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1. As per approval of the share holders of the Company under Section 293(1)(a) of the Companies Act, 1956, obtained through postal ballot on 22nd May, 2010, the Company has effective from 1st October, 2009, transferred the Business of two divisions to two 100% subsidiaries, subject to requisite approvals being obtained from the concerned statutory authorities and the company's lenders and creditors. The Company had applied for approvals of secured /unsecured creditors. However one of the lenders had informed the company that they are not agreeable to the transfer of the businesses of the two divisions to the two 100% subsidiaries and has declined to give its approval. Besides, the Lead bank of the Consortium for Working Capital has informed the Company not to proceed with hiving-off of assets without the written consent of the Consortium Banks. Consequently, the Company continues to be liable to the lenders for the Term Loans and Unsecured Redeemable Non-Convertible Debentures transferred to the subsidiary companies. The Company has not provided interest on the above for the quarter under review. Therefore the Company will continue to be liable to the lenders for the Loans/Unsecured Debentures transferred to the two 100% subsidiaries together with the interest thereon.
2. In view of the temporary strain on financial resources which has inter alia resulted in delay in repayment of dues, and also with an objective to bring normalcy to the Company's operations, a reference for Corporate Debt Restructuring (CDR) has been made recently under the CDR mechanism, instituted by Reserve Bank of India, for restructuring corporate debts of viable corporate entities, affected by internal factors or external factors, for the benefit of all stakeholders. The restructuring requests, inter alia, includes approval of the lenders for hiving off the businesses of ESCO and Projects Divisions to two 100% subsidiaries. Pending consideration of such requests, the Company has not yet taken any steps with regard to the non-approval as explained in Note No. 1 above.
3. Due to current mismatch of inflows and outflows, compounded by delayed recoveries of certain stressed assets, as enumerated in Note No. 4 below, the debt servicing by the Company has been adversely affected. As a result, action has been initiated by some of the lenders of the Company. LIC Mutual Fund and SBI Factors Limited has filed a petition in the Bombay High Court for winding up of the Company for non-payment of its dues. In case of the dues of SBI Factors, the dues were supposed to be paid in the financial year 2012-13, where there is a delay and the Company is likely to pay in the coming months. The other lenders are being addressed under the forum of CDR. The matters are amicably settled and the consent terms are being filed. Bank of India has served upon the Company a Notice under Section 13(2) of The Securitization and Reconstruction of Financial Assets and Enforcement of Security Act, 2002 for repayment of dues. Also other Banks have sent Demand Notices to the Company for repayment of their dues.

4. Consequent to a review made by the Management of the various Assets of the Company, the Management is of the opinion that special efforts over a period of time would be needed for recovery of the following stressed assets which would have an impact on the results of the Company for the year under review:-
- a. Diminution in the value of Investments in Foreign Companies Rs. 7.77 Lacs, where the local Managements have deserted the Companies and the businesses have been closed down.
 - b. Diminution in the value of the Investments, if any, in Unique Waste Plastic Management and Research Company Pvt. Ltd. of Rs. 4,360.20 Lacs where the pending disputes with minority shareholders need to be resolved to recover the value of the Investments held by the Company.
 - c. Diminution in the value of investment in Midcom Magnetics Management Private Limited a joint venture Company of Rs. 139.50 Lacs. During the period under review the Company has exited from the joint venture.
 - d. Trade Receivables considered good include Rs. 8,647.06 lacs of old outstanding's where the recovery may happen only after due legal actions and settlement of counter claims, if any, which can not be determined.
 - e. Loans and Advances considered good includes Rs.3,813.54 Lacs of old debit balances where the same may be recovered in the form of assets or will be settled subject to counter claims, if any, which cannot be determined.
 - f. Cash and Bank Balances include old unreconciled debits in certain Bank Accounts which may not be recoverable / realizable.
 - g. Interest amounting to Rs. 10.43 Lacs approximately has not been provided on the public deposits, for the quarter.
 - h. Interest amounting to Rs. 667.81 Lacs, approximately has not been provided for the quarter on the loans outstanding from banks and a financial institution.

Non or delayed recoverability of the above Stressed Assets and inadequacy of accruals have adversely affected the debt servicing by the Company and also led to operating losses and erosion of liquidity. The management is of the view that the above stressed assets of various classes may need provision in due course the extent of which cannot be determined at present. Consequently they have been shown as considered good and no provision has been made for the same.

The management is of the view that the future viability of the company and its 'going concern' assumption would depend on the timely approval of the CDR to the Company's restructuring proposal.

5. Regarding impairment the Management is of the opinion that impairment arising out of change in business model discontinuation of some products and services and similar reasons should be recognized and are proposed to be transferred to the respective divisions for recovery and an estimate should be made as a block of assets comprising of Fixed Assets, Current Assets and Investments. In the absence of full implementation of the plan, the impairment has not been ascertained and debited to the Statement of Profit and Loss.

6. Segment reporting as required under AS – 17 is not applicable for the year under review, as more than 90% of the revenue comes from a single business segment of Lighting Products / Systems. There is only one geographical segment.
7. The above Unaudited Financial Results for the Quarter, were reviewed by the Audit Committee and taken on record by the Board of Directors of the Company at their respective Meetings held on 21st December, 2012.
8. There was no investor complaints pending at the beginning of the quarter and no complaints were received during the quarter. There were no complaints pending at the end of the quarter.
9. Previous Quarter's figures have been regrouped / rearranged wherever necessary to make them comparable to those of current Quarter.

**As per our Report of even date attached
For Sorab S. Engineer and Co.
Chartered Accountants.
Firm Registration No. 110417W**

**S/d
C.A. N.D. ANKLESARIA
(PARTNER)**

**Place: Mumbai
Date: 21st December, 2012**

For Asian Electronics Limited

**S/d
Arun B. Shah
Executive Chairman**

**Place: Mumbai
Date: 21st December, 2012**