulated Losses :	

5. PERFORMANCE OF THE COMPANY: (AMOUNT IN RS.THOUSANDS)

Turnover	Total Expenditure
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="4"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="8"/> <input type="text" value="8"/>
+ Profit - Loss Before Tax	+ Profit / - Loss After Tax
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="6"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="1"/>
[Please tick appropriate Box + for Profit, - for Loss]	
Earnings per Share in Rs.	Dividend Rate %
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="0"/> <input type="text" value="."/> <input type="text" value="9"/> <input type="text" value="7"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> N I L

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

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

Report of the Auditors on Consolidated Financial Statements

AUDITORS REPORT TO THE BOARD OF DIRECTORS OF ASIAN ELECTRONICS COMPANY LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF ASIAN ELECTRONICS COMPANY LIMITED, ITS ASSOCIATES AND ITS PROPOSED SUBSIDIARIES, TO BE INCORPORATED IN INDIA.

1. We have examined the attached consolidated Balance Sheet of Asian Electronics Company Limited and its subsidiaries and Joint Ventures ("Asian Electronics Group") as at 31st March, 2010, the Consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the year then ended. These consolidated financial statements are the responsibility of the Company's management and have been prepared by the Management on the basis of separate financial statements and other financial information. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Included in these Consolidated Financial Statements are the financial statements of the proposed two subsidiaries, which reflect total assets of Rs. 18,226.80 Lacs as at 31st March, 2010 and total revenues of Rs. 216.52 Lacs for the year then ended, which have not been audited.
4. We did not audit the financial statements of two Joint Venture Entities whose unaudited financial statements reflect (before giving effect to the consolidation adjustments) total assets of Rs. 2455.25 Lacs as at 31st March 2010 and total revenues of Rs. 4196.90 Lacs for the year then ended which were prepared by their Managements. The same have been considered for the purpose of Consolidation and accepted by us as correct. Any adjustments to their balances on completion of audit could have consequential effect on the attached Consolidated Financial Statements.
5. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements, Accounting Standard (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard (AS) 27, Financial Reporting of Interest in Joint Ventures issued by the Institute of Chartered Accountants of India.

6. Attention is invited to the following:
 - a. *No provision has been made for amounts receivable from Maharashtra State Electricity Distribution Company Ltd. (MSEDCL) aggregating to Rs. 4,110.08 Lacs comprising of Written down value of Fixed Assets amounting to Rs. 1769.36 Lacs, Advances amounting to Rs. 501.32 Lacs and Debtors amounting to Rs. 1839.40 Lacs shown separately under Current Assets, Loans and Advances which is considered good and recoverable by the Management. The above amount is under dispute as disclosed in Note No. 4 of Schedule 23(III). The impact of the same on the loss for the year is presently unascertainable.*
 - b. *Note No. 2 of Schedule 23(III) regarding transfer of related loans and debentures of ESCO and Project Division aggregating to Rs. 12,349.21 Lacs to two wholly owned subsidiaries (proposed) without obtaining the approval of the lenders. On the basis of information available to us, we are unable to form an opinion in this matter.*
 - c. *Note Nos. 6 to 9 of Schedule 23(III) regarding Stock Options granted to Directors and Employees. Since the Company has not ascertained the fair value of the Options granted, impact of the same on the Proforma Net Profit, Proforma basic earnings per share and Proforma diluted earnings per share is not ascertainable.*
7. Subject to what has been mentioned in Paragraph 6 above, based on our audit and on the financial information of the components, and to the best of our knowledge and according to the information and explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of the Consolidated Balance Sheet, of the consolidated state of affairs of Asian Electronics Group, as at 31st March, 2010;
 - (b) In the case of the Consolidated Profit and Loss Account of the loss for the year ended on that date; and
 - (c) in the case of Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

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

CA N.D. ANKLESARIA
Partner
Membership No. 10250

Place : Mumbai.
Date : 31st May, 2010

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2010

	Schedules	March 31, 2010 Rs. in Lacs
SOURCES OF FUNDS		
Shareholders' Funds		
Share capital	1	1,495.03
Stock Options Outstanding		443.03
Equity Share Warrants		231.17
Reserves and surplus	2	20,675.86
Loan Funds		
Secured loans	3	21,035.34
Unsecured loans	4	5,092.72
Deferred Tax Liability		3.45
Total		48,976.60
APPLICATION OF FUNDS		
Fixed Assets		
Gross block	5	9,939.93
Less : Accumulated Depreciation / Impairment		6,098.78
Net block		3,841.15
Capital work in progress including capital advances		1,187.69
Investments	6	4,367.97
Current Assets, Loans and Advances		
Inventories	7	9,963.02
Sundry debtors - Others	8	19,921.91
ESCO	9	12,709.18
Cash and bank balances	10	990.13
MSEDCL Receivables	11	4,110.08
Other Current Assets	12	8.22
Loans and advances	13	7,224.75
		54,927.29
Less : Current Liabilities and Provisions	14	
Current liabilities		15,401.24
Provisions		114.68
		15,515.92
Net Current Assets		39,411.37
Miscellaneous Expenditure (to the extent not written off or adjusted)	15	4.98
Total		163.44
		48,976.60
Notes to accounts	23	

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

As per our report of even date attached

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

For and on behalf of the Board of Directors

RASIK D. GORADIA
Executive Director & Company Secretary

ARUN B. SHAH
Executive Chairman

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

SNEHAL J. SHAH
Joint Chief Financial Officer

HARESH G. DESAI
Director

Mumbai : 31st May, 2010

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010

	Schedules	March 31, 2010 Rs. in Lacs
INCOME		
Sale of Goods (Net of Excise duty)	16	24,602.15
Other Income	17	351.15
Total		24,953.30
EXPENDITURE		
Materials Consumed	18	18,868.30
(Increase) /Decrease in Inventories	19	(1,629.49)
Personnel Expenses	20	1,338.23
Manufacturing, Administrative and Other Expenses	21	2,739.20
Financial Expenses (Net)	22	3,099.24
Depreciation/Amortisation	5	444.64
Total		24,860.12
Profit / (Loss) before Exceptional Items and Tax		93.18
Exceptional Items [Refer Note No. 8 of Schedule 23 (III)]		(443.03)
Profit / (Loss) before tax		(349.85)
Less: Provision for taxation -		
Current tax		0.66
Deferred tax - (credit) / charge		0.41
Fringe Benefit Tax		0.05
Profit / (Loss) after tax		(350.97)
Excess Provision of Income Tax of Earlier Years W/Back		213.26
Profit / (Loss) after prior period items and tax		(137.71)
Balance brought forward from previous year		(25.73)
Balance Carried to Balance Sheet		(163.44)
Weighted average number of Equity Shares outstanding during the year for calculating basic earning per share.		30,161,200
Basic earnings per share of face value Rs. 5/- per share (in Rs.)		(0.46)
Weighted average number of Equity Shares outstanding during the year for calculating diluted earning per share.		30,161,200
Diluted earnings per share of face value Rs. 5/- per share (in Rs.) (Refer Note No. 15 to schedule 23 (III))		(0.46)
Notes to Accounts		
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 attached

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

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

Mumbai : 31st May, 2010

RASIK D. GORADIA
Executive Director & 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

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2010

		March 31, 2010
		Rs. in Lacs
A.	CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES:	
	Profit before tax	(349.85)
	Adjustments for:	
	Depreciation / Amortization	444.64
	Foreign exchange Loss / (Gain) (Net)	307.43
	Misc Expenditure written off	0.05
	Loss on sale of fixed assets	1.66
	Interest expenses	3,737.32
	Interest Income	(638.08)
	Exceptional items	443.03
	Sundry credit balances written back	162.19
	Bad debts written off	19.89
	Provision for doubtful debts / advances	-
	Operating profit before working capital changes	4,128.28
	Movement in working capital:	
	(Increase) in Inventories	(1,335.23)
	(Increase) in Sundry Debtors	(2,262.12)
	(Increase) / Decrease in Loans and Advances	337.10
	Increase in Current Liabilities / Provisions	(48.28)
	Cash generated from operations	819.75
	Direct Taxes paid (net)	(6.28)
	Net cash generated from operating activities	813.47
B.	CASH FLOWS USED IN INVESTING ACTIVITIES:	
	Purchase of fixed assets	(96.09)
	Proceeds from sale of fixed assets	54.19
	Purchase of investments in Joint venture Companies	(126.00)
	Sale of Investments in Joint Venture Companies	126.00
	Maturity of fixed deposits (net)	3.04
	Interest received	638.08
	Net cash used in investing activities	599.22
C.	CASH FLOWS FROM FINANCING ACTIVITIES:	
	Proceeds from issuance of share capital	472.83
	Proceeds from issuance of Equity Share Warrants	231.17
	Proceeds from issuance of unsecured non convertible debentures	-
	Repayment of unsecured non convertible debentures	(52.18)
	Proceeds from borrowings	3,832.95
	Repayment of borrowings	(1,749.34)
	Interest paid	(3,737.32)
	Dividend paid	-
	Net cash generated from financing activities	(1,001.89)
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	410.80
	Cash and cash equivalents at the beginning of the year	249.32
	Cash and cash equivalents at the end of the year	660.12
	Reconciliation of cash and cash equivalents	
	Cash in hand	13.27
	Balance with scheduled banks	365.96
	- Current account	
	- Deposit account	347.86
	- On Margin accounts	252.30
	- On unpaid dividend accounts	10.74
	Cash and bank balances as per Balance Sheet	990.13
	Less, Long term deposits considered in investing activities	(330.01)
	Cash and cash equivalents considered for cashflows	660.12

As per our report of even date attached

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

Chartered Accountants

For and on behalf of the Board of Directors

RASIK D. GORADIA

Executive Director & Company Secretary

ARUN B. SHAH

Executive Chairman

C.A. N. D. ANKLESARIA

Partner

Membership No. 10250

Mumbai : 31st May, 2010

SNEHAL J. SHAH

Joint Chief Financial Officer

HARESH G. DESAI

Director

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

	March 31, 2010 Rs. In Lacs
SCHEDULE 1	
SHARE CAPITAL	
Authorised	
8,00,00,000 Equity Shares of Rs.5 each	4,000.00
	<u>4,000.00</u>
Issued	
3,07,19,377 Equity Shares of Rs.5 each fully paid	1,535.96
	<u>1,535.96</u>
Subscribed and Paid up	
3,07,18,277 Equity Shares of Rs.5 each fully paid (includes 8,33,333 equity shares of Rs. 5 each allotted during the year on conversion of share warrants)	1,535.91
Less: Amount Recoverable from ESOP Trust (Refer Note No. 6 of Schedule 23(III))	(40.88)
	<u>1,495.03</u>
Note:	
Subscribed and Paid up capital includes :	
i) 90,25,606 equity shares of Rs. 5 each allotted as fully paid bonus shares by capitalisation of Securities premium account Rs. 373.31 lacs and general reserve Rs.77.97 lacs	
ii) During the year 2005-06, the Company has approved a Scheme of Arrangement ('the Scheme') between Asian Raymold Lighting Private Limited ('ARLPL') and Asian Electronics Limited ('the Company') vide Board Resolution dated June 29, 2005 and shareholders approval dated September 26, 2005. The said Scheme has been approved during the year 2006-07 by the Honourable High Court, Mumbai and Honourable High Court, Chennai respectively and the scheme has become effective and consequently The Company has issued 8,00,000 Equity Shares of Rs.5/- each to the shareholders of ARLPL, i.e.Asian Raymold Lighting Private Limited other than the Company	
SCHEDULE 2	
RESERVES AND SURPLUS	
Capital reserve	
As per last balance sheet	324.23
	<u>324.23</u>
Capital redemption reserve	
As per last balance sheet	87.62
	<u>87.62</u>
Securities premium account	
As per last balance sheet	20,313.71
Add : Additions during the year	291.67
	<u>20,605.38</u>
	(666.37)
	<u>19,939.01</u>
Less: Amount Recoverable from ESOP Trust (Refer Note No. 6 of Schedule 23(III))	
	<u>325.00</u>
Special reserve	
As per last balance sheet	325.00
	<u>325.00</u>
	<u>20,675.86</u>
Total	
SCHEDULE 3	
SECURED LOANS	
Term loans from	
Financial institution	184.64
Banks	8,980.74
Vehicle loan from Banks	2.50
Cash credit / working capital loans from Banks	11,867.46
	<u>21,035.34</u>
Total	
	<u>3,730.38</u>
Repayment of secured loans due in next 12 months	

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

Notes :

- 1 Rupee term loan of Rs.184.64 lacs from IREDA is secured by
 - [1] First charge by way of hypothecation of assets acquired out of IREDA's loan and Company's own funds under the scheme, both existing and future.
 - [2] Second charge on the immovable properties of the Company at Nasik.
 - [3] Personal guarantee of the then Chairman.
 - [4] Corporate guarantee of a group Company.
 - [5] Pledge of fixed deposit receipt of Rs.181.66 lacs.
 - [6] Hypothecation of receivables from state electricity boards of amount not exceeding Rs.1800 lacs.

- 2 Loan of Rs.1500 lacs from IDBI is secured by :
 - [1] First charge on movable properties by way of hypothecation.
 - [2] First charge by way of equitable mortgage on the immovable properties of the Company at Nasik.
 - [3] Hypothecation of receivables pertaining to Esco project subject to first prior charge of IREDA to the extent of Rs.1800 lacs.
 Loan of Rs.6322.50 lacs from IDBI is secured by:
 - [1] First charge on immovable and movable properties of the Company located at 68, MIDC by way of extension of pari-passu first charge with UCO Bank in respect of its Term loan of Rs.6000 lacs excluding exclusive charge created in favour of IREDA on the Solar Plant acquired out of assistance of Rs.1971 lacs sanctioned by IREDA.
 - [2] Exclusive first charge of ESCO receivables (except MSEDCL receivables) under deferred sales and all new ESCO contracts for Energy Efficient Lighting Systems to be funded by IDBI under this loan.
 - [3] Charge on MSEDCL receivables is subject to first prior charge in favour of UCO Bank in respect of its Rupee Term Loan of Rs.6000 lacs and first prior charge in respect of IREDA to the extent of Rs.1800 lacs.

- 3 Term Loan of Rs.608.67 lacs from UCO Bank is secured by :
 - (1) Assignment of Letter of Credit of MSEDCL and hypothecation of receivables arising out of MSEDCL lease rentals.
 - (2) Exclusive charge on ESCO receivables subject to first prior charge of IREDA to the extent Rs 1800 lacs.
 - (3) Exclusive first mortgage charge on immovable properties and hypothecation charge on movable fixed assets of the Company excluding charge created in favour of IREDA.
 - (4) Pari-passu second charge on company's current assets excluding ESCO receivables and MSEDCL receivables.

- 4 Short term loan of Rs. 549.57 lacs from Bank of India is secured by first charge by way of Equitable Mortgage on the immovable properties of the Company at Thane during the financial year.

- 5 Working Capital Facilities of Rs. 11,867.46 lacs are secured by :
 - [1] Hypothecation of current assets except Esco receivables.
 - [2] Second charge on immovable properties at 68, MIDC, Satpur, Nasik - 422 007.

- 6 Vehicle loan of Rs. 2.5 lacs from banks is secured by hypothecation of vehicles.

SCHEDULE 4

UNSECURED LOANS

Non Convertible Debentures
From Companies

Total

Repayment of unsecured loans due in next 12 months

March 31, 2010
Rs. In Lacs

4,526.70

566.02

5,092.72

5,092.72

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE 5: FIXED ASSETS

Sr. No.	Particulars	Gross Block			Depreciation			Impairment		Net Block As at 31.03.10
		As at 01.04.09	Additions / Adjustments	Deductions / Adjustments	As at 31.03.10	Total Depreciation for the year	Deductions / Adjustments	As at 01.04.09	As at 31.03.10	
	Tangible Assets									
1	Free Hold Land	2.95	-	-	2.95	-	-	-	-	2.95
2	Lease Hold	13.55	-	7.46	6.09	3.48	1.66	-	-	4.17
3	Factory Building	1,196.88	-	81.36	1,115.52	357.93	41.09	-	-	759.17
4	Flat	6.21	-	-	6.21	0.80	-	5.41	5.41	-
5	Plant & Machinery	7,508.93	39.42	19.30	7,529.05	3,064.19	13.61	1,558.37	1,558.37	2,666.09
6	Furniture & Fixtures	260.18	15.65	8.70	267.13	166.32	8.21	4.89	4.89	91.64
7	Vehicle / Cycle	187.66	2.28	36.21	153.73	98.27	11.50	0.31	0.31	76.26
	Intangible Assets									
	Goodwill	119.00	-	-	119.00	50.14	23.80	-	-	45.06
	Patents & Trademarks	22.76	3.07	-	25.83	14.58	2.71	-	-	8.54
	Product Development Cost	712.21	-	-	712.21	425.96	100.08	-	-	186.17
	Software	2.21	-	-	2.21	0.67	0.44	-	-	1.10
	Total	10,032.54	60.42	153.03	9,939.93	4,182.34	444.64	1,568.98	1,568.98	3,841.15

Notes:

Plant & Machinery taken on Lease and subleased Rs. 21,781.24 Lacs

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

March 31, 2010
Rs. In Lacs

SCHEDULE 6

INVESTMENTS

Long Term Investments (At cost)

Trade Investments (Unquoted)

In Others

10,000 Shares of Asian Electronics

LLC, Delaware, USA. of US\$ 1 each fully paid

4,750 Equity shares of Global Energy Management (Europe) Ltd of pound 1 each fully paid

24,50,000 Equity shares of Unique Waste Plastic Management and Research Company Private Limited of Rs. 10 each fully paid up [Refer Note No. 1 (g) of Schedule 23 (I)]

4.54

3.23

4,360.20

Total

4,367.97

SCHEDULE 7

INVENTORIES (at lower of cost and net realisable value)

(as taken, valued and certified by the management)

Stores and Spares

Raw Materials - in stock (including stock in transit Rs. Nil)

Work in Progress

Finished Goods

Trading Stock

139.91

3,524.55

3,830.91

4,698.48

3,382.17

Total

15,576.02

Less : Provision for Inventory

5,613.00

Total

9,963.02

SCHEDULE 8

SUNDRY DEBTORS (Unsecured)

Debts outstanding for period exceeding six months :

Considered good

Considered doubtful

Other Debts - considered good - (Refer note 1 below)

9,538.60

13,115.54

10,383.31

33,037.45

Less : Provision for doubtful debts

13,115.54

Total

19,921.91

Note :

1. Includes Rs. 40.05 lacs for sale made on deferred payment terms.

SCHEDULE 9

ESCO

Debts outstanding for period exceeding six months :

Considered good

Considered doubtful

Other Debts - considered good

572.87

62.14

12,136.31

12,771.32

Less : Provision for doubtful debts

62.14

Total

12,709.18

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

	March 31, 2010 Rs. In Lacs
SCHEDULE 10	
CASH AND BANK BALANCES	
Cash on hand	13.27
Balances with Scheduled Banks :	
On current accounts	365.84
On deposit accounts	347.86
On margin accounts	252.30
On unpaid dividend accounts	10.74
Balance with other Bank (National Co-Op Bank) : (Note below)	
On current account	0.12
Total	<u>990.13</u>
Note :	
Non- Scheduled Bank: Maximum balance during the year with National Co-Operative Bank Ltd.	0.12
SCHEDULE 11	
MSEDCL - Receivables	
Debtors (outstanding for a period exceeding 6 months)	1,839.40
Loans & Advances	501.32
Fixed Assets	1,769.36
Total	<u>4,110.08</u>
SCHEDULE 12	
OTHER CURRENT ASSETS	
Interest receivable	8.22
	<u>8.22</u>
SCHEDULE 13	
LOANS & ADVANCES (unsecured, considered good, unless otherwise stated)	
Inter - corporate loans	3.38
Other loans	100.00
Advances recoverable in cash or in kind or for value to be received	
Considered good	475.77
Considered doubtful	199.59
Advances to suppliers	
Considered good	4,593.78
Considered doubtful	1,039.16
Balance with excise authorities / sales tax authorities etc :	
Considered good	415.01
Considered doubtful	95.05
Advance Income tax payments (Net of Provision Rs. 90.83 Lacs)	1,108.82
Deposits :	
Against lease rent payable	35.05
Others	492.94
	<u>8,558.55</u>
Less : Provision for doubtful advances	1,333.80
Total	<u>7,224.75</u> <u>54,927.29</u>

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

	March 31, 2010 Rs. In Lacs
SCHEDULE 14	
CURRENT LIABILITIES AND PROVISIONS	
Current Liabilities :	
Sundry Creditors	
(a) total outstanding dues of Micro and Small Enterprises (Refer Note 1 to Schedule 23 (III))	125.40
(b) total outstanding dues of creditors other than Micro and Small Enterprises	13,526.15
Advances from Customers	78.73
Security deposits	206.71
Amount due to Investors Education & Protection Fund (as and when due) - unpaid dividends	10.74
Others	1,453.51
	15,401.24
Provisions	
Provision for Gratuity	56.38
Provision for Leave Encashment	58.30
	114.68
Total	15,515.92
SCHEDULE 15	
MISCELLANEOUS EXPENDITURE	
(To the extent not written off or adjusted)	
As per last balance sheet	0.09
Add : Additions of Rights Issue	4.94
Less : Charged off during the year	0.05
Total	4.98
SCHEDULE 16	
SALES	
Sale of Goods	25,385.95
Less : Excise duty	900.19
	24,485.76
Lease rent and maintenance charges	116.39
Total	24,602.15
SCHEDULE 17	
OTHER INCOME	
Sundry Credit balances written back	162.19
Foreign Exchange Fluctuation (net)	2.32
Miscellaneous income	186.64
Total	351.15
SCHEDULE 18	
MATERIALS CONSUMED	
Raw materials consumed :	
Opening stock	3,777.42
Add : Purchases	6,955.94
	10,733.36
Less : Closing Stock	3,524.55
	7,208.81
Stores and spares consumed	48.27
Packing materials consumed	65.08
Cost of traded materials	11,546.14
Total	18,868.30

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

	March 31, 2010 Rs. In Lacs
SCHEDULE 19	
(INCREASE) / DECREASE IN INVENTORY	
Opening stock	
Finished goods	5,637.85
Work - in - progress	4,111.72
Op. Stock - Trading Material A/C.	532.50
	<u>10,282.07</u>
Closing stock	
Finished goods	4,698.48
Work - in - progress	3,830.91
Closing Stock - Trading Material A/C.	3,382.17
	<u>11,911.56</u>
(Increase) / Decrease in Inventory	<u>(1,629.49)</u>
SCHEDULE 20	
PERSONNEL EXPENSES	
Salaries, wages, allowances, bonus and exgratia payment	1,245.93
Contribution to provident and other funds	58.17
Gratuity and Leave Encashment Expenses	2.61
Workmen and Staff welfare expenses	31.52
Total	<u>1,338.23</u>
SCHEDULE 21	
MANUFACTURING, ADMINISTRATIVE AND OTHER EXPENSES :	
Installation and maintenance charges	320.03
Rent	143.91
Rates and taxes	21.83
Electricity charges	78.55
Freight and forwarding charges	286.49
Repairs and maintenance :	
Buildings	2.90
Machinery	6.15
Others	299.58
Insurance	37.38
Travelling and conveyance	227.14
Communication expenses	59.28
Commission (to other than sole selling agents) and brokerage	187.92
Legal and professional charges	205.93
Discounts & rebates	13.64
Advertisement	44.47
Auditors' remuneration :	
For audit	30.98
For other services	2.33
Directors' sitting fees	8.39
Bad debts Written off (back)	19.89
Loss on sale / write off of assets	1.66
Foreign exchange fluctuation-net	307.43
Excise duty	206.72
Miscellaneous expenses	226.60
Total	<u>2,739.20</u>

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE 22

FINANCIAL EXPENSES

Finance and bank charges

Interest :

On term loans

On WCDL

On debentures

On others

Less :- Interest Income

From Banks (Tax Deducted at Source Rs. 2.06 lacs)

From Others (Tax Deducted at Source Rs. 20.45 lacs)

Total

March 31, 2010

Rs. In Lacs

345.54

924.15

575.52

407.82

1,484.29

3,737.32

24.02

614.06

3,099.24

SCHEDULE 23(I)

NOTES TO ACCOUNTS

1. Principles of Consolidation :

- a. The Consolidated Financial Statements are prepared in accordance with Accounting Standard (AS) 21 “Consolidated Financial Statements” (CFS).
- b. Interests in Joint venture and Associate have been accounted as per Accounting Standard 27 “Financial Reporting of Interests in Joint Ventures” and Accounting Standard 23 “Accounting for Investments in Associates in Consolidated Financial Statements” respectively issued by Institute of Chartered Accountants of India.
- c. The Consolidated Financial Statements have been prepared using uniform accounting policies in accordance with the generally accepted accounting principles.
- d. The financial statements of the Company and its proposed wholly owned subsidiaries / joint venture companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Inter Company balances and transactions and unrealized profits and losses have been fully eliminated.
- e. The difference between cost to the Company of its investments in the proposed wholly owned subsidiaries / joint venture companies and its share of the equity of the proposed wholly owned subsidiaries / joint venture companies, at the dates on which the investments in the proposed wholly owned subsidiaries / joint venture companies are made, is recognized as Goodwill or Capital Reserve as the case may be.
- f. The Consolidated Financial Statements (CFS) comprise of financial statements of Asian Electronics Limited and its proposed wholly owned subsidiaries and joint ventures as on 31st March 2010, which are as under:

Name of the Company	Subsidiary / Joint Venture / Associate	Country of Incorporation	% Shareholding & Voting Power
Proposed Company to which the Projects division has been transferred.	Subsidiary	India	100%
Proposed Company to which the ESCO division has been transferred.	Subsidiary	India	100%
Midcom Magnetics Management Private Limited	Joint Venture	India	50%
Asian Retail Lighting Limited	Joint Venture	India	46.50%

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

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS**2. Capital Commitments**

Particulars	2009-10	2008-09
	Rs. in Lacs	Rs. in Lacs
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).	-	-

3. Contingent Liabilities not provided for

Particulars	2009-10	2008-09
	Rs. in Lacs	Rs. in Lacs
Claims against the Company not acknowledged as debts – Refer Note (a)	990.59	633.16
Guarantees given by the bankers on behalf of the Company	1651.71	3045.04
Corporate Guarantee given by the Company on behalf of a third party	300.00	-
Bills/LC discounted with banks	716.85	1574.81
Disputed income tax demand – Refer Note (b)	1515.25	232.87
Disputed Sales tax demand – Refer Note (c)	77.05	118.37
Total	5251.45	5604.25

Notes:

- a. The above claims include a dispute with a finance Company relating to lease transactions entered in the year 1997. These disputes were under arbitration. During the year 2005-2006, awards were given by the arbitrator directing the Company to compensate the finance Company for the losses suffered by them due to disallowances of certain claims. The award also stipulated that the finance Company should refund the amount to the Company on succeeding in further appeals. The Company's Arbitration Petition in the High Court of Bombay for setting aside the award passed by the Honourable Arbitrator on 23rd March 2006 was dismissed. Aggrieved by the said order the Company had preferred an appeal in the Second Bench of the Honourable High Court of Mumbai, which was also dismissed. Aggrieved by the said order of the 2nd Bench of the High Court, the Company has filed Special Leave Petitions (Civil) No. 14865/2007 and No. 15093/2007. The Honourable Supreme Court granted an interim stay on the impugned orders on deposit of Rs.2 crores with the Supreme Court Registry which the Company has deposited. The matter is pending in the Supreme Court.
- b. The Company has not provided for disputed tax liability of Rs. 1,515.25 Lacs (Previous year - Rs. 232.87 Lacs) arising from disallowances made in assessments which are pending with Appellate Authorities for its decision.
- c. The Company has not provided for disputed sales tax liability of Rs. 77.05 Lacs (Previous year - Rs. 118.37 Lacs) arising from disallowances made in assessments which are pending with Appellate Authorities for its decision.

SCHEDULE 23(II)**SIGNIFICANT ACCOUNTING POLICIES****Nature of Operations**

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

Basis of Preparation

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

Use of Estimates

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

1. Method of accounting

- a) Revenues and Costs are recognized on accrual basis.
- b) Capital issue expenses are charged to Securities Premium Account.
- c) Warranty period maintenance cost, being insignificant, is accounted when incurred.
However, in case of ESCO assets, relevant portion of income is accounted net of the warranty costs as estimated.

2. Fixed assets and depreciation

- a) Fixed assets are stated at cost less accumulated depreciation & impairment losses, if any. Cost comprises of all expenses attributable for bringing the assets to their working condition for intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use
- b) Depreciation on fixed assets, other than leased assets, is provided as per useful lives of the assets estimated by the management, or at the rates prescribed under Schedule XIV of the Companies Act, 1956 whichever is higher as under :
 - on the fixed assets acquired upto 31.12.1988, on written down value as appearing in the books on 1.1.1989.
 - on the fixed assets acquired after 31.12.1988 on straight line basis, other than assets lying at Chennai Division, which are depreciated on written down value method.
 - assets costing less than Rs.5,000 acquired after 15.12.93 are depreciated at 100%
- c) Leased assets are depreciated on straight line basis over the period of lease.
- d) Patents and Trade marks are amortized over a period of ten years.
- e) Miscellaneous expenditure is written off over a period of five years.
- f) Product Development expenditure are amortized over a period of 3-7 years.
- g) Software is written off over a period of five years.
- h) Goodwill is amortized using straight line method over a period of five years. However, no costs are incurred in respect of para (c) to (h) during the year, and are applicable for historical assets only.

3. Impairment

- a) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.
- b) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.
- c) A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

4. Lease rental

Where the Company is the lessee

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

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

Where the Company is the lessor

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

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

5. Investment

Investments are divided in the following segments:

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

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

6. Inventories

Inventories are valued as under:

- Raw materials, Components, stores and spares: Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on FIFO basis.
- Finished goods: at lower of cost and net realizable value
- Work in progress: at lower of cost and net realizable value
- Cost in relation to finished goods and work in progress includes cost of material and appropriate share of manufacturing overheads and includes excise duty payable on uncleared finished goods and excise duty paid on goods cleared but unsold.
- Cost of consumable spares purchased during the year is charged to the profit and loss account.
- Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

7. Revenue recognition**I. ESCO:**

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

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

II. Others

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

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

8. Retirement and other employee benefits

- a) Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.
- b) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
- c) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.
- d) Actuarial gains / losses are immediately taken to profit and loss account and are not deferred.

9. Foreign currency translation

- a) Initial Recognition
Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
- b) Conversion
Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.
- c) Exchange Differences
Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise except those arising from investments in non-integral operations. Forward Exchange Contracts are not intended for trading or speculation purposes.
- d) The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

10. Taxes on Income

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

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets on unabsorbed depreciation and unabsorbed tax losses are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

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

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

11. Earnings Per Share

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

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

12. Provisions

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

13. Cash and Cash Equivalents

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

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

SCHEDULE 23(III)**NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS**

1. (a) Sundry Creditors include principal amount of Rs. 125.40 Lacs (Rs. 205.50 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, 2010 are as under –

Aashirwad Press Tools, Ashoka Industries, Bhamre Saw Mill, Chafekar Engineering Works, Impakt Packaging, Libra Industries, See Megh Industrial Electricals Pvt.Ltd., Shalaka Polymers, Shiva Enterprises, Suprim Engineering, Swami Samarth Electronics Pvt Ltd, Swati Packagers, Bright Light Company, Devyani Enterprises, Hira Plastics Industries, PRINTA CHEM, Kalpana Enterprises, Kunal Enterprises, M-Tech Trading Co., Nisha Enterprises, Perfect Engraving Works, Pramod Fibre-Plast Pvt Ltd, Pushkraj Packaging, Sa Enterprises, Sai Ashish Enterprises, Sarang Enterprises, See Ram Industries, Sheetal Thermocol Packers, Shree Fabs, Shree Raj Packaging, Shubham Engineering

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

2. i) As per approval of the shareholders of the Company under Section 293 (1) (a) of the Companies Act, 1956, obtained through postal ballot on 22nd May, 2010, the Company has effective from Oct 1st 2009, transferred the businesses of the following divisions to two 100% subsidiaries (proposed) as under:
 - a. Business of ESCO Division, i.e. financing of Projects / Products to customers on energy saving basis, and all activities related thereto together with all related assets, liabilities and entitlements at book values as at the time of transfer on a going concern basis.
 - b. Business of Projects Division, i.e. State Electricity Board Projects and all activities related thereto together with all related assets, liabilities and entitlements at book values as at the time of transfer on a going concern basis.
- ii) In accordance with the accounting principles, the accounts have incorporated all such transactions at book values at the time of transfer and the difference between the book values of identified Assets and Liabilities of ESCO Division amounting to Rs. 5,174.34 Lacs and of Projects Division amounting to Rs. 1,129.15 Lacs is shown as an Investment in the proposed subsidiaries.

However, pending formalities for formation of the two subsidiary companies, the Company has for the time being shown the said investments under Investment Suspense in Schedule 6 of the Accounts.
- iii) The Company has applied for approvals of Secured / Unsecured Lenders which are awaited. Pending such approval, the Company will continue to be liable to the lenders for the following:

Liabilities of ESCO Division

- a. Term loan and interest due thereon to IDBI for Rs 1500 lacs which is secured by way of:
 - i. First charge on movable properties of the Company by way of hypothecation.
 - ii. First charge by way of equitable mortgage on the immovable properties of the Company at Nasik.
 - iii. Hypothecation of receivables pertaining to ESCO Division subject to first prior charge of IREDA to the extent of Rs.1800 lacs.
- b. Term loan and interest due thereon to IDBI for Rs 6322.50 lacs which is secured by way of:
 - i. First charge on immovable and movable properties of the Company located at 68, MIDC, Satpur Nashik by way of extension of pari-passu first charge with UCO Bank in respect of its Term loan of Rs.6000 lacs (outstanding as on 31 Mar 2010 is Rs. 608.67 Lacs) excluding exclusive charge created in favour of IREDA on the Solar Plant acquired out of assistance of Rs.1971 lacs sanctioned by IREDA

- ii. Exclusive first charge of ESCO receivables (except MSEDCL receivables) under deferred sales and all new ESCO contracts for Energy Efficient Lighting Systems to be funded by IDBI under this loan
- iii. Charge on MSEDCL receivables is subject to first prior charge in favor of UCO Bank in respect of its Rupee Term Loan of Rs.6000 lacs (Outstanding as on 31 Mar 2010 is Rs. 608.67 Lacs) and first prior charge in respect of IREDA to the extent of Rs.1800 lacs.

Liabilities of Projects Division

- a. Unsecured Redeemable Non – Convertible Debentures and interest thereon issued to LIC Mutual Fund Asset Management Company Limited amounting to Rs. 4526.70 Lacs
 - i) The Wholly Owned Subsidiary Companies (Transferee Companies) may opt to revalue the assets and appropriate the costs incurred based on fair market value including goodwill and may therefore adjust premium on transfer upon completion of exercise.
- 3. The Company has given certain assets on operating lease, other than those assets given to MSEDCL which are in dispute as explained in Note no. 4 below, some of which are acquired on lease. Future lease rentals receivable against the said assets on lease as on March 31, 2010 is Rs. 84.92 Lacs. (Previous Year Rs. 185.18 Lacs). The Company has not considered the future lease rentals receivable on these leased assets in the current financial statement.
- 4. During the financial year 2006-07, the contract for Lease Equipment with Maharashtra State Electricity Distribution Company Ltd. ('MSEDCL') had been terminated w.e.f. 18th December, 2006 in view of the breach of the terms of the said contract by MSEDCL. The Company had initiated arbitration proceedings under the agreement and arbitration proceedings are in progress. The Company has lodged a claim of **Rs. 157.09 crores** including the value of Leased Equipments. Consequently, during the previous year, the Company had treated the book value (as at 1st April 2008) of the Leased Equipments, being Fixed Assets, amount outstanding for Lease Rent and Advances up to the date of termination aggregating to Rs. 4110.08 Lacs as Claims Receivables from MSEDCL and shown separately under Current Assets considering it as good and recoverable.

The Company has not recognized income from the operating lease under the said contract after 18th December, 2006. The total amount of such lease rentals not recognized by the Company for the year is Rs. 1654.20 lacs, amount not recognized as revenues till 31st March 2010 from the date of dispute is Rs. 7344.57 lacs. Total rental recoverable from MSEDCL under dispute is Rs. 11,369.67 Lacs.

- 5. During the year, the Company had issued and allotted 31,45,000 Equity Share Warrants to an investor on 13th August 2009 at an exercise price of Rs. 40 per equity share aggregating to Rs. 1258. 00 Lacs on payment of 25% of the issue price aggregating to Rs. 314.50 Lacs. Out of the above 31,45,000 warrants, the investor has exercised options for conversion of 8,33,333 warrants in to equivalent number of Equity Shares on payment of the balance amount i.e. Rs. 250 Lacs upto 1st December 2009. The money so raised has been utilized for the working capital requirement of the Company
- 6. During the financial year 2005-2006, the Company had 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 31st March 2010 are as under:

Particulars	Shares arising out of options
Options Outstanding at the beginning of the year	8,50,000
Options relinquished during the year	(8,50,000)
Options issued during the year	3,51,550
Options exercised during the year	NIL
Options Outstanding at the end of the year	3,51,550

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

The Company has already allotted 8,50,000 Shares to the Trust on 31st March, 2007 at a price of Rs. 86.50 per Equity Share to be eventually allotted to the employees of the Company on exercise of option by them in due course of time. The Company has also given advance of Rs. 735.25 Lacs to the Trust for the purpose. The balance outstanding as on 31st March 2010 is Rs. 707.25 Lacs which is adjusted against Share Capital and Securities Premium Account.

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

The Compensation Committee of the Board of Directors at its meeting held on 31st March 2010 has granted 3,51,550 stock options under ESOP - 2005 Scheme to certain Executives / Officers of the Company which shall be exercisable into equal number

of fully paid up Equity Shares of the Company of the Face Value of Rs. 5/- each in one or more tranches on payment of exercise price of Rs. 28 per Equity Share of Rs. 5/- each, being the market price prevailing as on 30th March 2010, on or after completion of one year from the date of grant, i.e. 30th March 2011 being the vesting date. The options are to be exercised within a period of seven years from the date of vesting.

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

Particulars	Shares arising out of options
Options Outstanding at the beginning of the year	Nil
Options issued during the year	10,00,000
Options exercised during the year	NIL
Options Outstanding at the end of the year	10,00,000

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

The amount of Rs. 443 lacs being the difference between the market price prevailing on 12th February 2009 (being the date on which the Chairman became eligible for the options) and the exercise price of Rs. 5 per share has been provided as an exceptional item.

9. The Company has followed the Intrinsic value method of accounting for the Options granted to Employees under the above mentioned Stock Option Schemes as mentioned in Paras 6, 7 and 8 above. However since the Company has not ascertained the fair value of the above Options granted, disclosure of the impact of the same if any on the Company's proforma net profit, proforma basic earnings per share and proforma diluted earnings per share is not ascertainable.
10. The Company's products have warranty clause for a period of 24 months. Provision for warranty claims has not been considered as the amount of claim on sale under warranty is estimated to be not material.
11. 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.
12. Balances of Sundry Debtors, Loans and Advances and Sundry Creditors are subject to confirmations, reconciliation and consequential adjustments, if any, the effects of which are at present unascertainable.
13. Employee Benefits (of Parent Company)

a. Defined Contribution Plans

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

(Rs. in Lakhs)

Particulars	2009-2010	2008-2009
Provident Fund	31.72	46.75

b. State Plans:

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

(Rs. in Lakhs)

Particulars	2009-2010	2008-2009
Employees State Insurance	2.84	5.22

c. Defined Benefit Plans -

Salaries and Wages includes Rs. 23.20 Lacs towards provision made in respect of accumulated leave encashment.

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed five years or more of service. The scheme is funded with an insurance Company in the form of a qualifying insurance policy. The Company has provided for gratuity and leave encashment based on actuarial valuation done as per Projected Unit Credit Method. The details of the Gratuity

Fund for its employees are given below which is certified by an actuary and relied upon by the auditors. The following tables summarize the components of net benefit expense recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet for the respective plans.

Profit and Loss account

	2009-10	2008-09
	Rs. in Lacs	Rs. in Lacs
Net employee benefit expense (recognized in Employee Cost)		
Current service cost	8.44	13.27
Interest cost on benefit obligation	4.22	6.85
Expected return on plan assets	6.07	(7.42)
Net actuarial Losses / (Gains) recognized in the year	7.14	(12.29)
Past service cost	-	-
Net benefit expense	13.73	0.41
Actual return on plan assets	6.07	(11.09)

Balance Sheet

	March 31, 2010	March 31, 2009
	Rs. In Lacs	Rs. In Lacs
Details of benefit obligation:		
Defined Benefit Plan obligations	54.36	52.77
Fair value of plan assets	65.24	71.56
	(10.88)	(18.79)
Less – Unrecognized past service cost	-	-
Plan Liability	(10.88)	(18.79)

	2009-10	2008-09
	Rs. in Lacs	Rs. in Lacs
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	52.77	81.26
Current service cost	8.44	13.27
Interest cost	4.22	6.85
Benefits paid	(18.20)	(17.81)
Actuarial Losses / (Gains) on obligations	7.14	(30.80)
Closing defined benefit obligation	54.37	52.77

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

	March 31, 2010	March 31, 2009
	Rs. In Lacs	Rs. In Lacs
Opening fair value of plan assets	77.29	55.30
Expected return	6.07	7.42
Contributions by employer	0.09	45.16
Benefits paid	(18.20)	(17.81)
Actuarial gains / (Losses)	-	(18.51)
Closing fair value of plan assets	65.25	71.56

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

	March 31, 2010	March 31, 2009
Category of Assets	%	%
Investment with Insurer	100%	100%

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

Particulars	2009-2010	2008-2009
Discount	8.00%	8.00%
Expected rate of return on plan assets	7.86%	8.00%
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.

14. Director's Remuneration

Particulars	2009-2010 Rs. in Lacs	2008-2009 Rs. in Lacs
Salaries	1.19	23.48
Commission :		
To Managing Director and Whole-time Directors	-	-
To Other Directors	-	-
Exgratia	-	1.92
Contribution to Provident and other Funds	0.09	1.89
Contribution to Superannuation fund	-	0.56
Gratuity	-	16.45
Perquisites	-	5.15
Total	1.28	49.45

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.

15. Earnings Per Share

Rs. in Lacs

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

16. Deferred Tax

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

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

17. 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. 103.55 Lacs (Rs. 120.11 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)	2009-10	2008-09
Not later than one year	42.20	100.26
Later than one year and not later than five year	42.72	84.92
Later than five year	-	-
Total	84.92	185.18

18. Related Parties Disclosure

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

a. Key Management Personnel

Mr. Arun Shah, Executive Chairman

Mr. Suresh Shah, Chairman Emeritus (upto 26.09.2009)

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

b. Relatives of Key Management Personnel

None

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

Pranamghar (India) Private Limited

Arsh Advisors Pvt. Ltd.

Arun & Co.

Indage Vintners Limited

Indage Restaurants and Leisure Limited

Sirius Capital Services Limited

MNR Engineering Private Limited

Dalal Desai and Kumana (Partnership Firm)

Shah Investments Financial Developments & Consultants Private Ltd. (upto 26.09.2009)

U.S. Instruments Private Ltd. (upto 26.09.2009)

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

Related Party Disclosure

Transactions during the period		Key Management Personnel (KMP)	Relatives of Key Management Personnel	Enterprises over which KMP and their relatives are able to exercise significant influence	Total
	Ref	Mar-10	Mar-10	Mar-10	Mar-10
Sales					
Midcom Magnetics Management Pvt Ltd					-
Asian Retail Lighting Limited					-
Home Lighting India Limited					-
Legal & Professional Fees					
Dalal Desai & Kumana				-	-
Sirus Capital Services Ltd.				15.01	15.01
Reimbursement of Expenses					
Midcom Magnetics Management Pvt Ltd					-
Pranamghar India Pvt Ltd				1.91	1.91
Advance Received					
Pranamghar India Pvt Ltd				-	-
Advance Paid					
Pranamghar India Pvt Ltd				118.44	118.44
U.S. Instruments Pvt Ltd				-	-
Managerial Remuneration					
Mr. Suresh Shah			-		-
Mr Jinendra Shah			-		-

Transactions during the period		Key Management Personnel (KMP)	Relatives of Key Management Personnel	Enterprises over which KMP and their relatives are able to exercise significant influence	Total
	Ref	Mar-10	Mar-10	Mar-10	Mar-10
Purchases of Material					
Midcom Magnetics Management Pvt Ltd					-
Asian Retail Lighting Limited					-
Balance outstanding as at the year end					
Outstanding Payables					
Shah Investments Financials Developments & Consultants Pvt Ltd				(0.89)	(0.89)
Midcom Magnetics Pvt Ltd					-
Sirus Capital Services Ltd.				(12.03)	(12.03)
Outstanding Receivable					
Pranamghar India Pvt Ltd				269.03	269.03
Dalal Desai & Kumana				0.50	0.50
Asian Retail Lighting Limited					-
Home Lighting India Limited					-
Outstanding Advances Balance					
U.S. Instruments Pvt Ltd				(220.00)	(220.00)
Outstanding loan balance receivable					
Asian Electronics LLC USA					-

19. 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.

20. As Consolidation of Accounts under AS-21 was not required to be prepared in the year 2008-2009, previous year's figures have not been given.

As per our report of even date attached

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

For and on behalf of the Board of Directors

RASIK D. GORADIA
Executive Director & Company Secretary

ARUN B. SHAH
Executive Chairman

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

SNEHAL J. SHAH
Joint Chief Financial Officer

HARESH G. DESAI
Director

Place : Mumbai
Date : 31st May, 2010

MARKETING HEADQUARTERS

50, Community Centre, 2nd Floor, Naraina Industrial Area, Phase - I, New Delhi - 110028
Telephone - 91-11-25894910/2589 4012 Fax No. 91-11-25894911 Email: s.soni@aelgroup.com

MARKETING OFFICES

AHMEDABAD

Asian Electronics Limited
11-14 Tej COMPLEX, Near Lions Hall ,
Opp. Ashoka Chamber, Mithakhali,
Ahmedabad-380006, Gujrat Ph : 26560691
Fax : 26564673 Email: aelggn@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- 560086
Tel:080-23592345
Email: aelbng@aelgroup.com
CST NO.72887953 DT.05.03.04
VAT NO.72837950 dt.05.03.04 TIN NO.29210202869

BHUBNESHWAR

Asian Electronics Limited
3198/P, Gouri Bihar, Lewis Road,
Bhubaneswar - 751002 Tel:0674-2430779,
Fax:0674-2430779
Email: aelbbsr@aelgroup.com
CST NO.21711117727
VAT NO.21711117727

CHENNAI

Asian Electronics Limited
L.R.Complex, No.41/1,
Karambakkam First Main Road, Porur,
Chennai-600116 Tel.No.044-24764845/60/65,
Fax No.044-24764885 Email - aelchn@aelgroup.com
CST No.844492 dt.16.03.99 VAT- 1423442/05-06 ;
TIN NO.33051423442

DEHRADUN

Asian Electronics Limited
Sandhu Business Center, Transport Nagar,
Saharanpur Road, Dehradun
Tel:0135-3209162
TIN NO.04820021847
Email: aelddn@yahoo.co.in TIN NO.05006405323

DELHI OFFICE

Asian Electronics Limited
50, Community Centre,
2nd Floor, Naraina Industrial Area, Phase-I New
Delhi- 110028
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- 110064

KOLKATTA

Asian Electronics Limited
142, Jodhpur Park, Kolkata-700064
Tel:033-32544492, Fax:033-24236619
Email: aelcalcutta@aelgroup.com
CST NO.19414282281

GURGAON

Asian Electronics Limited
Bearing No.6,7,8 (Basement) Road No.V-20A,
Gurgaon phase-iii, nr kinder land school
Tel:0124-4049672,4272144,4272155
Email: aelahd@aelgroup.com
TIN NO.06221824307

GUWAHATI

Asian Electronics Limited
35, MIG, Lohia Nagar Kankarbagh,
Patna -800020
Tel:0612-2354390, Fax:0612-2351554
Email: aelgwt@aelgroup.com
CST NO.1024363114 dt.21.07.06
VAT NO.10124368017 dt.07.07.06

HYDERABAD

Asian Electronics Limited
16-11-740/1 G2 - Shailaja Estates, Gaddiannaram,
Dilsukhnagar, Hyderabad - 500060
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 Choitram Hospital Junction, Indore-452914
Tel:0731-2330400, 2330411
Email: aelindore@rediffmail.com

INDORE GODOWN

Asian Electronics Limited
C/o Indore Ice & Cold Storage
17, Tejpur, Gadbadi Pool, A.B. Road,
Indore (MP) 452014
CST NO.23601203357
TIN NO.23601203357

JAIPUR

Asian Electronics Limited
C/o. Shobit Sales, S
-8 Piyush Path, Bapur Nagar,
Jaipur - 302 015.
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,
Sakchi, Jamshedpur-831001
Email: aeljms@aelgroup.com
CST NO.JR-4629 (C) dt.05.04.04
VAT NO.20520800464 dt.05.04.04

LUCKNOW

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

PUNE

Asian Electronics Limited
Ashirwad Plot No. 7,
Tejas Co-operative Hsg. Society
Behind Kothrud Bus Depot,
Pune- 411038, Maharashtra

PATNA

Asian Electronics Limited
Dugar Building 2nd floor,
Kamrum Chamber Road Fancy Bazar
Guhati-781001 Tel:0361-2513132
Fax:0361-2513846 Email: aelpatna@aelgroup.com
CST NO.GWA/CST/0120 VAT NO.18210015792
DT.03.09.04 dt.03.09.04

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 - 395003, Gujrat

ZIRAKPUR / CHANDIGARH

Ma Durga Complex
(Adjoining Hotel Oasis)
Chandigarh Ambala Road, Zirakpur (Punjab)
Tel.0172-6570658
CST NO.21646 DT.14.10.03
TIN NO.03701045910

BHIWANDI GODOWN

Asian Electronics Limited
Unit No. M-07-08, Rajlaxmi Commercial Complex,
Agra Road, Village- Kalher, Taluk- Bhiwandi,
Dist. Thane- 421302, Maharashtra
Tel No. & Fax No. - 02522-276950
Email: aelwz@aelgroup.com
CST NO.27120002695C VAT NO.27120002695V

ERANAKULAM

Asian Electronics Limited
No. 40/8552, 1st Floor Kamath Building
Gopala Prabhu Road, Ernakulam - 682035
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



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 45th Annual General Meeting of Asian Electronics Limited held on Tuesday, the 21st September , 2010 at 2.00 p.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 *			

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)

Name of Shareholder Ledger Folio No.
DP Id *
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 45th Annual General Meeting of the Company to be held on Tuesday, the 21st September, 2010 at 2.00 p.m. and at any adjournment thereof.

Dated day of 2010

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

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