



ASIAN ELECTRONICS LIMITED

ANNUAL REPORT

2010-2011

Generating Savings for Generations

A HISTORICAL PERSPECTIVE

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

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Board of Directors

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

AGM (Finance & Legal) & Company Secretary
Mr. Charudatta A. Kulkarni (w.e.f. 1.4.2011)

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

Auditors
Messrs Sorab S. Engineer & Co.

Solicitors
Messrs Legasis Partners
India Law Alliance

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

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

Registered Office

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

Corporate Office

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

Branch Offices

Ahmedabad
Bangalore
Kolkata
Chennai
Delhi
Hyderabad

Works

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

DTA Unit

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

EOU

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

HP Unit

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

Silvassa Unit

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

Annual General Meeting

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

Venue

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

Transport Facility

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

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

Phone: (91-22) 25835504

Fax: (91-22) 25827636

Website: www.aelgroup.com

Email: secdept@aelgroup.com

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

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NOTICE OF THE 46TH ANNUAL GENERAL MEETING

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

ORDINARY BUSINESS:

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

SPECIAL BUSINESS:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Thane, 18th August, 2011



Notes:

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

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

ITEM NO. 4

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

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

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

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

ITEM NO. 5

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

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

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

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

ITEM NO. 6

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

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

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

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

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

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

ITEM NO. 7

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

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

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

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

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

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

ITEM NO. 8

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

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

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

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

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

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



ITEM NO. 9

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DIRECTORS' REPORT

To the Members,

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

FINANCIAL RESULTS

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

DIVIDEND

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

OPERATIONS

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

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

DOMESTIC SALES

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

EXPORT SALES

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

RESEARCH AND DEVELOPMENT

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

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

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

Major milestones during the year under review have been:

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

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

FINANCE

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

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

CAPITAL EXPENDITURE

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

INVENTORIES, RECEIVABLES AND CURRENT ASSETS

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



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

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

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

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

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

SUBSIDIARY COMPANIES

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

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

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

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

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

RIGHT ISSUE

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

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

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

ACCOUNTS

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

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

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

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

AUDITORS' REPORT

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

PARTICULARS OF THE EMPLOYEES

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

DIRECTORS

Retirement by rotation

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