



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. Hareesh 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) 55555454 (40 Lines)
Fax : (91-22) 25672693, (91-22) 55555353
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,
Amli, Silvassa – 396 230.

Chennai Unit

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

Bhiwandi Unit (upto 12.6.2009)

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

Annual General Meeting

Tuesday, 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.

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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 reappointment. 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. : The Company sees a bright future in commercially exploiting the above product.
- Future plan of action :
1. To intensify the R & D efforts in power quality improvement and energy conservation products.
 2. To develop and introduce variants of the Retrofit Lighting Systems to suit different market segments.
 3. To develop and market cost effective intelligent lighting solutions for optimizing energy cost.
 4. To develop technologies to use "lighting as a network".
 5. To set up specialized 'Asian Technology Centre'.
- Expenditure on R & D :
- (a) Capital : Nil
- (b) Recurring : Rs. 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.