



BOARD OF DIRECTORS

G.Amulya Reddy Director  
G.Rama Manohar Reddy Managing Director

REGISTERED OFFICE

3C, SAMRAT COMMERCIAL COMPLEX,  
OPP.A.G.OFFICE, SAIFABAD,  
HYDERABAD – 500 004.

R & D CENTRE

4A, SAMRAT COMMERCIAL COMPLEX,  
OPP.A.G.OFFICE, SAIFABAD,  
HYDERABAD – 500 004.

FACTORY

2-338, Thota Street, Yanam,  
State of Pondicherry

BANKERS

STATE BANK OF HYDERABAD  
BELLAVISTA BRANCH,  
SOMAJIGUDA, HYDERABAD

AUDITORS

A.M.REDDY&CO.,  
Chartered Accountants,  
Hyderabad – 500 028.





**NOTICE**

NOTICE is hereby given that the Ninth Annual General Meeting of the members of the company will be held on Thursday the 30<sup>th</sup> day of September, 2004 at 11.00 AM at the Registered office of the company to transact the following business :

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 31<sup>st</sup> March'2004 and the Balance sheet as on that date together with the Directors' Report and Auditors' report thereon.
2. To declare dividend on Equity Shares
3. To appoint Auditors and fix their remuneration

Place : Hyderabad  
Date : 01-09-2004

**BY ORDER OF THE BOARD**

Sd/-  
**(G.RAMA MANOHAR REDDY)**  
**MANAGING DIRECTOR**

- NOTE:**
1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend the meeting and vote instead of him/herself and such a proxy need not be a member of the company.
  2. The Proxy form duly stamped and executed should be deposited at the Registered Office of the company atleast 48 hours before the time fixed for the meeting.



## DIRECTORS' REPORT

The Members of the Company,

Your Directors have pleasure in presenting the Ninth Annual Report along with the audited statement of accounts for the year ended 31<sup>st</sup> March'2004

### FINANCIAL RESULTS:

During the year under review your company achieved a turnover of Rs 571.24 lakhs against Rs.412.98 lakhs in the previous year and earned a net profit of Rs 60.28 lakhs against Rs.30.02 lakhs in the previous year. Your Directors are taking active steps to project better financial results in the coming year.

### DEPOSITS

The Company has not accepted any deposits from the public.

### DIVIDEND

Your directors recommend a dividend of 10% on Equity Shares of the company for the year ended 31<sup>st</sup> March, 2004. The dividend, if approved at the forthcoming annual general meeting, will be paid to those members whose names appear on the register of members.

### PARTICULARS REGARDING ENERGY CONSERVATION ETC.,

The information regarding energy conservation and technology absorption required to be disclosed under section 217(1) (e) of the Companies Act, 1956 read with companies (Disclosure of Particulars in the Report of Board of Directors) rules 1988 are as under.

#### A. Conservation of Energy

The company is taking all measures to reduce the energy consumption by adopting energy conservation measures.

#### B. Particulars with respect to Technology Absorption

Technology Absorption - Nil



### Research & Development

- The company was given status of R&D Unit by the Department of Scientific and Industrial Research Government of India, New Delhi for the R&D work done for producing of test and measuring equipment for optical fiber and copper cable for telecom industry such as Optical Power Meter, Optical light source 1310nm and 1550nm, Optical Fiber Identifier, Optical Talk Set etc.
- During the year under report your company has approached Department of Scientific and Industrial Research, New Delhi for exemption u/s 35 (2AB) of the Income Tax Act, 1961 for in house R & D expenditure. Your directors are confident to get the approval for the year 2003-04 onwards from the said authorities.
- During the year the company has spent expenditure both in recurring and capital amounting to Rs. 43.12 lakhs.

### C. Foreign Exchange Earnings & Out go:

- Foreign Exchange Earnings – Rs. 12.03 lakhs
- Foreign Exchange Outgo – Rs 79.16 lakhs  
(Previous year – Rs.139.24 lakhs)

### PARTICULARS OF EMPLOYEES

Particulars of employees required in pursuant of Sec 217 (2A) of the Companies Act 1956 read with the Companies (Particulars of employees) Rules, 1975 – Nil

### DIRECTORS' RESPONSIBILITY STATEMENT AS PER SECTION 217(2AA) OF THE COMPANIES ACT, 1956

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Director's Responsibility Statement, it is hereby confirmed.

- (i) that in the preparation of the accounts for the financial year ended 31<sup>st</sup> March 2004, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the year under review.
- (iii) That the directors have taken proper and sufficient care for the maintenance of adequate accounting records 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.
- (iv) That the Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March 2004 on a 'going concern basis.'



## AUDITORS

M/s. A.M. Reddy & Co., Chartered Accountants retire at the conclusion of this Annual General Meeting and they are eligible for re-appointment.

## ACKNOWLEDGEMENTS

Your Directors wish to place on record their grateful thanks to the concerned banks for their valuable assistance. We would also like to record our appreciation to the sincere and dedicated services rendered by the employees of the company.

FOR AND BEHALF OF THE BOARD

Sd/-  
(G. AMULYA REDDY)  
DIRECTOR

Place : Hyderabad  
Date : 01-09-2004

Sd/-  
(G.RAMA MANOHAR REDDY)  
MANAGING DIRECTOR



**A.M.Reddy & CO.,**  
Chartered Accountants

10-5-6/B, My Home Plaza,  
Off: 103, II Floor, Masabtank,  
Hyderabad - 500 028  
Ph: 23316426/23316912

### AUDITORS' REPORT

The Members of  
AISHWARYA TELECOM PRIVATE LIMITED,  
HYDERABAD.

1. We have audited the attached Balance Sheet of M/s.AISHWARYA TELECOM PRIVATE LIMITED as at 31<sup>st</sup> March, 2004 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 of India (the Act) and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
  - (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the Balance sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;



- (v) On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2004, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2004 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) In our opinion to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon and attached thereto give in the prescribed manner the information required by the Companies Act, 1956 and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2004 and;
- (b) In the case of the Profit and Loss account, of the Profit for the year ended on that date.

PLACE : HYDERABAD.  
DATE : 01.09.2004

for A.M.REDDY & CO.,  
CHARTERED ACCOUNTANTS

Sd/-  
(A.V.RAMANA REDDY)  
PARTNER  
Membership No. 024329



**ANNEXURE TO THE AUDITORS' REPORT**  
( Referred to in paragraph (3) of our report of even date )

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
(b) The fixed assets of the company have been physically verified by the management during the year as per a programme of verification, which in our opinion is reasonable having regard to the size of the company and the nature of its fixed assets. No material discrepancies were noticed on such verification.  
(c) In our opinion and according to the information and explanations given to us, during the year, the company has not disposed off any substantial part of its fixed assets so as to affect its going concern.
  2. (a) The stocks of finished goods and raw materials of the company have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.  
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
(c) On the basis of our examination of records of inventory, in our opinion, the company has maintained proper records of inventory. The discrepancies noticed on physical verification between the physical stocks and the book records were not material.
  3. The company has neither granted nor taken any loans, secured or unsecured from / to companies, firms or other parties listed in the registered maintained u/s.301 of the Companies, Act, 1956.
  4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of stores, raw materials including components, Plant & Machinery, equipment and other assets and with regard to the sale of goods. Further, on the basis of our examination and information and according to the explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control procedures.
  5. According to the information and explanations given to us, there are no transactions that need to be entered into the Register maintained under section 301 of Companies Act, 1956.
  6. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public to which the provisions of section 58A of the Companies Act, 1956 and the rules framed thereunder are applicable.
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7. The company does not have a formal internal audit department but the company's internal control procedures in different operational areas together with the internal checks conducted by the management during the year can be considered as an adequate system commensurate with the size and nature of its business.
8. The maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.
9. (a) The company is not regular in depositing provident fund and employees state insurance dues with the appropriate authorities. However, the company is regular in depositing undisputed statutory dues including income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues as applicable to it.  
  
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31<sup>st</sup> March 2004 for a period of more than six months from the date they became payable. ✓  
  
(c) According to the information and explanations given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, excise duty and cess, which have not been deposited on account of any dispute.
10. The company has neither accumulated losses as on 31.03.2004 nor has it incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year.
11. The company has neither taken any term loans from a financial institution and a bank nor issued any debentures. Accordingly, the provisions of clause 4(xi) of the Companies (Auditor's Report) Order, 2003 is not applicable to this company.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to this company.
14. In our opinion, the company is not dealing in or trading in shares, securities, debentures, and other investments. —  
Accordingly, the provisions of clause 4(xiv) of the companies (Auditor's Report) Order, 2003 are not applicable to this company.
15. The company has not given any guarantees for loans taken by others, from banks or financial institutions, the terms and conditions, whereof, in our opinion, are prima facie prejudicial to the interest of the company.
16. In our opinion and according to the information and explanations given to us and on an overall examination, no term loans have been availed by the company during the year.



17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment. No Long-term funds have been used to finance short-term assets.
18. According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act, 1956.
19. According to the information and explanations given to us, during the period covered by our audit report, the company has not issued any debentures.
20. The company has not raised any money by public issue, during the year.
21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

PLACE : HYDERABAD.  
DATE : 01.09.2004

for A.M.REDDY & CO.,  
CHARTERED ACCOUNTANTS

Sd/-  
(A.V.RAMANA REDDY)  
PARTNER  
Membership No. 024329



## BALANCE SHEET AS AT 31ST MARCH, 2004

Particulars	Schedule	As at 31.03.04	As at 31.03.03
<b>SOURCES OF FUNDS</b>			
<b>SHARE HOLDERS FUNDS:</b>			
- Share Capital		14595765	6615260
- Reserves & Surplus		8000000	2801132
<b>LOAN FUNDS:</b>			
- Secured Loans		752109	629537
- Unsecured Loans		801800	1001800
- From Others			
<b>TOTAL</b>		<b>27776469</b>	<b>16713729</b>

## APPLICATION OF FUNDS:

- Gross Block	8897468	519633	
Less Depreciation Block	2794526	1777134	
<b>Net Block</b>		<b>6102942</b>	<b>3402499</b>
<b>Current Assets, Loans &amp; Advances</b>			
- Inventories	4390151	3702523	
- Sundry Debtors	15037387	9158885	
- Cash & Bank Balances	569680	428004	
- Loans & Advances	5950420	3431241	
	25947638	16720653	
<b>Less Current Liabilities &amp; Provisions</b>			
- Current Liabilities	4339812	2260860	
- Provisions	1553266	617689	
	5893078	2878549	
<b>Net Current Assets</b>		<b>20054560</b>	<b>13842104</b>
Deferred Tax Liability (Net)		-401983	-532774
<b>Miscellaneous Expenditure</b> (To the extent not written off or adjusted)			
- Preliminary Expenses		950	1900
- Deferred Revenue Expenditure		2020000	
<b>TOTAL</b>		<b>27776469</b>	<b>16713729</b>

## NOTES ON ACCOUNTS

VIDE OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

for A.M.REDDY & CO.  
CHARTERED ACCOUNTANTS

Sd/-  
(G.AMULYA REDDY)  
DIRECTOR

Sd/-  
(A.V.RAMANA REDDY)  
PARTNER

Sd/-  
(G.RAMA MANOHAR REDDY)  
MANAGING DIRECTOR

PLACE : HYDERABAD

DATE : 02.09.2004

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH' 2004**

Particulars		Current Year Rs.	Previous Year Rs.
<b>INCOME</b>			
- Sales		57123701	41298497
- Increase in Stocks	*G	600903	617066
- Other Income		88877	28416
<b>TOTAL</b>		<u>57813481</u>	<u>41943979</u>
<b>EXPENDITURE</b>			
- Trade Purchases		14404197	13924022
- Manufacturing Expenses	*H	14332110	8364361
- Payments & Benefits to Employees	*I	5934025	3936613
- Administrative Expenses	*J	14628178	11112196
- Financial Charges	*K	1468485	1071094
- Depreciation		1017392	531873
- Preliminary expenses written off		950	950
<b>TOTAL</b>		<u>51785337</u>	<u>38941109</u>
Net Profit for the year before tax		6028144	3002870
Less: Provision for Taxation			
- Current Tax		746674	567689
- Deferred Tax		<u>-130791</u>	<u>289703</u>
		615883	857392
Profit after tax		5412261	2145478
Add: Balance Brought Forward from previous year		2501132	948725
Less: Adjusted for opening deferred tax liability (Net)		<u>0</u>	<u>243071</u>
		2501132	705654
Balance available for appropriation		<u>7913393</u>	<u>2851132</u>
Appropriation:			
- Transferred to General Reserve		650000	300000
- Proposed Dividend		715000	50000
- Tax on Proposed Dividend		91592	
- Balance carried to Balance Sheet		6456801	2501132
<b>TOTAL</b>		<u>7913393</u>	<u>2851132</u>

**NOTES ON ACCOUNTS**

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VIDE OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

for A.M.REDDY & CO.  
CHARTERED ACCOUNTANTS

Sd/-  
(G.AMULYA REDDY)  
DIRECTOR

Sd/-  
(A.V.RAMANA REDDY)  
PARTNER

Sd/-  
(G.RAMA MANOHAR REDDY)  
MANAGING DIRECTOR

PLACE : HYDERABAD  
DATE : 01.09.2004



## SCHEDULES TO ACCOUNTS:

## SCHEDULE - A

## SHARE CAPITAL:

## - Authorised

15,00,000 Equity Shares of Rs. 100/-  
each (Previous year 1,00,000 Equity  
Shares of Rs.100/- each)

As at  
31.03.04  
Rs.

As at  
31.03.03  
Rs.

15000000

10000000

- Issued, Subscribed & Paid - Up  
13,60,000 Equity Shares of Rs.10/- each  
fully paid up (Previous year 65,000 Equity  
Share of Rs.100 each fully paid up)

13600000

6500000

- Share Application Money Pending  
Allotment

995765

115260

TOTAL

14595765

6615260

## SCHEDULE - B

## RESERVES &amp; SURPLUS

General Reserve

950000

300000

Profit & Loss Account

6456801

2501132

7406801

2801132

Less: Capitalisation of profits for bonus  
shares issued 260000 equity shares  
of Rs. 10/- fully paid

2600000

0

4806801

2801132

## SCHEDULE - C

## SECURED LOANS:

- Cash Credit from SBH

6347978

4681869

- Short Term Loan from SBH

0

781289

- Medium Term Loan from :

American Express

481586

316211

Citi Bank

362539

516168

- Technology Fund - DSIR

380000

0

TOTAL

7572103

6295537



## SCHEDULE - D

## FIXED ASSETS:

Description of the Asset	GROSS BLOCK			DEPRECIATION BLOCK			NET BLOCK	
	Cost as at 1.4.03	Additions During the year	Total As at 31.03.04	As at 31.03.03	For the Year	Total As at 31.03.04	As at 31.03.04	As at 31.03.03
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
- Computers	731049	409468	1140517	444352	207400	651752	488765	286697
- Furnitures & Fixtures	191047	236956	428003	60899	50348	111247	316756	130148
- Optical Test Equipment	419000	0	419000	219820	31112	250932	168068	199180
- R & D Equipment	3234943	2999881	6234824	850625	638053	1488678	4746146	2384318
- Office Equipment	264106	71530	335636	83648	33081	116729	218907	180458
- Vehicles	339488	0	339488	117790	57398	175188	164300	221698
<b>TOTAL</b>	<b>5179633</b>	<b>3717835</b>	<b>8897468</b>	<b>1777134</b>	<b>1017392</b>	<b>2794526</b>	<b>6102942</b>	<b>3402499</b>



## SCHEDULE - E

		As at 31.03.04		As at 31.03.03
CURRENT ASSETS, LOANS & ADVANCES:	Rs.	Rs.	Rs.	Rs.
<b>Inventories</b>				
- Raw Materials	1443568		1356843	
- Finished Goods	2946583		2345680	
		4390151		3702523
<b>Sundry Debtors</b> (Unsecured, Considered Good)				
- Outstanding more than 6 months	2011384		1945769	
- Others	13026003		7213116	
		15037387		9158885
<b>Cash &amp; Bank Balances</b>				
- Cash on Hand	545805		417270	
- Balance with Scheduled Bank in Current Accounts	23875		10734	
		569680		428004
<b>Loans &amp; Advances:</b>				
- Margin Money	1557476		572815	
- Deposits	3054350		1779535	
- Other Advances	397726		194400	
- Advance to Suppliers	838911		749996	
- Tax Deducted at Source	101957		134495	
		5950420		3431241
<b>TOTAL</b>		<u>25947638</u>		<u>16720653</u>

## SCHEDULE - F

## CURRENT LAIBILITIES &amp; PROVISIONS

<b>Current Liabilities:</b>				
- Creditors for Supplies	2449728		610691	
- Creditors For Expenses	1246867		1223519	
- Advances From Customers	643217		426650	
		4339812		2260860
<b>Provisions:</b>				
- For Taxation	746674		567689	
- For Dividend	715000			
- For Tax on Proposed Dividend	91592		50000	
		1553266		617689
		<u>5893078</u>		<u>2878549</u>

**SCHEDULE - G**

	Rs.	Current Year Rs.	Rs.	Previous Year Rs.
<b>INCREASE/DECREASE IN STOCKS</b>				
- Closing Stock Finished Goods		2946583		2345680
Less : Opening Stock Finished Goods		<u>2345680</u>		<u>1728614</u>
<b>TOTAL</b>		<u><u>600903</u></u>		<u><u>617066</u></u>

**SCHEDULE - H****MANUFACTURING EXPENSES:****Raw Materials:**

- Opening Stock	1356843	815340		
Add: Purchases	<u>11578224</u>	<u>7655460</u>		
	12935067	8470800		
Less: Closing Stock	<u>1443568</u>	<u>1356843</u>		
		11491499		7113957
- Packing Material		1000009		361733
- Carriage Inward		533461		745171
- Testing & Calibration Expenses		621565		143500
- Excise Duty		685576		0
<b>TOTAL</b>		<u><u>14332110</u></u>		<u><u>8364361</u></u>

**SCHEDULE - I****PAYMENT & BENEFITS TO EMPLOYEES:**

- Salaries & Wages & Other Benefits to employees		5368726		3488821
- Staff Welfare		176252		265261
- PF Administration Charges		22456		20427
- PF Employers' Contribution		208853		135018
- ESI Employer Contribution		<u>157738</u>		<u>27086</u>
<b>TOTAL</b>		<u><u>5934025</u></u>		<u><u>3936613</u></u>





## SCHEDULE - J

## ADMINISTRATIVE &amp; SELLING EXPENSES:

	Current Year Rs.	Previous Year Rs.
- Advertisement Expenses	718561	490338
- Agency Commission	1385100	1145119
- Business Promotion Expenses	56096	129963
- Directors Remmuration	450000	450000
- Discount on Sales	34875	187400
- Foreign Travel Expenses	629256	930497
- Incentives & Discounts	219725	244536
- Insurance	53979	89342
- Internet Expenses	188778	54518
- R&D Recurring Expenses	1312621	1127176
- Legal & Professional Charges	51780	32350
- Local Conveyance	106805	64004
- Misc. Expenses	39134	175469
- Subscription Books & Periodicals	61705	52510
- Office Electricity & Maintenance	185553	39073
- Postage & Telegrams	257901	137765
- Printing & Stationery	708191	290155
- Consultation Charges	330400	125500
- Repairs & Maintenance	403291	188630
- Factory Rent & Maintanance	148012	380017
- Sales Tax	1161737	1206202
- Telephone Fax & Pager Expenses	451834	399407
- Tender Expenses	41185	90604
- Tour & Travelling Expenses	3135466	1471533
- Auditors Remmuration	54000	43200
- Regn. Licnse & Filing Fees	204950	409050
- Bad debts written off	1944180	1065455
- Rates & Taxes	203316	3445
- Carriage Outwards	52247	84787
- Donations	15000	4151
- Professional Tax	22500	0
<b>TOTAL</b>	<b>14628178</b>	<b>11112196</b>

## SCHEDULE - K

## FINANCIAL CHARGES:

- Bank Charges & Interest	395528	251686
- Loan Processing Fees	68000	30000
- Interest on CC A/C	824740	631848
- Interest on Term Loan	180217	157560
<b>TOTAL</b>	<b>1468485</b>	<b>1071094</b>



**SCHEDULE 'L'**  
**NOTES ON ACCOUNTS**

**1. Disclosure of significant Accounting Policies:**

- a) **GENERAL:** The financial statements are prepared under the historical cost convention and comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956 and the same is prepared on a going concern basis
- b) **Fixed Assets**  
All fixed assets are stated at cost less depreciation and any attributable cost for bringing the asset to working conditions.
- c) **Revenue Recognition of Income & Expenditure**  
All income and expenditure are accounted on accrual basis.
- d) **Depreciation**  
Depreciation on fixed assets is provided on written down value method at the rates specified in Schedule XIV of the Companies Act, 1956.
- e) **Inventories**  
Raw materials are valued at cost. Finished Goods are valued at cost or net realizable value whichever is lower.

**2. Managerial Remuneration:**

	2003-04 Rs.	2002-03 Rs.
Managing Director	280000	280000
Whole Time Director	170000	170000
TOTAL	450000	450000

**3. Auditors' Remuneration:**

	2003-04 Rs.	2002-03 Rs.
As Auditors	40000	30000
Tax Audit Fees	10000	10000
Service Tax	4000	3200
TOTAL	54000	43200

4. Particulars of employees required under section 217(2A) of the Companies Act, 1956 and the rules framed there under is not applicable as none of the employees are in receipt of gross remuneration as per the details prescribed in these rules.



5. Paise have been rounded off to the nearest rupee. Previous year figures have been regrouped wherever if thought necessary in conformity with the Current year groupings.
6. Segment Reporting as per AS-17 is not applicable to this company.

### 7. Earning per Share

The numerators and denominators used for calculation of EPS

	Year ended 31-03-04 Rs	Year ended 31-03-03 Rs
a) Profit available to the Equity shareholders	5412261	2127243
b) No. of Equity shares	910000	5000
c) Nominal value of share	10	100
d) Earning per Share	5.95	425.45

\*\* The company allotted 450000 equity shares on 31<sup>st</sup> March, 2004. Therefore for the purpose of calculation of EPS those shares were not considered.

8. In compliance with the Accounting Standard "AS-22 Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the company has additionally recognized Rs 1,30,791 towards deferred tax asset in the year 2003-04.
9. Sundry Debtors and Sundry Creditors are subject to confirmation with the respective parties.
10. Foreign Exchange Earnings & Out Go:
- Foreign Exchange Earnings Rs. 12.03 lakhs
  - Foreign Exchange Outgo – Rs 79.16 lakhs  
(Previous year – Rs.139.24 lakhs)

11. Additional information in pursuant to provisions required under Para 4 of Part II of Schedule VI of the companies Act, 1956.

#### Details Of Raw Material Consumed

Particulars	2003-04		2002-03	
	Qty Nos.	Value Rs. Lakhs	Qty Nos.	Value Rs. Lakhs
IC	2146	25.19	1342	15.75
E. Prom	3118	7.24	2084	4.84
IC-74373	3069	17.78	2943	17.05
IC – 2864	3065	17.03	2341	13.01
Transformers	14658	2.98	11413	2.32
Micro Processors	7982	2.12	6893	1.83
PCB's	5236	2.64	4846	2.44
Batteries	1223	7.56	1084	6.70
Others		32.38		7.20
		114.92		71.14


**DETAILS OF OPENING STOCK, PRODUCTION, SALES AND CLOSING STOCK:**
**Opening Stock:**

Particulars	2003-04		2002-03	
	Qty Nos.	Value Rs. Lakhs	Qty Nos.	Value Rs. Lakhs
Low Insulation Cable Fault Locator	5	3.74	03	2.25
Cable Route Indicator	5	2.10	07	2.95
Pulse Echo Meter / TDR	15	4.33	09	2.60
Line & Dial Tester	7	0.35	03	0.15
Multi Core Testers	6	0.60	04	0.40
Digital Earth Resistance Tester	04	1.40	04	1.40
Fault master 111	10	4.56	06	2.74

**Production:**

Particulars	2003-04		2002-03	
	Qty Nos.	Value Rs. Lakhs.	Qty Nos.	Value Rs. Lakhs.
Low Insulation Cable Fault Locator	29	--	20	--
Cable Route Indicator	43	--	32	--
Pulse Echo Meter / TDR	122	--	108	--
Line & Dial Tester	12	--	14	--
Multi Core Testers	12	--	22	--
Digital Earth Resistance Tester	0	--	00	--
Fault Master 111	139	--	102	--

**Sales:**

Particulars	2003-04		2002-03	
	Qty Nos.	Value Rs. Lakhs	Qty Nos.	Value Rs. Lakhs
Low Insulation Cable Fault Locator	26	19.24	18	13.32
Cable Route Indicator	42	34	34	19.80
Pulse Echo Meter /TDR	126	50.03	102	40.50
Line & Dial Tester	15	0.75	10	0.50
Multi Core Testers	15	2.18	20	2.90
Fault Master 111	128	114.61	98	87.75
		220.81*		

- \*Due to innumerable number of items, the quantitative details of trading purchases and sales are not included

**Closing Stock:**

Particulars	2003-04		2002-03	
	Qty Nos.	Value Rs. Lakhs	Qty Nos.	Value Rs. Lakhs
Low Insulation Cable Fault Locator	8	5.98	5	3.74
Cable Route Indicator	6	2.52	5	2.10
Pulse Echo Meter	11	3.18	15	4.33
Line & Dial Tester	4	0.20	7	0.35
Multi Core Testers	3	0.30	6	0.60
Digital Earth Resistance Tester	4	1.40	04	1.40
Fault Master 111	21	9.58	10	4.56
		23.16		

Notes: Schedules and statement on accounting policies form an integral part of the balance sheet and profit and loss account.

**SIGNATURES TO SCHEDULES 'A' TO 'L'**

VIDE OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

FOR A.M. REDDY & CO.,  
CHARTERED ACCOUNTANTS

Sd/-  
(G. AMULYA REDDY)  
DIRECTOR

Sd/-  
(A.V. RAMANA REDDY)  
PARTNER

Sd/-  
(G.RAMA MANOHAR REDDY)  
MANAGING DIRECTOR

PLACE : HYDERABAD

DATE : 01.09.2004



**BALANCE SHEET ABSTRACT AND COMPANY'S  
GENERAL BUSINESS PROFILE**  
(In terms of amendment of Schedule VI - Part IV)

I. Registration Details

Registration No. 01-20569 of 1995-96

State Code: 01

Balance Sheet Date 31.03.2004

II. Capital Raised during the year (Amount in Rs.Thousands)

Public Issue  
Nil

Rights Issue  
Nil

Bonus Issue  
Nil

Private Placement  
7100

III. Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousands).

Total Liabilities  
27776

Total Assets  
27776

Sources of Funds:

Paid-up Capital  
13600  
Secured Loans  
7572

Reserves & Surplus  
4807  
Unsecured Loans  
802

Application of Funds:

Net Fixed Assets  
6103

Investments  
Nil

Net Current Assets  
20055

Misc. Expenditure  
2021

Accumulated Losses  
Nil



## IV. Performance of Company (Amount in Rs.Thousands)

Turnover & Other Income  
57813

Total Expenditure  
51785

Profit/Loss Before Tax

Profit/Loss after Tax

+/-

+/-

6028

5412

(Please tick Appropriate box + for Profit - for Loss)

Earning per Share in Rs.

Dividend

Rate

5.95

50

(%  
10

## V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)

Product Description

Manufacturers and Traders of  
Telecom Products

Item Code No. (ITC Code)

Product Description

--

Item Code No. (ITC Code)

Product Description

--

FOR AND ON BEHALF OF THE BOARD

Sd/-

(G. AMULYA REDDY)  
DIRECTOR

Sd/-

(G.RAMA MANOHAR REDDY)  
MANAGING DIRECTOR

PLACE : HYDERABAD

DATE : 01-09-2004