

## DIRECTORS' REPORT

To the Members

I have great pleasure in presenting to you, on behalf of the Board of Directors, the 49<sup>th</sup> Annual Report of Asian Electronics Limited and the Audited Financial Statements for the year ended 31 March 2014 together with the reports of the Statutory Auditors thereon.

### FINANCIAL RESULTS

	<u>2014</u>	<u>2013</u>	(Amt. in Rs. Lacs)
Year ending March 31,			
Gross Revenue	717	2032	
Operating Profit (PBIDT)	(989)	(1059)	
Finance Expenses	39	39	
Depreciation	244	259	
Profit before Tax & Exceptional items	(1272)	(1356)	
Exceptional Items	--	85	
Profit/Loss after Tax	(1272)	(1441)	
Profit after current tax and deferred	--	--	
Tax and Exceptional Items	(1272)	(1441)	
Balance brought Forward	(21509)	(20068)	
Balance Carried to Balance Sheet	(22781)	(21509)	

### DIVIDEND

During the year under review, in the absence of profit, your Directors are unable to propose any dividend.

### OPERATIONS

During the year, the company was able to achieve gross revenue of R 7.17 crores as against R 20.32 crores in the previous year.

Sales of lighting products comprises of domestic sales only.

The Company has undertaken an exercise including creating SPVs (Special Purpose Vehicle) for effective and consolidated recovery of various assets and minimizing the impact on the operations or financial Stability of the Company. However, such exercise needs approval from lenders, shareholders and stakeholders in view of the uncertainty about the impact of any changes to the plans drawn up and timings of implementation, the Company and the Management cannot ascertain the final outcome at this juncture.

### RESEARCH AND DEVELOPMENT

During the year no major work is carried out.

### FINANCE:

The enclosed statement forming part of the report gives details such as Financial Position at a glance, Distribution of Income etc. Your directors wish to bring the following to your attention:

The company has a debt burden which its established sources of income and assets cannot service or repay. A detailed exercise had been carried out with the help of professional agencies and secured creditors for establishing the viability of getting over the situation. The reports inter alia conclude as under:

- # the unit is viable and business is feasible.
- # the Company needs equity infusion and debt restructuring or repayment at a discount.
- # the present realizable values of assets have eroded significantly.
- # the new initiatives taken for development and production of identified products, on contract basis, would make the enterprise viable.

The above clearly indicate need for fresh fund raising and the debt restructuring. The relevant notes have been carried elsewhere in this report.

The Company had filed a proposal with corporate Debt Restructuring (CDR) Cell for the restructuring of its bank liabilities under consortium. The CDR proposal submitted by the company was approved by the CDR Empowered Group Committee (CDR-EG) at its meeting held in March 2012. However since the process consequent to such approval could not be completed, the concerned lenders did not execute the master restructuring agreement. Therefore, the CDR proposal has lapsed.

Now, the Company has approached / is in process of approaching individual Banks as part of revival scheme for settlement of their dues and revival of the Company.

### **CAPITAL EXPENDITURE:**

As at 31<sup>st</sup> March, 2014, the gross fixed assets stood at R 9951.65 lacs and the net fixed assets at R 2553.48 lacs. There has been no addition to fixed assets during the year. The deductions to fixed assets during the year amount to R 9.10 lacs.

### **INVENTORIES, RECEIVABLES AND CURRENT ASSETS**

The report carried in earlier years have clarified the position.

### **SUBSIDIARY COMPANIES:**

The Company has, effective from 1<sup>st</sup> October 2009, transferred the following divisions to two 100% subsidiaries (SPVs):

- a. Business of ESCO division, involved in 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 Project division engaged in State Electricity Board Projects and all activities related thereto, together with all related assets, liabilities and entitlements at book value 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 years ended 31<sup>st</sup> March, 2010 to 31<sup>st</sup> March 2014 have incorporated all these transactions at the book values at the time of transfer the difference between the book value of identified assets and liabilities of ESCO division amounting to R 5174.34 Lacs and of Project Division amounting to R 1129.15 Lacs are shown as investment in those subsidiaries.

Pending approval of secured/unsecured lenders, the Company has, for the time being, shown the said investments under Investment Suspense Account. The Company has also prepared Consolidated Balance sheet and Profit & Loss account which forms part of the Annual Reports for the financial years 2009-2010 to 2013-2014.

## ACCOUNTS

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

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

We have selected appropriate accounting policies which have been applied consistently and have made judgments and estimates that are reasonable and prudent so as to ensure that the accounts give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March 2014 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 provision of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.

## AUDITORS' REPORT

The comments made by auditors have been adequately explained in notes to accounts and in reports of earlier years.

## EROSION OF NET WORTH



The accumulated losses of the Company as at 31<sup>st</sup> March 2014, amounting to Rs. 227.81 Crores, are more than fifty % of its peak net worth of immediately preceding four financial years (Rs, ).

The Board is already seized of the situation arising on account of erosion of net worth and is taking necessary steps, including discussions with lenders for a package of financial restructuring under revival scheme with the secured lenders. For details regarding reasons of erosion and steps taken and proposed to be taken by the management, please refer to the explanatory statement pursuant to section 173(2) of the Companies Act forming part of the notice for the 49<sup>th</sup> Annual General Meeting.

In view of the pendency of restructuring, no reference will be made to BIFR.

## PARTICULARS OF EMPLOYEES

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

## DIRECTORS

### Retirement by Rotation :

Mr. D. B Shah was appointed as an Independent Director from November 29, 2012. His appointment as Director was approved by the shareholders at the 47<sup>th</sup> Annual General Meeting held on 29<sup>th</sup> December 2012. Therefore, in accordance with the provisions of the Articles of Association of the Company, Mr. D.

B. Shah retires by rotation at the ensuing Annual General Meeting. He is eligible for reappointment. The Board recommends his appointment.

### AUDITORS

M/s. Sorab S Engineer & Co. Chartered accountants, who are the statutory auditors of the Company, hold office until the conclusion of ensuing Annual General Meeting and are eligible for reappointment. The members are requested to consider appointment of Statutory Auditor to hold office till conclusion of the next Annual General Meeting.

The Company also proposes to appoint branch auditors for the same period.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION ETC.

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

### IMPLEMENTATION OF' GREEN INITIATIVE IN CORPORATE GOVERNANCE' INTRODUCED BY THE MINISTRY OF CORPORATE AFFAIRS

Your Company's products are designed for energy efficiency. It was, thus, a natural decision for the Company to whole heartedly support the green initiative in Corporate Governance introduced by the Ministry of Corporate Affairs in April 2011. The company, therefore, proposes to send all notices /documents /communication including annual reports in electronic form to email addresses of shareholders registered with Depository Participants (DPs) and made available by the depositories. The shareholders are, therefore, requested to keep their Email addresses updated with the DPs at the email account of their choice. To those shareholders, whose email IDs are not available with the Company, physical copies of such documents will be sent.

### DIRECTORS' RESPONSIBILITIES STATEMENT

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

1. that in the preparation of annual accounts for the financial ended 31<sup>st</sup> March 2014 , the applicable accounting standards have been followed along with proper explanation relating to material departure,
2. that Directors have selected the accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the year under review.
3. that the directors have taken proper and sufficient care for the maintenance of adequate accounting record 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.
4. that the directors have prepared the accounts for the financial year ended 31<sup>st</sup> March 2014 on 'Going Concern' basis.

## PUBLIC DEPOSITS

During the year under review, the Company has not invited any fixed deposits. The total outstanding Fixed Deposits as on 31<sup>st</sup> March 2014 were at R. 3.41 Crore (818 Depositors). The whole of this amount has matured for repayment before 31<sup>st</sup> March, 2014. The amount of unpaid fixed deposits as on 31<sup>st</sup> March 2014 is Rs. 3.41 Crores (818 Depositors). The company has applied to the Central Government for granting extension of time for repayment of fixed deposits pursuant to Rule 2 of the Companies [Application for Extension of Time under sub section (8) of Section 58A] Rules, 1979 which is awaiting disposal by the concerned authority.

## 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 compulsory tradable in electronic form. As on 31<sup>st</sup> March 2014, 98.98% of the Company's total paid up capital representing 3,92,27,019 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 the facility of dematerialization of the Company's shares with either of the depositories.

## ACKNOWLEDGEMENTS

Your Directors take this opportunity to thank the Financial Institutions, Banks, Central and State Government authorities, Regulatory Authorities, Stock Exchanges and the Shareholders 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: Mumbai  
Date: 26-11-14

ARUN B SHAH  
Executive Chairman

**ANNEXURE TO THE DIRECTORS REPORT FOR THE YEAR ENDED MARCH 31, 2014.**

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 THE BOARD OF DIRECTORS) RULES, 1988.

**A. ENERGY CONSERVATION MEASURES TAKEN**

- (a) 1. Improving Energy Savings/ efficiency of Equipments & System.
- . Use OF Automatic Power factor Corrections banks, to improve Power Factor wherever the inductive Loads in Prevalent.
  - . Use of Occupancy Sensors for lighting application To save energy whenever the premises are without Occupant.
  - . Use of energy efficient Electronics Ballast in lighting fixtures with T5 technology in place of Conventional Old lighting Fixtures with T8 or T12 lamps.
  - . Reduction in Daily A.C. running time , switching OFF Lights & Air conditioning during lunch breaks and Whenever not required.
  - . Saving of Diesel with provision of small Generators Appropriate utilization wherever full load with machineries is not required.
  - . Use of centralized ACs at Production floors.

- . Initiative of publishing the work instructions at various places for optimized usage of tools and gadgets.
  - . Use of Day light sensor based products.
2. Improving Energy saving /efficiency of Manufacturing Process.
- . Use of Machineries only when in operation.
  - . Improvement in downtime of Machineries.
  - . Reducing the Temp. Zones while Machine in Idle condition.
  - . 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 help of cyclic timer.
- (A) 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 products for further savings compared to Fluorescent type of products, use of Led streetlight in stead 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 fixtures or Heating element.
  - . Appropriate usage of light fixtures with LED at Working areas for sufficient /optimum light only.
- (C) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent Impact on the cost of production of goods.
- These steps will generate savings in electricity consumption. However, these savings will have no appreciable impact on the cost of production as the Company's production process are not energy Intensive.

## B).TECHNOLOGY ABSORPTION

### (a)Research and Development

Specific areas in which R & D Carried out by the Company:

1. The company has successfully developed energy efficient retrofit 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 solution with introduction of new LED Technology & power Protection Devices for various markets.

## VALUE RESEARCH PREMIUM

2. Asian Technology Centre (ATC), the design and development centre of Asian Electronics Limited is based in Pune , Maharashtra. This R & D centre is ISO-9001: 2008 compliant and has developed products Conforming to global standards.

ATS understand the importance of innovative and Customizing the existing products in minimum Possible time frame. The expertise in developing full Functional prototypes helps customer to reduce the design cycles and achieve faster time to market. Global practices of 'NPI'( New product Introduction) and "TOT" (Transfer of Technology) Are being followed for conducting research and Development activities. The team at ATC consisting more than 20 engineers and 5 support staff has more than 100 man-years of experience of working together among them.

Benefit derived as a result of above :  
R & D.

Major milestone of R & D units are as follow

1. POC samples of LED products are developed using Standard Components available in market.
2. Completion of pilot batch of Line monitoring and controllers for an overseas company in the field of power control and management. The product involves 4-5 multilayer boards, its integration with IP cabinet, testing and basic functioning
3. The Sample batch quantities have been put in place for the coming year.
4. Some new projects regarding the Line monitoring devices are now into NPI.
5. Modified Samples of High Voltage loop management system, who's POC had been evaluated and approved have been sent for evaluation to customer.

Future Plan of action

:

The company sees a bright future in commercially exploiting the above product.

1. Adopting the new LED technology by introducing the various range of Energy saving of product.
2. To intensify the R&D efforts in power quality improvement and energy conservation products.
3. To develop and introduce variants of the Retrofit Lighting System to suit different market segments.
4. To develop and market cost effective intelligent lighting solutions for optimizing energy cost.
5. To develop technologies to use "lighting as a network".

Expenditure on R & D

:

(a) Capital

Nil



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(b) Recurring	<u>R 1.78 lacs</u>
(c) Total	<u>R 1.78 lacs</u>
(d) R & D Expenditure as a percentage of The total turnover	0.26%

### 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, LED Based products & Power Protection devices different applications.

Benefit derived as a result of the above Efforts. The Company has launched different products with separate Designs of Ballasts for different market segments & introduction of new products like LED based, Power protection devices for US markets, 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+ Tube light & Power Protection devices in various global export markets.
- (b) Foreign Exchange Earned
- (c) Foreign Exchange Used

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

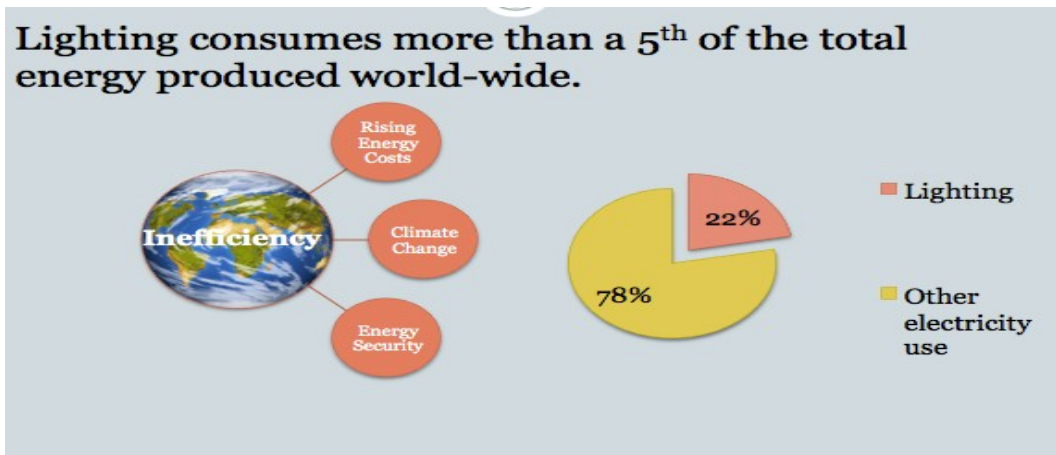
### Business Review

Asian Electronics Limited (AEL or 'the Company) has been one of the pioneering Companies in the energy efficient lighting industry in India.

Over the years, the reliability and quality of the AEL's product has resulted in a strong brand creation.

Traditionally, the Company has focused on institutional and project-related sales, and has built a strong distribution network of over 450 distributors & over 130 marketing consultants for this purpose. However, going forward, the Company will concentrate only on manufacturing of quality products in terms reliability and functionality. The Company has shifted its market outlook to hardcore marketing companies in India and overseas, which is lead by a team of highly talented and experienced professionals. The company thus becomes ideologically a "contract manufacturing" company.

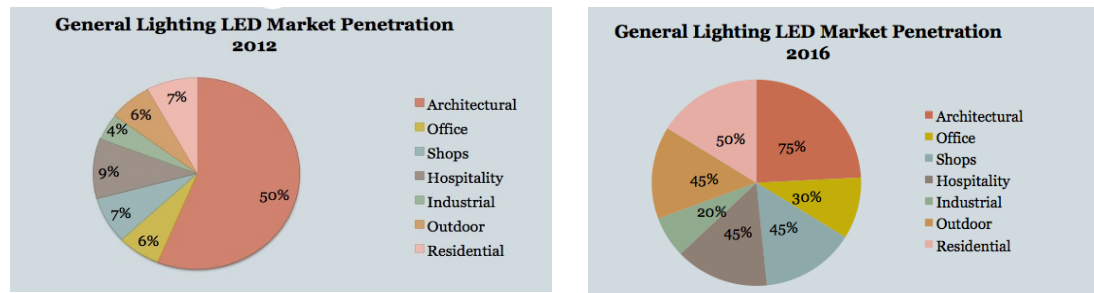
### Market Prospects:



Lighting consumes more than a 5<sup>th</sup> of the total energy produced world-wide. As evident, rising costs of energy coupled with awareness about global warming and energy security has brought about radical changes in the industry which is riding on a wave of energy efficiency. There are six basic types of lighting: (i) incandescent, (ii) fluorescent, (iii) high intensity discharge, (iv) low pressure sodium, (v) compact fluorescent lamp (CFL) and (vi) LED. The new trend to save energy and improve illumination has ushered in a wide

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range of LED lamps and Luminaries. LED lights offer several advantages and benefits compared to traditional globes (Filament) and compact fluorescent Lamp (CFL) products such as directional lighting, which is ideal for torches (Flashlights) and spotlights. There are no starting problems in cold environments because LED's are "Instant on" with no warm up time needed as seen in conventional CFL lighting. Lower consumption of electricity and Longer Life makes LED Lighting Products an attractive buy. The advantages of LED lighting adding to the lowering of the world's carbon footprint cannot be under estimated. The company is trying to increase the efficiency of the LEDs lighting products to incorporate all possible aspects and dimensions. AEL believes that its holistic and intuitive approach to technology gives the advantage to its customers when compared with worldwide LEDs lighting vendors.



The Company sells its energy efficient solutions to a number of large institutions, shopping malls, industrial complexes, civic bodies and other groups, through the tendering process. Such tender programs may not always favour what, in the Company's view, is an optimum mix of technical quality, durability, costs savings and price and therefore the Company may be at risk of losing these tenders to other market participants.

### Strengths:

Under the marketing potential and size, AEL has the following strength:

- i. The company has manufacturing facilities exceed more than 200,000 sq feet which is of global standards.
- ii. The complete backward integration of the manufacturing gives greater advantage on control of lead time, yield and quality of product.
- iii. The technical competence in addition to the ability to innovate has given the company a technological edge.
- iv. The company provides for a unique environment in the form of its Research & Development unit to design, develop and patent the technology of its clients' whilst protecting its Intellectual Property Rights (IPR).

## Weakness:

As per the TEV (Total Enterprise Value) Report carried out by independent agency, the business of the Company is subject to following Weaknesses:

- (i) The existing capacity utilization is very low and the company's facilities at Nasik were not utilized fully due to shortage of working capital funds, which is locked in huge receivables.
- (ii) The company has infrastructure, technology and client base to produce various products to the tune of Rs. 350 cr per year. However, it may take 2-3 years to reach the optimum levels of capacity utilization.
- (iii) The company has huge debt burden of Rs. 390 cr. However, based on current projections, EBIDTA of Rs. 25-30 cr. can be sustained at a level not in excess of Rs. 120 cr.-Rs.150 cr.
- (iv) The assets of the company are highly illiquid and cannot fetch more than Rs. 90 cr. that too over 2 years.
- (v) The timelines for revival of the company are very critical. Any further delay of revival of AEL would reduce the enterprise value of the company which ultimately affects the interest of all stakeholders of the company.

## Opportunities

The energy crisis world is facing has given an opportunity to establish energy saving practices. The total population of energy efficient lighting products across all segments stands at a dismal figure at a percentage of lower two digits. The existing facilities available with the company are technically capable of achieving capacity of production in pace with the demand.

- i. With advent of energy efficient lighting technology and awakening amongst the masses to adopt energy saving practice the market has potential of achieving a very high growth.
- ii. The power products developed by the company have big potential for exports.
- iii. Wide-spread awareness amongst consumers and policies and initiatives taken by government has opened up new vistas of opportunities.

## Threats:-

The major threats which can affect adversely are as follows:

### **1. Outstanding litigations involving the Company.**

The Company is defendants/plaintiff in various legal proceedings incidental to our business and operations. These legal proceedings are pending at different levels of adjudication before various courts. In the event of rulings against the company by courts in these proceedings or levy of penalties by any statutory authorities, the Company may need to make payment to others or book provisions against probable future payments, which could increase Company's expenses and current liabilities.

### **2. Debt Burden of the Company**

The Company has entered into financing agreements with various lenders that grant them certain rights to determine how the Company is operated. Most of these financing arrangements are secured by substantially all of the movable and immovable assets of the Company. Due to failure of the CDR the said secured creditors have initiated action against the Company under The Securitization and Reconstruction of Financial Assets and Enforcement of Security Act, 2002, The Company proposed to settle the issues under One Time Settlement (OTS) platform, but the outcome of such litigations may not necessarily in favour of the Company.

## **Financial Performance**

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

## **Human Resources**

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

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

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

## Internal Controls and their adequacy

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

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

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

## Risks and Concerns

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

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

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

## Acknowledgments

Management deeply appreciates the stakeholders, esteemed customers and business associates of the Company for providing the management with opportunities to earn their confidence and excel. Management wishes to convey and express sincere gratitude to all the officers and employees of AEL for their dedication and commitment which is responsible for driving growth in the Company. It shall be our continuous endeavor to build on these strengths to face future challenges to continue the journey of profitable growth

## 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

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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 31.03.2014 Rs. in lacs	Year ended 31.03.2013 Rs. in lacs	Year ended 31.03.2012 Rs. in lacs
<b>CAPITAL</b>			
<b>ASSETS OWNED</b>			
1. Fixed Assets (Net)	3017.42	3384.37	3758.76
2. Investments	11389.10	11371.12	11088.96
3. Current Assets (Net)	5899.66	6975.51	7964.83
4. Miscellaneous expenditure	-	-	-
<b>TOTAL</b>	<u>20,306.08</u>	<u>21449.34</u>	<u>22812.55</u>

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<b>FINANCED</b>			
1. Loans (Secured)	18311.60	18310.42	18349.8
2. Loans (Unsecured)	392.66	506.83	518.03
3. Net Worth*	1601.82	2632.09	3944.72
<b>TOTAL</b>	<b>20306.08</b>	<b>21449.34</b>	<b>22812.55</b>

*Represented by			
Share Capital	1956.61	1747.61	1710.18
Stock Options outstanding		-	-
Equity share Warrants		-	-
<b>Reserves (Net)</b>	<b>(354.79)</b>	<b>884.48</b>	<b>2234.54</b>

## REVENUE

### INCOME EARNED

1. Sale of products and services	675.87	1824.40	8282.45
2. Other Income	40.99	207.30	265.39
<b>TOTAL</b>	<b>716.86</b>	<b>2031.70</b>	<b>8547.84</b>

### INCOME DISTRIBUTED

1. Materials	686.63	1550.98	15184.21
2. Employees Cost	501.76	628	670.58
3. Administrative, Sales & Other Expenses	517.58	911.28	2655.84
4. Lease Rent		-	-
5. Financial Expenses	39.50	38.89	2006.94
6. Depreciation	244.10	258.61	386.92
7. Taxation			
Current Tax	-	-	-
Deferred Tax-Change	-	-	-
Fringe Benefit Tax	-	-	-
Excess provision for tax of earlier year written back	-	-	-
8. Exceptional items		84.89	-
9. Dividend		-	-
10. Retained Income	(1272.71)	(1440.95)	(12356.65)
<b>TOTAL</b>	<b>716.86</b>	<b>2031.7</b>	<b>8547.854</b>

## FINANCIAL POSITION AT A GLANCE

	2013-14	2012-13	2011-12
<b>CAPITAL ACCOUNTS (Rs. in lacs)</b>			
Share Capital	1957	1748	1710
Reserves & Surplus	-355	884	2235
Borrowings:-Secured	18312	18310	18350
Unsecured	393	507	518
Gross Block	9952	9961	9960
Net Block	2553	2801	3055



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Net Current Assets	5900	6976	7965
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### REVENUE ACCOUNTS (Rs in lacs)

Sales and Other Income	717	2032	8548
Gross Profit before extra-Ordinary item, interest and depreciation	(989)	(1059)	(9963)
Interest	40	39	2007
Depreciation	244	259	387
Profit Before extra-ordinary items and tax	(1272)	(1356)	(12357)
Exceptional Items	-	85	-
(Loss)/Profit after extra-ordinary items and tax	(1272)	(1441)	(12357)
Excess provision of Income tax of earlier year written back	-	-	-
Net earnings available for appropriation	(1272)	(1441)	(12357)
Dividend amount	-	-	-
Retained earnings	(1272)	(1441)	(12357)

### SELECTED INDICATORS

Return on Capital Employed%	(6.26)	(6.72)	(54.17)
Current Ratio	(0.62)	1.48	1.56
Earnings per share of Rs.5/-	(3.21)	(3.74)	(34.85)
Total Borrowings/Shareholder's Funds	11.68	7.15	4.78
Book value per share of Rs.5/-		6.64	11
Dividend%	-	-	-
Fixed assets Turnover		0.73	2.8



**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 emphasizes the need for full transparency and accountability in all its transactions, in order to protect the interests of its stakeholders. The Board considers itself as a Trustee of its Shareholders and acknowledges its responsibilities towards them for safeguarding and enhancing their wealth.

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

A copy of the Code of Conduct is available on the website of the Company [www.aelgroup.com](http://www.aelgroup.com).

All the Members of the Board and the Senior Management Personnel of the Company have affirmed compliance to the Code of Conduct as on 31<sup>st</sup> March, 2014, 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 31<sup>st</sup> March, 2014 comprises of 5 Directors, of which 3 are Independent Directors. The number of Non-Executive Directors is more than 50% of the total number of Directors. The Company is in compliance with the clause 49 of the listing agreement pertaining to composition of the Board.

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.

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None of the Directors on the Board is member of more than 10 committees and Chairman of more than 5 committees (as specified in clause 49), across all the companies in which he is a Director. The necessary disclosure regarding committee positions have been made by the Directors.

### a. Composition of the Board

Name of Director	Note	Promoter, Executive, Non-executive, Independent	No. of other Directorships 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 31.3.2014
Mr. Arun B. Shah		Executive, Promoter	5	-	-	33,20,549
				-	-	-
Mr. D.B. Shah		Non-Executive, Independent	0	-	-	22,000
Mr. Hardik Shah	(A)	Non-Executive, Independent	1	-	-	-
Mr. Rajesh Mehta		Non-Executive, Independent	2	-	-	-
Mr. S. Neelakanta Iyer		Executive	5	-	-	-
Mr. Deepak Deewan	(B)	Non-Executive, Independent	2	-	-	-

@ Includes private Companies & LLPs and Alternate Directorships

Notes:

(A) Appointed as Additional Director W.E.F. 6<sup>th</sup> March, 2013. Appointed as Non Executive Director by Members at the AGM held on 12<sup>th</sup> August 2013.

(B) Ceased to be Director W.E.F. 14<sup>th</sup> August 2013.

### b. Number of Board Meetings:

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

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30 <sup>th</sup> May, 2013	9 <sup>th</sup> July, 2013	14 <sup>th</sup> August, 2013
2 <sup>nd</sup> December,2013.	14 <sup>th</sup> March, 2014	-

### c. Attendance of Directors:

Name of Director	Meetings Attended	Attended last AGM on 12 <sup>th</sup> August, 2013
Mr. Arun B. Shah	5	Yes
Mr. D.B. Shah	5	Yes
Mr. Hardik Shah	3	Yes
Mr. Rajesh Mehta	4	Yes
Mr. S. Neelakanta Iyer	5	Yes
Mr. Deepak Deewan	0	No

### III. Committee of Directors :

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

The Board has accordingly constituted Committees at its meeting held on 27<sup>th</sup> January, 2000, which comply with the requirements of clause 49 of the Listing Agreement with the Stock Exchanges and the applicable provisions of the Companies Act. The said Committees were reconstituted from time to time by Resolutions passed by the Board of Directors of the Company on 30<sup>th</sup> May 2013, 9<sup>th</sup> July 2013, 14<sup>th</sup> August 2013, 2<sup>nd</sup> December 2013 and 14<sup>th</sup> March 2014.

#### (A) Audit Committee:-

The Audit Committee comprises of experts specializing in accounting / financial management. The Chairman of the Audit Committee is a Non-executive and Independent Director.

As on 1<sup>st</sup> April 2013, the Audit Committee comprised of the following Directors and same committee continued to comprise the Audit Committee till 31<sup>st</sup> March, 2014:

- (1) Mr. D.B. Shah, Chairman

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- (2) Dr. Hardik H. Shah, Member
- (3) Mr. Rajesh Mehta, Member

Mr. D.B. Shah is the Chairman of the Audit Committee. Mr. Dhananjay Dumbre, the Asst. Company Secretary, acted as secretary to the Audit Committee till 14<sup>th</sup> August, 2013. Thereafter, Mr. Vijay Modi acted as the Secretary of the Company for a short time. In absence of the Company's inability to have a qualified Company Secretary, Mr. K. J. Kapadia (C.A.) acted as secretary to the Audit Committee.

The role and terms of reference to the Audit Committee cover 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 five times during the year 2013-2014 on 30<sup>th</sup> May 2013, 9<sup>th</sup> July 2013, 14<sup>th</sup> August 2013, 2<sup>nd</sup> December 2013 and 14<sup>th</sup> March 2014.

The attendance of each Audit Committee member is as under:

Name of the Audit Committee Members	No. of meetings attended
Mr. D.B. Shah	5
Mr. Rajesh Mehta	4
Mr. Hardik Shah	3

The meetings were also attended by Executive Chairman – Mr. Arun B. Shah, Executive Director & Jt. Chief Executive Officer (Manufacturing Operations) – Mr. S. Neelakanta Iyer, Chief Financial Officer – Mr. Sadanand Sahasrabudhe (upto 2<sup>nd</sup> December 2013), and Mr. Naman A. Shah as special invitee. The persons acting as Secretary from time to time attended the Meetings held on 30<sup>th</sup> May 2013, 9<sup>th</sup> July 2013 and 14<sup>th</sup> August 2013, 2<sup>nd</sup> December 2013 and 14<sup>th</sup> March 2014.

The Statutory Auditors were invited to the meetings.

### **(B) Executive Committee:-**

The Executive Committee of the Board of Directors as on 1<sup>st</sup> April, 2013 comprised of the following Directors:

- Mr. D. B. Shah, Chairman
- Mr. Arun B. Shah, Member
- Mr. S. Neelkantha Iyer, Member

There was no change in the composition of the members of the Executive Committee during the year under review.

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Mr. D.B. Shah is the Chairman of the Executive Committee. Mr. Dhananjay Dumbre, Asst. Company Secretary acts as secretary to the Executive Committee till his resignation on 14<sup>th</sup> August, 2013. There after Mr. Vijay Modi acted as the Secretary of the company for a short time. In absence of the Company's inability to have a qualified Company Secretary, Mr. K. J. Kapadia (C.A.) acted as secretary to the Audit Committee.

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

The Executive Committee met three times during the year 2013-2014 on 15<sup>th</sup> May, 2013, 6<sup>th</sup> September, 2013 and 16<sup>th</sup> December, 2013.

Name of the Executive Committee Members	No. of meetings attended
Mr. D.B. Shah	3
Mr. Arun B. Shah	3
Mr. S. Neelakanta Iyer	2

Mr. Dhananjay Dumbre, Asst. Company Secretary acted as Secretary to the Executive Committee from 1<sup>st</sup> April, 2013 and attended the meeting of the Committee held on 15<sup>th</sup> May, 2013. There after Mr. Vijay Modi acted as Company Secretary for a short time. In absence of the Company's inability to have a qualified Company Secretary Mr. K. J. Kapadia (C.A.) acted as Secretary to the Executive Committee.

**(C) Committee for Transfer of Shares:-**

The Committee for Transfer of Shares as on 1<sup>st</sup> April, 2013 comprised of the following Directors:

Mr. Arun B. Shah, Chairman  
Mr. Rajesh Mehta, Member

There was no change in composition of members of the Committee during the year under review.

During the year under review, in absence of any request for transfer of shares, no meeting of this Committee were required to be held.

The attendance of each Transfer Committee Members is as under:

Name	No. of Meetings attended
------	--------------------------

Mr. Arun Shah	NIL
Mr. Rajesh Mehta	NIL

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

(a) The Shareholders' / Investors' Grievances Committee as on 1<sup>st</sup> April, 2013 comprised of the following Directors:

- 1) Mr. D.B. Shah, Chairman
- 2) Mr. Arun B. Shah, Member

There was no change in the composition of members of the Committee during the year under review.

The Shareholders' / Investors' Grievances Committee did not meet during the year under review.

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

As per information received from the R&T Agent Link in Time, all the complaints / requests received during the year ended 31<sup>st</sup> March, 2014 were solved within time to the satisfaction of the investors / shareholders and no complaints were pending as on 31<sup>st</sup> March, 2014 for more than 30 days. All the shares received for transfer / transmission have been transferred / transmitted and no transfer is pending as on 31<sup>st</sup> March, 2014.

**(E) Remuneration Committee**

Matters of remuneration of Executive Directors are considered by the Board of Directors of the Company, where the interested Executive Director(s) do not participate or vote. 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.

REMUNERATION OF DIRECTORS FOR 2013-2014

Name of the Director	Sitting Fees (Rs. in lacs)	Salaries, Commission Perquisites (Rs. in lacs)	Service Contract, Notice Period, Severance Fees.
Mr. Arun B. Shah	-	-	-
Dr. Deepak Divan	-	-	-
Mr. D.B. Shah		-	-
Mr. Hardik Shah	-	-	-
Mr. Rajesh Mehta	-	-	-
Mr. S. Neelakantalyer	-	16.73lacs.	-

**(F) Compensation Committee**

The Compensation Committee as on 1<sup>st</sup> April, 2013 comprised of the following Directors:

- 1) Mr. D.B. Shah, Chairman
- 2) Mr. Arun B. Shah, Member
- 3) Mr. S.Neelkantha Iyer, Member

There was no change in composition of the committee during the year under review.

No meeting of the Compensation Committee has been held, during the year under review.

**IV. General Body Meetings**

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

		Date	Time	Venue
(i)	46 <sup>th</sup> Annual General Meeting	22 <sup>nd</sup> September, 2011	10.00 a.m	Registered Office of the Company at Thane
(ii)	47 <sup>th</sup> Annual General Meeting	29 <sup>th</sup> December, 2012	10.00 a.m.	Anand Banquet Hall, AnandTheatre



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Compound, Kopri, Near  
Railway Stn., Thane(E)  
400603.

- (iii) 48<sup>th</sup> Annual General Meeting 12<sup>th</sup> August, 2013 4.30 p.m. Victoria Memorial School For Blind, 73, Tardeo Road Opp: Film Centre, Tardeo, Mumbai 400034.

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
22.9.2011	<ol style="list-style-type: none"> <li>1) Appointment and Remuneration of Mr. S Neelakantaler as Executive Director &amp; Jt. Chief Executive Officer (Manufacturing Operations).</li> <li>2) Appointment and Remuneration of Mr. Rajesh Mehta as Executive Director &amp; Jt. Chief Executive Officer (Technology &amp; Finance).</li> <li>3) Approval for revision of Exercise Price for 10,00,000 Stock Options granted to four Directors of the Company under ESOS-2009 Scheme, by the Compensation Committee of the Board of Directors.</li> <li>4) Approval for Revision of Exercise Price for 3,51,550 Stock Options granted to certain Executives / Officers of the Company under ESOS-2005 Scheme, by the Compensation Committee of the Board of Directors.</li> </ol>
29.12.2012	<ol style="list-style-type: none"> <li>1) Approval of decision of Compensation Committee of the Board of Directors for revision of Exercise Price for 4,98,450 Stock Options granted to eligible executives of the Company under ESOS-2005 Scheme from Rs. 10.75 per share to Rs. 5.80 per share.</li> <li>2) Approval of decision of Compensation Committee of the Board of Directors for revision of Exercise Price for 41,80,057 Stock Options granted to eligible executives and Directors of the Company under ESOS-2009 Scheme from Rs. 10.75 per share to Rs. 5.80 per share.</li> <li>3) Approval of decision of Compensation Committee</li> </ol>

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	<p>of the Board of Directors for revision of Exercise Price for 7,50,00 Stock Options granted to eligible Directors of the Company under ESOS-2009 Scheme from Rs. 10.75 per share to Rs. 5.80 per share.</p> <p>4) Approval pursuant to Section 146 of the Companies Act, 1956 and other applicable provisions, for shifting of the Registered office of the Company from D-11, Road No. 28, Wagle Industrial Estate, Thane – 400604 to 107, 1st Floor, Sumer Kendra Building, P.B. Marg, Behind Mahindra Towers, Worli, Mumbai- 400018, which falls within the state of Maharashtra but outside the local limits of the city Thane.</p>
12.08.2013	<p>1) Re-appointment and remuneration of Mr. S. Neelkantha Iyer as the Executive Director and J. Chief Executive (Manufacturing Operations).</p> <p>2) For Appointment and revision of remuneration of Mr. Naman A. Shah, son of Mr. Arun B. Shah, Promoter &amp; Executive Chairman of the Company, to continue to hold an Office or Place of Profit as Vice-President-Global Marketing.</p>

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

None of the business required to be transacted at the AGM was passed by the postal ballot.

(3) Extraordinary General Meetings held in last 3 years: NIL

### 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 26th November 2014.

### VI. Disclosures

(i) Related party transactions:

A full disclosure of related party transactions, as per the Accounting Standard 18 issued by the Institute of Chartered Accountants of India has been given under Note 45 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 mandatory Accounting Standards have been followed in preparation of financial statements and no deviation has been made in following the same.
- (iii) (a) All pecuniary relationship or transactions of the Non-executive Directors vis-a-vis the Company have been disclosed hereinabove.  
(b) The Company has two whole time Directors on the Board whose appointment and remuneration have been fixed by the Board in terms of Resolution passed by the members. The remuneration paid / payable is mentioned earlier in this report.  
(c) The number of shares held by each Director is mentioned in Item No. II(a) above.
- (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 except for non-compliance of submitting quarterly report for the period ended on 31<sup>st</sup> December, 2013. Also, the Securities and Exchange Board of India (SEBI) vide its letter No. CFD/DCR/RC/TO/13060/04 dated 21<sup>st</sup> July, 2004 had alleged violation of regulations 6 and 8 of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 by the Company. SEBI had intimated willingness to consider Company's request for consent order, if the Company is willing to pay an amount of Rs.1,75,000/- as penalty for the alleged violation of Takeover Regulations. The Company had made submissions to SEBI vide its letter dated 24<sup>th</sup> September, 2004, explaining the fact and requesting them in any case to take lenient view and condone the alleged delay on the part of the Company and its Officers in compliance of the

SEBI Takeover Regulations and also requested for personal hearing in the matter. As of date, the Company has not received any response from SEBI.

## VII. Means of Communication

- a. The quarterly/ half yearly and annual Financial Results of the Company are regularly forwarded to the Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd., except the results of the quarter ended 31<sup>st</sup> December 2013, and published in leading national newspapers except for quarters ended on 30<sup>th</sup> September 2013, 31<sup>st</sup> December 2013 and 31<sup>st</sup> March 2014. The same is yet to be displayed on the corporate website : [www.aelgroup.com](http://www.aelgroup.com)
- b. The Company also electronically files documents such as full version of Annual Report, Quarterly Financial Statements, Corporate Governance Report, Shareholding Pattern Statement and other prescribed information with CorpFiling website in compliance with Clause 52 of the Listing Agreement except for quarter ended on 31<sup>st</sup> December, 2014.  
The Company has made presentations to various Institutional Investors/ Analysts during the year.
- c. Management Discussion & Analysis is covered elsewhere in the Directors' Report to Members.
- d. The Company has its own web site viz. [www.aelgroup.com](http://www.aelgroup.com) and all the vital information relating to the Company and its products is displayed on the website. The shareholders can also post their queries to the designated email Id [Secdept@aelgroup.com](mailto:Secdept@aelgroup.com)

## VIII. Management Discussion and Analysis Report

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

## IX. Shareholder Information

1. Annual General Meeting

Date	:	30 <sup>th</sup> December, 2014
Time	:	4.00 p.m.
Venue	:	Victoria Memorial School for Blind, 73, Tardeo Road, Opposite Film Centre, Tardeo, Mumbai 400 034
2. Financial Year : 2013-2014
3. Book closure date : 24<sup>th</sup> December, 2014 to 30<sup>th</sup> December, 2014
4. Dividend payment date : Not applicable
5. Listing of equity shares : The shares are listed on

(1) Bombay Stock Exchange Ltd. (BSE),  
PhirozeJeejeebhoy 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  
2013-2014 (as applicable) has not been  
paid by the Company to BSE and NSE .

6. Registrars & Transfer Agents : The Company was handling share transfer and other allied matters in-house. 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 In-time India Pvt. Ltd. as Registrar and Transfer Agent with effect from 1.2.2003.
7. Share Transfer System : Transfer requests received in physical forms 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



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

### 8. Distribution of Shareholding as on 31<sup>st</sup> March, 2014

No of Equity Shares held ( Range )	No. of Share-holders	% of Share-Holders	No. of Shares held	% of Share-Holding
1 to 500	37299	79.80	5969682	15.06
501 to 1000	4672	10.00	3854213	9.72
1001 to 2000	2356	5.04	3610821	9.11
2001 to 3000	856	1.83	2195044	5.53
3001 to 4000	392	0.84	1406037	3.54
4001 to 5000	304	0.65	1442924	3.64
5001 to 10000	490	1.05	3542757	8.90
10001 & above	367	0.79	17610738	44.50
<b>Total :</b>	<b>46736</b>	<b>100.00</b>	<b>39632216</b>	<b>100.00</b>

### 9. Categories of shareholding as on 31<sup>st</sup> March, 2014 :

Category	No. of Share-holders	% of Share-Holders	No. of Shares held	% of Share-Holding
Promoters & Group Companies	1	0.00	3320549	8.38
Directors	1	0.00	22000	0.06
Trustee AEL Emp. Welfare Trust 2009	1	0.00	4680057	11.81
Financial Institution / Banks	2	0.01	2420	0.01
Mutual Funds	4	0.01	3200	0.01
F. I. I.s, N.R.I.s & OCBS	334	0.71	780651	1.97
Public	46393	99.27	30823339	77.76
<b>Total</b>	<b>46736</b>	<b>100.00</b>	<b>39632216</b>	<b>100.00</b>

### 10. Dematerialisation of shares

During the year under review 3,92,27,019(98.98%) shares were held in Demat form: ISIN No. INE441A01026

### 11. Plant Locations

Company's Plants are located at

**Works**

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

**DTA Unit**

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

**EOU**

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

**Solan Unit**

Hadbast No. 932, Khasra No.228,  
Village Jakhroda, 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.

**12. Address for correspondence**

The Company's Registered Office is situated at **107, 1<sup>st</sup> Floor, Sumer Kendra Bldg, Behind Mahindra Towers, Worli, Mumbai – 400018**, Tel: (91-22) 66104887, Fax: (91-22) 66104888, E-mail: [jp@aelgroup.com](mailto:jp@aelgroup.com) and [secdept@aelgroup.com](mailto:secdept@aelgroup.com) Website: [www.aelgroup.com](http://www.aelgroup.com)

**The secretarial department of the Company is located at Registered Office mentioned above.**

Shareholder correspondence may be directed to:

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

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

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

During the year under review, unpaid dividend amounting to Rs 198,356 for FY 2005-06 which was due for transfer to the Investor Education & Protection Fund pursuant to Section 205 C of the Companies Act, 1956, has not been paid till date.

## 14. 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.

## 15. 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 dematerialised shares held with NSDL and CDSL, which is to be placed before the Board on quarterly basis, is still pending. Consequently, a copy of the Audit Report has not been submitted to the Stock Exchanges where the shares of the Company are listed.

## 16. Non-Mandatory Requirements

1. The Board:
  - (a) The Company has got an Executive Chairman.
  - (b) At present, there is no policy fixing the tenure of independent Directors. However, no independent Directors' tenure exceeds in aggregate a period of nine years.
2. Remuneration Committee

As on 31<sup>st</sup> March, 2014, the Company has two whole-time Directors on the Board whose appointment and remuneration have been fixed by the Board in terms of Resolution passed by the members.

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:** The qualification made by the Auditors in their Statutory Report, have been adequately explained in the Notes to Accounts and in the director's report of earlier years.

5. **Training of Board Members**

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

6. **Mechanism for evaluating non-executive board members**

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

7. **Whistle Blower Policy**

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

The above report has been placed before the Board at its meeting held on 28<sup>th</sup> November 2014 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.,  
107, Sumer Kendra, 1<sup>st</sup> Floor,  
Behind Mahindra Towers,  
P.B. Marg, Worli,  
Mumbai – 400 018.

The Company has framed a specific Code of Conduct for the members of the Board of Directors and the Senior Management Personnel of the Board of Directors and Senior Management Personnel of the Company pursuant to Clause 49 of the Listing Agreement with Stock Exchanges to further strengthen corporate governance practices in the Company.

All the members of the Board and Senior Management Personnel of the Company have affirmed due observance of the said Code of Conduct in so far as it is applicable to them and there is no non-compliance thereof during the year ended 31<sup>st</sup> March, 2014.

Place: Mumbai

Date: 1<sup>st</sup>December, 2014 Executive Chairman



**Arun B. Shah**

Ref.No.

**AUDITORS' REPORT ON CORPORATE GOVERNANCE**

To the Members of Asian Electronics Ltd.

We have examined the compliance of conditions of Corporate Governance by Asian Electronics Ltd., for the year ended 31<sup>st</sup> March, 2014, 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 with 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 except for the following:

- 1) There was no whole time qualified Company Secretary to act as secretary to the Audit Committee from 15th August 2014 onwards.
- 2) Minutes of the Audit Committee meetings are not available for inspection.
- 3) No meetings of the Shareholder's/Investor's Grievance Committee were held during the financial year 2013-2014. Also, details of the exact number of shareholder/investor complaints received & solved are not available with the Company.
- 4) Results for the quarter ended 31st Dec 2014 have not been submitted by the Company to the stock exchanges. Also results for the quarter ended 30th September 2013, 31st December 2013 & 31st March 2014 have not been published in the newspapers. The same are yet to be displayed on the Company's website.

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.  
Firm Registration No.110417W

CA N. D. ANKLESARIA  
(PARTNER).  
MEMBERSHIP NO.10250.

Place: Mumbai  
Date: 01.12.2014.