



ASIAN ELECTRONICS

ASIAN ELECTRONICS LIMITED

D-11, Road No.28, Wagle Industrial Estate

Thane 400 604, India.

Tel: (91-22) 25835500, 04-05:: Fax:(91-22) 25827636

Email: jp@aelgroup.com

Website : www.aelgroup.com

CERTIFIED TRUE COPY OF THE ORDINARY RESOLUTION OF THE MEMBERS OF ASIAN ELECTRONICS LIMITED ("THE COMPANY") PASSED BY THE POSTAL BALLOT MODE ALONGWITH THE EXPLANATORY STATEMENT THEREFOR.

Item No. 1

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

Hiving off of the ESCO funding activities (Energy Saving Company) Division of the Company

"RESOLVED THAT pursuant to the provisions of Section 293(1)(a), and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approvals, consents, permissions and sanctions as may be necessary from the concerned Statutory Authorities and subject to such terms and conditions as may be imposed by them, consent of the Company be and is hereby accorded to the Board of Directors of the Company ("the Board" which expression shall also include a committee thereof) to sell and transfer, the Company's whole or substantially the whole of the Undertaking comprising of ESCO funding activities (Energy Saving Company) Division as a going concern together with all its related assets, both moveable, immoveable, tangible or intangible including all licences, permits, consents, authorizations and approvals whatsoever, to a proposed Special Purpose Vehicle, with retrospective effect from 1st October, 2009 or such other date as the Board may deem fit and on such terms and conditions, and on such consideration as may be arrived at, based on the valuation report of an independent approved valuer as the Board may deem appropriate, to be suitably adjusted at the date of actual transfer."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to negotiate and finalise the terms and conditions, consideration payable, methods and modes in respect thereof, determining the exact effective date, if need arises to be changed, and finalising and executing necessary documents including schemes, agreements, deeds of assignment / conveyance and such other documents as may be necessary or expedient in its own discretion and in the best interest of the Company including the power to delegate, to give effect to this Resolution, without seeking any further approvals, consents or sanctions or further referring to the members of the Company."

Certified To Be True

For Asian Electronics Limited

R.D. Goradia

Executive Director & Company Secretary





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Item No. 2

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

Hiving off of the Projects Division of the Company

"**RESOLVED THAT** pursuant to the provisions of Section 293(1)(a), and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approvals, consents, permissions and sanctions as may be necessary from the concerned Statutory Authorities and subject to such terms and conditions as may be imposed by them, consent of the Company be and is hereby accorded to the Board of Directors of the Company ("the Board" which expression shall also include a committee thereof) to sell and transfer, the Company's whole or substantially the whole of the Undertaking comprising of Projects Division as a going concern together with all its related assets, both moveable, immoveable, tangible or intangible including all licences, permits, consents, authorisations and approvals whatsoever, to a proposed Special Purpose Vehicle, with retrospective effect from 1st October, 2009 or such other date as the Board may deem fit and on such terms and conditions, and on such consideration as may be arrived at, based on the valuation report of an independent approved valuer, as the Board may deem appropriate, to be suitably adjusted at the date of actual transfer."

"**RESOLVED FURTHER THAT** the Board be and is hereby authorised to negotiate and finalise the terms and conditions, consideration payable, methods and modes in respect thereof, determining the exact effective date, if need arises to be changed, and finalising and executing necessary documents including schemes, agreements, deeds of assignment / conveyance and such other documents as may be necessary or expedient in its own discretion and in the best interest of the Company including the power to delegate, to give effect to this Resolution without seeking any further approvals, consents or sanctions or further referring to the members of the Company."

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R. D. Goradia

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

Item No. 1 & 2

The Board of Directors of the Company at their meeting held on 20th April, 2010, among other things, considered and, subject to the approval of the shareholders of the Company, approved the hiving off of : 1. ESCO funding activities (Energy Saving Company) Division of the Company, 2. Projects Division of the Company.

Your Company is presently engaged in the businesses of manufacturing and marketing of various energy efficient products. The business is comprising of the geographical as well as product or services specific management structure. The different focus areas have been identified as under:

1. Energy efficient lighting products for domestic markets
2. Exports of lighting and power related products
3. Funding of deferred payments, more popularly known as ESCO
4. Projects for SEBs
5. Investments

In terms of management, shareholder values, funding and business prospects, it is desired to have different legal entities to pursue the activities, not closely linked, but as the Company's own 100% subsidiaries.

The Company has carefully considered the angles of its finances, business focus and prospects. The plans under each category are being critically examined by professional agencies of repute. In furtherance of the various objectives, as explained hereunder,

The Company proposes to transfer the various businesses to 100% subsidiary as under:

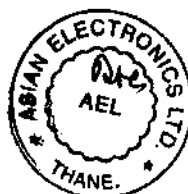
ESCO funding, which will eventually act as NBFC in the field of energy efficient solutions, expanded from mere lighting to other products and services.

Projects division will take care of local logistics and focused customer relationship for timely delivery and recoveries.

Investments will be held as an entity to explore all future evaluations and opportunities.

The consideration for this exercise is examined from the following angles:

- a. Financial Viability
- b. Enhancement of Shareholder value
- c. Acceptability to Lenders
- d. Broad Tax impact
- e. Broad regulatory compliances
- f. Broad accounting impact



More particularly, the diverse nature can be explained in the following table :

Area of operations	Lighting, Domestic and exports	Projects	ESCO	Investments
Technology	• Own Patents and available proven technology • Further developments needed • At times customers' technology	Essentially execution work under clients' needs and directives	No such angle	No such angle
Infrastructure	• Manufacturing facilities • Skilled manpower • Utilities • Logistics	• Supervisory and corporate level to some extent. • Largely, local labour jobs	Largely financial skills	Largely financial skills
Financial prudence	Capital deployed and gearing within mfg industry norms	Needs large guarantee facilities and working capital	Almost like NBFC, with different set of norms and prudence	One time activities except monitoring
Markets	Established network of dealer and contract buyers	Contracts need no further marketing support	Need to do innovative structuring to enhance the business	One time evaluations
Post sales	Services needed	Services needed only during warranty period	Recovery and timely servicing of debt is key	Continuous evaluations
Overall management time	Key	Supplementary	Needs banking expertise	One time skills

The enclosed resolutions authorize the Board of Directors to transfer these businesses, (for abundant precautions termed as undertakings) as required under section 293 (1)(a).





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A copy of draft agreement of sale in respect of the hive off of ESCO Division and Project Division is available for inspection at the Registered Office of the Company on any working day during working hours from 11 a.m. to 1.00 p.m.

None of the Directors is in anyway, concerned or interested in the said resolutions.

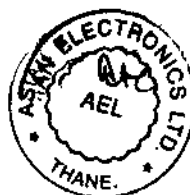
Your Directors recommend the resolution for your approval as an Ordinary Resolution.

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Executive Director & Company Secretary





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Item No. 3

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

Mortgage and/or charge of movable and Immovable properties of the Company

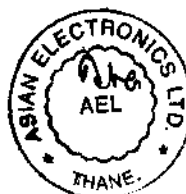
"RESOLVED THAT in supercession of all previous resolutions passed by the Shareholders from time to time in this regard and pursuant to the provisions of section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 and the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the Board of Directors to encumber, mortgage and/or charge/ hypothecate any of its movable and/or immovable assets and properties wherever situated, both present and future, or the whole, or substantially the whole, of the undertaking or undertakings of the Company, on such terms and in such manner as the Board may deem fit, together with power to take over the management of the business or concern of the Company in certain event(s), for securing any loan obtained/to be obtained from, or securities issued/to be issued to, Bank(s), Financial or other institution(s), Mutual Fund(s), Non- Resident Indians (NRIs), Qualified Institutional Buyers (QIBs), Overseas Corporate Bodies (OCBs), Foreign Institutional Investors (FIIs) or any other person(s), body(ies) corporate, etc., whether shareholder of the Company or not(hereinafter collectively referred to as "lenders"), for an amount not exceeding Rs.1,000 Crores (Rupees One Thousand Crores Only), together with interest, compound/additional interest, commitment charges, costs, expenses and all other monies payable by the Company to the concerned lenders."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things and to execute and sign all such documents as may be necessary, expedient and incidental thereto to give effect to this resolution".

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R. D. Goradia
Executive Director & Company Secretary





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Item No. 3

As members are aware, your Company is exploring various opportunities for all round growth of the Company through the Restructuring exercise. With a view to meet the requirement of funds for above purposes, the Company would be required to borrow funds from time to time by way of loans and/or issue of Bonds, Debentures or other securities.

The said borrowing/issue of securities may be required to be secured by way of mortgage/charge over all or any part of the movable and/or immovable properties of the Company and as per the provisions of Section 293(1)(a) of the Companies Act, 1956, the mortgage or charge on all or any part of the movable and/or immovable properties of the Company, may be deemed as the disposal of the whole, or substantially the whole, of the undertaking of the Company and hence requires approval from the shareholders of the Company.

As per the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001, the above said approval is to be obtained by way of sending postal ballots to the shareholders.

Accordingly, this resolution is being proposed to seek your consent under Section 293(1)(a) read with Section 192A of the Companies Act, 1956, by way of Postal Ballot as per the requirements of the Companies Act, 1956.

None of the Directors is in anyway, concerned or interested in the said resolutions except to the extent that he is Director of the Company.

Your Directors recommend the resolution for your approval as an Ordinary Resolution.

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For Asian Electronics Limited

R. D. Goradia

Executive Director & Company Secretary

