

August 14, 2013

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Review Report to The Board of Directors
Asian Electronics Ltd,
1st Floor, Sumer Kendra Building,
P.B. Marg, Behind Mahindra Towers, Worli,
Mumbai- 400018

Dear Sirs,

1. We have reviewed the accompanying statement of unaudited financial results of **ASIAN ELECTRONICS LIMITED**, for the period of three months ended 30th June, 2013, except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. This statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. *Attention is invited to the following:-*
 - a. *Note No. 1 regarding Employees Stock Option. The Company has not ascertained the Fair Value of the Options granted to its employees. Consequently, impact of the same on the Proforma Loss, Proforma Basic Earnings per share, and Proforma Diluted Earnings per share is not ascertainable. Also the Company has not complied with the Securities and*

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Exchange Board Of India (Employee Stock Option Scheme And Employee Stock Purchase Scheme) Guidelines, 1999.

- b. Note No. 2 regarding transfer of related Loans and Debentures of the two Divisions aggregating to Rs. 14,279.61 Lacs to two wholly owned subsidiaries subject to the approval of the Company's Lenders and creditors. However one of the lenders has 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. The Company has not provided interest on the above for the quarter under review. Consequently, the Company will continue to be liable to the lenders for the Term Loans and Unsecured Redeemable Non-convertible Debentures aggregating to Rs. 14,279.61 Lacs transferred to the two 100% subsidiaries together with interest thereon. On the basis of the information available to us, we are unable to form an opinion in this matter and unable to opine on the fall in value of Investments in the subsidiary companies amounting to Rs. 6,305.49 Lacs.
- c. Note No.3 regarding proposal submitted by the Company to the Banks for One Time Settlement (OTS) of the dues which are yet to be finally approved and which will have an effect on the Company's Financial Statements, the amount of which is not ascertainable at present. On the basis of the information available to us, we are unable to form an opinion in this matter.
- d. Note No. 4 wherein as explained LIC Nomura Mutual Fund and SBI Factors Limited had filed petitions in the Bombay High Court for winding up of the Company for non-payment of their dues. Bank of India has also 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 their dues. The said notice has been set aside by DRT and is now being challenged in appeal by the Bank. Other Banks have also asked the Company for repayment of their dues and also issued SARFAESI notices.
- e. Note No. 5 wherein consequent to review made by the management the following are the observations:
- i. Diminution in the value of Investments in certain companies of Rs. 4507.47 Lacs not reflected in the Financial Statements which is not in accordance with Accounting Standard - 13 "Accounting for Investments" referred to in Section 211(3C) of the Companies Act 1956.
 - ii. Trade Receivables considered good includes Rs. 10,051.45 Lacs of old Outstandings which may be doubtful of recovery.
 - iii. Old Debit Balances of Rs. 6,644.52 Lacs included in Loans and Advances and old unreconciled debts in certain Bank Accounts which may not be recoverable / realizable.
 - iv. Interest amounting to Rs. 15.19 Lacs approximately has not been provided on Public Deposits for the quarter including on deposits which have matured and are claimed but not paid as on 30th June

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- 2013 amounting to Rs. 261.94 Lacs and consequently loss for the quarter has been understated to the same extent.
- v. Interest amounting to Rs. 770.33 Lacs approximately has not been provided for the quarter on the loans aggregating to Rs 22,399.68 Lacs recalled by the banks, due to default in repayment of the principal and interest amounts. Consequently loss for the quarter has been understated to the same extent. Also no interest has been provided on account of delays in payment of various statutory dues like Tax Deducted at Source, Sales Tax, Service Tax, ESIC, Custom Duty, etc, amount whereof is not ascertainable.

Consequently, although the above related items of assets have been shown as Considered Good, no provision has been made for the same.

- vi. Managerial remuneration of Rs 4.46 Lacs paid during the period to the Executive Director and expenditure on Premises leased by a Relative of a Director amounting to Rs. 3.29 Lacs borne by the Company are subject to the approval of the Central Government.
- vii. Note No. 6 wherein Management has stated that Impairment of the Company's assets and impact thereof on the loss for the period has not been ascertained. Hence we are unable to ascertain as to whether there is any impairment in line with Accounting Standard - 28 "Impairment of Assets" referred to in Section 211(3C) of the Companies Act 1956.
- viii. Note No. 7 wherein Management has stated that Old Balances of Trade Receivables / Trade Payables of Foreign parties have not been revalued at the rates prevailing on 30th June 2013 in the books of account of the Company as in the opinion of the Management these amounts may not be realisable / payable. On the basis of the information available to us, we are unable to form an opinion in this matter.

In view of the above, we are unable to express an opinion on the recoverability / realisability of the above mentioned items, the impact of the same on the Loss for the quarter as well as the future viability of the Company as a 'going concern'.

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4. Based on our review conducted as above, *subject to our remarks in Para 3 above*, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited quarterly financial results prepared in accordance with applicable Accounting Standards notified pursuant to Companies (Accounting Standards) Rules, 2006 and/or Accounting Standards issued by Institute of Chartered Accountants of India and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

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For Sorab S. Engineer & Co.
Chartered Accountants
Firm Regn. No. 110417W

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CA N.D. Anklesaria
(Partner)
Membership No. 10250