



BOARD OF DIRECTORS

G.Amulya Reddy	Director
G.Rama Krishna 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 Tenth Annual General Meeting of the members of the company will be held on Friday the 27th day of May, 2005 at 10.30 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 31st March, 2005 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

SPECIAL BUSINESS:

4. To receive, consider and if thought fit to pass with or without modification(s) the following resolution as an ordinary resolution.

"RESOLVED that Sri.G.Rama Krishna Reddy, who being an additional director of the company vacates his office at the ensuing Annual General Meeting and offers himself for re-appointment".

BY ORDER OF THE BOARD

Place : Hyderabad

Date : 02-05-2005

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.
 3. The relevant explanatory statement pursuant to section 173(2) of the Companies Act, 1956 is annexed hereto.



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

ITEM NO.4

Sri.G.Rama Krishna Reddy was co-opted into the board by the Board of Directors of the company. However in pursuant to Section 260 of the Companies Act, 1956, Sri.G.Rama Krishna Reddy holds his office as Director upto the date of ensuing Annual General Meeting, but he is eligible for re-appointment. The company has received notice from one of the members signifying his intention to propose the appointment of Sri.G.Rama Krishna Reddy. The Board considered it desirable that the Company should continue to avail the benefit of his services

Members are requested to pass the resolution.

None of the Directors are interested except Sri.G.Rama Krishna Reddy, Director and Sri.G.Rama Manohar Reddy son of Sri.G.Rama Krishna Reddy.



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DIRECTORS' REPORT

The Members of the Company,

Your Directors have pleasure in presenting the Tenth Annual Report along with the audited statement of accounts for the year ended 31st March, 2005

FINANCIAL RESULTS:

During the year under review your company achieved a turnover of Rs.782.81 lakhs as against Rs.571.24 lakhs in the previous year and earned a net profit of Rs.128.77 lakhs as against Rs.60.28 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 31st March, 2005. The dividend, if approved at the forthcoming annual general meeting, will be paid to those members whose names appear on the register of members.

DIRECTORS

During the year under report Sri.G.Rama Krishna Reddy who being an additional director of the company retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

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

- Your company continues to enjoy the status of R & D unit given by the Department of Scientific & Industrial Research (DSIR), Government of India, New Delhi for the R & D work in producing Telecom Test & Measuring equipment for optical Fiber Data Cable and Copper Cable. The company has been successful in developing products like Optical Power Meter, Optical Light Source, Optical Talkset, Optical Variable Attenuator, Optical Time Domain Reflectometer, High Speed Data Tester etc.
- Your company continues to enjoy the exemption u/s.35(2AB) of the Income Tax Act, 1961 from DSIR for the in house R & D expenditure for second successive year.
- During the year the company has incurred expenditure both in recurring and capital amounting to Rs.95.83 lakhs.

C. Foreign Exchange Earnings & Out go:

- Foreign Exchange Earnings – Rs.16.93 lakhs
- Foreign Exchange Outgo – Rs.167.19 lakhs
(Previous year – Rs.79.16 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 Directors' Responsibility Statement, it is hereby confirmed.

- that in the preparation of the accounts for the financial year ended 31st March 2005, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- 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 31st March 2005 on a 'going concern basis.'

AUDITORS

M/s.A.M.Reddy & Co., Chartered Accountants who being auditors of the company 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 : 02-05-2005

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

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 31st March, 2005 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 31st March, 2005, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2005 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 31st March 2005 and;
- (b) In the case of the Profit and Loss account, of the Profit for the year ended on that date.

PLACE : HYDERABAD.
DATE : 02-05-2005

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. (a) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the registered maintained u/s.301 of the Companies, Act, 1956.
(b) The company has not taken any loans, secured or unsecured from companies, firms or other parties covered 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 is adequate internal control system 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 and services. 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 system.



5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements that need to be entered into the Register maintained under section 301 of the Act, have been so entered.

(b) In our opinion, and according to the information and explanations given to us, the company has not made any contracts or arrangements that need to be entered in the register maintained under section 301 of the Act, and exceeding the value of five lakh rupees in respect of any party during the year.
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 sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder are applicable.
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, service 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, service tax sales tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2005 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, service tax, excise duty and cess, which have not been deposited on account of any dispute.
10. The company has neither accumulated losses as on 31.03.2005 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.
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 : 02-05-2005

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

Sd/-

(A.V.RAMANA REDDY)

PARTNER

Membership No. 024329

**BALANCE SHEET AS AT 31ST MARCH, 2005**

Particulars	Sche- dules	As at	
		31.03.05	31.03.04
		Rs.	Rs.
SOURCES OF FUNDS			
SHARE HOLDERS FUNDS:			
- Share Capital	"A"	18848940	14595765
- Reserves & Surplus	"B"	15004842	4806801
LOAN FUNDS:			
- Secured Loans	"C"	14529000	7572103
- Unsecured Loans			
From Others		200000	801800
TOTAL		48582782	27776469
APPLICATION OF FUNDS:			
Fixed Assets:			
- Gross Block	"D"	17990176	8897468
Less Depreciation Block		4679373	2794526
Net Block		13310803	6102942
Current Assets, Loans & Advances			
- Inventories	"E"	5599957	4390151
- Sundry Debtors		29798212	15037387
- Cash & Bank Balances		560032	569680
- Loans & Advances		18057665	5950420
		54015866	25947638
Less Current Liabilities & Provisions			
- Current Liabilities	"F"	17177450	4339812
- Provisions		2547492	1553266
		19724942	5893078
Net Current Assets		34290924	20054560
Deferred Tax Liability (Net)		-533945	-401983
Miscellaneous Expenditure (To the extent not written off or adjusted)			
- Preliminary Expenses		0	950
- Deferred Revenue Expenditure		1515000	2020000
TOTAL		48582782	27776469

NOTES ON ACCOUNTS

"L"

VIDE OUR REPORT OF EVEN DATE**FOR AND ON BEHALF OF THE BOARD**

for A.M.REDDY & CO.
CHARTERED ACCOUNTANTS

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

Sd/-
(G.AMULYA REDDY)
DIRECTOR

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

PLACE : HYDERABAD
DATE : 01.05.2005

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH' 2005**

Particulars	Current Year Rs.	Previous Year Rs.
INCOME		
- Sales	78280920	57123701
- Increase in Stocks	"G" 622779	600903
- Other Income	448662	88877
TOTAL	<u>79352361</u>	<u>57813481</u>
EXPENDITURE		
- Trade Purchases	34873593	14404197
- Manufacturing Expenses	"H" 9625447	14332110
- Payments & Benefits to Employees	"I" 5642058	5934025
- Administrative Expenses	"J" 12234795	14628178
- Financial Charges	"K" 2213176	1468485
- Depreciation	1884847	1017392
- Preliminary expenses written off	950	950
TOTAL	<u>66474866</u>	<u>51785337</u>
Net Profit for the year before tax	12877495	6028144
Less: Provision for Taxation		
- Current Tax	1009757	746674
- Deferred Tax	131962	-130791
	1141719	615883
Profit after tax	11735776	5412261
Add: Balance Brought Forward from previous year	3856801	2501132
Balance available for appropriation	<u>15592577</u>	<u>7913393</u>
Appropriation:		
- Transferred to General Reserve	1000000	650000
- Proposed Dividend	1360000	715000
- Income Tax on Distributed Profits	177735	91592
- Balance carried to Balance Sheet	13054842	6456801
TOTAL	<u>15592577</u>	<u>7913393</u>

NOTES ON ACCOUNTS

"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 : 02.05.2005



SCHEDULES TO ACCOUNTS:

SCHEDULE - A	Rs.	As at	As at
		31.03.05	31.03.04
		Rs.	Rs.
SHARE CAPITAL:			
- Authorised 50,00,000 Equity Shares of Rs. 10/- each (Previous year 15,00,000 Equity Shares of Rs. 10/- each)		<u>5000000</u>	<u>15000000</u>
- Issued, Subscribed & Paid - Up 18,78,000 Equity Shares of Rs. 10/- each fully paid up (Previous Year 13,60,000 Equity Shares of Rs. 10/- each fully paid up)		18780000	13600000
- Share Application Money Pending Allotment		68940	995765
TOTAL		<u>18848940</u>	<u>14595765</u>

SCHEDULE - B

RESERVES & SURPLUS:

General Reserve

- Opening Balance	950000	300000
- Transferred during the year	<u>1000000</u>	<u>650000</u>
	1950000	950000
- Profit & Loss Account	13054842	6456801
Less: Capitalisation of profits for bonus shares issued 260000 equity shares of Rs. 10/- fully paid up	<u>0</u>	<u>2600000</u>
TOTAL	<u>13054842</u>	<u>3856801</u>
	<u>15004842</u>	<u>4806801</u>

SCHEDULE - C

SECURED LOANS:

- Cash Credit from SBH	7052857	6347978
- Short Term Loan from SBH	1500000	0
- Medium Term Loan from :		
American Express	586506	481586
Citi Bank	505523	362539
HDFC Bank	1484605	0
Kotak Mahindra Bank	984568	0
SIDBI	1925923	0
Sundaram Finance	489018	0
- Technology Fund - DSIR	0	380000
TOTAL	<u>14529000</u>	<u>7572103</u>



SCHEDULE - D

FIXED ASSETS:

Description of the Asset	GROSS BLOCK			DEPRECIATION BLOCK			NET BLOCK	
	Cost as at 1.4.04	Additions During the year	Total As at 31.03.05	As at 31.03.04	For the Year	Total As at 31.03.05	As at 31.03.05	As at 31.03.04
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
- Computers	1140517	274440	1414957	651752	254283	906035	508922	488765
- Furnitures & Fixtures	428003	84104	512107	111247	65711	176958	335149	316756
- Optical Test Equipment	419000	0	419000	250932	26252	277184	141816	168068
- R & D Equipment	6234824	7942039	14176863	1488678	1406973	2895651	11281212	4746146
- Office Equipment	335636	54464	390100	116729	36767	153496	236604	218907
- Vehicles	339488	737661	1077149	175188	94861	270049	807100	164300
TOTAL	8897468	9092708	17990176	2794526	1884847	4679373	13310803	6102942



SCHEDULE - E		As at 31.03.05		As at 31.03.04
CURRENT ASSETS, LOANS & ADVANCES:	Rs.	Rs.	Rs.	Rs.
Inventories				
- Raw Materials	2030595		1443568	
- Finished Goods	<u>3569362</u>		<u>2946583</u>	
		5599957		4390151
Sundry Debtors (Unsecured, Considered Good)				
- Outstanding more than 6 months	4933328		2011384	
- Others	<u>24864884</u>		<u>13026003</u>	
		29798212		15037387
Cash & Bank Balances				
- Cash on Hand	539309		545805	
- Balance with Scheduled Bank in Current Accounts	<u>20723</u>		<u>23875</u>	
		560032		569680
Loans & Advances:				
- Margin Money	4764363		1557476	
- Deposits	3417025		3054350	
- Other Advances	762638		397726	
- Advance to Suppliers	7920381		838911	
- Tax Deducted at Source	117788		101957	
- Prepaid Expenses	29715		0	
- Interest Receivable	45755		0	
- Technology Fund Receivable - DSIR	<u>1000000</u>		<u>0</u>	
		18057665		5950420
TOTAL		<u>54015866</u>		<u>25947638</u>

SCHEDULE - F**CURRENT LAIBILITIES & PROVISIONS****Current Liabilities:**

- Creditors for Supplies	13727311		2449728	
- Creditors For Expenses	1339379		1246867	
- Advances From Customers	577200		643217	
- Bank Overdraft	<u>1533560</u>		<u>0</u>	
		17177450		4339812

Provisions:

- For Taxation	1009757		746674	
- For Dividend	1360000		715000	
- For Tax on Distributed Profits	<u>177735</u>		<u>91592</u>	
		2547492		1553266
		<u>19724942</u>		<u>5893078</u>

**SCHEDULE - G**

		Current Year	Previous Year
	Rs.	Rs.	Rs.
INCREASE/DECREASE IN STOCKS			
- Closing Stock			
Finished Goods		3569362	2946583
Less : Opening Stock			
Finished Goods		2946583	2345680
TOTAL		<u>622779</u>	<u>600903</u>

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

- Opening Stock	1443568	1356843
Add: Purchases	<u>7134957</u>	<u>11578224</u>
	8578525	12935067
Less: Closing Stock	<u>2030595</u>	<u>1443568</u>
	6547930	11491499
- Packing Material	1215465	1000009
- Carriage Inward	916351	533461
- Testing & Calibration Expenses	251701	621565
- Excise Duty	<u>694000</u>	<u>685576</u>
TOTAL	<u>9625447</u>	<u>14332110</u>

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

- Salaries, Wages & Other	5095530	5368726
Benefits to employees		
- Staff Welfare	192107	176252
- PF Administration Charges	24921	22456
- PF Employers' Contribution	275525	208853
- ESI Employer Contribution	<u>53975</u>	<u>157738</u>
TOTAL	<u>5642058</u>	<u>5934025</u>

**SCHEDULE - J****ADMINISTRATIVE & SELLING EXPENSES:**

	Current Year Rs.	Previous Year Rs.
- Directors Remuneration	450000	450000
- Foreign Travel Expenses	464354	629256
- Insurance	106009	53979
- Internet Expenses	120126	188778
- R&D Recurring Expenses	1640905	1312621
- Legal & Professional Charges	219114	51780
- Local Conveyance	116775	106805
- Misc. Expenses	72064	39134
- Subscription, Books & Periodicals	63872	61705
- Office Electricity & Maintenance	472271	185553
- Postage & Telegrams	135469	257901
- Printing & Stationery	380980	708191
- Professional Tax	7500	22500
- Recruitment Charges	93878	0
- Donations	26550	15000
- Rates & Taxes	27318	203316
- Consultation Charges	475350	330400
- Repairs & Maintenance	152136	403291
- Factory Rent & Maintenance	913831	148012
- Telephone Fax & Pager Expenses	424961	451834
- Tour & Travelling Expenses	2439875	3135466
- Auditors Remuneration	66120	54000
- Regn. Licence & Filing Fees	212671	204950
- Advertisement Expenses	144551	718561
- Agency Commission	592448	1385100
- Tender Expenses	64438	41185
- Business Promotion Expenses	307912	56096
- Discount on Sales	268457	34875
- Carriage Outwards	289622	52247
- Incentives & Discounts	440336	219725
- Sales Tax	1044902	1161737
- Bad debts written off	0	1944180
TOTAL	<u>12234795</u>	<u>14628178</u>

SCHEDULE - K**FINANCIAL CHARGES:**

- Bank Charges & Interest	451738	395528
- Loan Processing Fees	54700	68000
- Interest on CC A/C	1065367	824740
- Interest on Short Term Loans	550421	180217
- Interest on Income Tax	90950	0
TOTAL	<u>2213176</u>	<u>1468485</u>



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.
- f) **R & D Expenditure**
R & D expenditure incurred by the company are debited to profit and loss account to the extent of revenue in nature and capitalized for the capital expenditure. Grants received to meet R & D expenditure was adjusted proportionately against R & D revenue & capital expenditure.

2. Managerial Remuneration:

	2004-05 Rs.	2003-04 Rs.
Managing Director	280000	280000
Whole Time Director	170000	170000
TOTAL	450000	450000

**3. Auditors' Remuneration:**

	2004-05	2003-04
	Rs.	Rs.
As Auditors	50000	40000
Tax Audit Fees	10000	10000
Service Tax	6120	4000
TOTAL	66120	54000

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	Year ended
	31-03-05	31-03-04
	Rs	Rs
a) Profit available to the Equity shareholders	11735776	5412261
b) No. of Equity shares	1360000	910000
c) Nominal value of share	10	10
d) Earning per Share	8.63	5.95

** The company allotted 5,18,000 equity shares in the month of March, 2005 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 provided Rs.1,31,962 towards deferred tax liability in the year 2004-05.
9. Sundry Debtors and Sundry Creditors are subject to confirmation with the respective parties.



10. Foreign Exchange Earnings & Out Go:

- Foreign Exchange Earnings – Rs.16.93 lakhs
- Foreign Exchange Outgo – Rs.167.19 lakhs
(Previous year – Rs.79.16 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	2004-05		2003-04	
	Qty Nos.	Value Rs. Lakhs	Qty Nos.	Value Rs. Lakhs
IC	1257	14.75	2146	25.19
E. Prom	2261	5.25	3118	7.24
IC-74373	2083	12.07	3069	17.78
IC – 2864	2163	12.02	3065	17.03
Transformers	8754	1.78	14658	2.98
Micro Processors	4587	1.22	7982	2.12
PCB's	2817	1.42	5236	2.64
Batteries	758	4.69	1223	7.56
Others		8.29		32.38
		61.49		114.92

DETAILS OF OPENING STOCK, PRODUCTION, SALES AND CLOSING STOCK:

Opening Stock:

Particulars	2004-05		2003-04	
	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 / TDR	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	4	1.40
Fault master 111	21	9.58	10	4.56
		23.16		17.08

**Production:**

Particulars	2004-05		2003-04	
	Qty Nos.	Value Rs. Lakhs.	Qty Nos.	Value Rs. Lakhs.
Low Insulation Cable Fault Locator	25	--	29	--
Cable Route Indicator	45	--	43	--
Pulse Echo Meter / TDR	113	--	122	--
Line & Dial Tester	6	--	12	--
Multi Core Testers	5	--	12	--
Fault Master 111	102	--	139	--
Power Meter	32	--	--	--
Light Source	44	--	--	--

Sales:

Particulars	2004-05		2003-04	
	Qty Nos.	Value Rs. Lakhs	Qty Nos.	Value Rs. Lakhs
Low Insulation Cable Fault Locator	18	13.32	26	19.24
Cable Route Indicator	45	37.24	42	34.00
Pulse Echo Meter /TDR	113	32.77	126	50.03
Line & Dial Tester	7	0.35	15	0.75
Multi Core Testers	6	0.87	15	2.18
Fault Master 111	116	83.52	128	114.61
Power	31	8.68	--	--
Light Source	39	25.74	--	--
		202.49		220.81*

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

**Closing Stock:**

Particulars	2004-05		2003-04	
	Qty Nos.	Value Rs. Lakhs	Qty Nos.	Value Rs. Lakhs
Low Insulation Cable Fault Locator	15	11.10	8	5.98
Cable Route Indicator	5	4.05	6	2.52
Pulse Echo Meter	11	3.19	11	3.18
Line & Dial Tester	3	0.15	4	0.20
Multi Core Testers	2	0.29	3	0.30
Digital Earth Resistance Tester	4	1.40	4	1.40
Fault Master 111	7	5.04	21	9.58
Power	1	0.28	--	--
Light Source	5	3.30	--	--
		28.80		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 MAÑO HAR REDDY)
MANAGING DIRECTOR

PLACE : HYDERABAD**DATE : 02-05-2005**



**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 31.03.2005

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

Public Issue
Nil

Rights Issue
Nil

Bonus Issue
Nil

Private Placement
5180

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

Total Liabilities
48583

Total Assets
48583

Sources of Funds:

Paid-up Capital
18780

Reserves & Surplus
15005

Secured Loans
14529

Unsecured Loans
200

Application of Funds:

Net Fixed Assets
13311

Investments
Nil

Net Current Assets
34291

Misc. Expenditure
Nil

Accumulated Losses
Nil



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

Turnover & Other Income
79352

Total Expenditure
66475



Profit/Loss Before Tax
12877



Profit/Loss after Tax
11736

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

Earning per Share in Rs.

8.63

Dividend

1360

Rate

(%)

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

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FOR AND ON BEHALF OF THE BOARD

Sd/-

(G. AMULYA REDDY)
DIRECTOR

Sd/-

(G.RAMA MANOHAR REDDY)
MANAGING DIRECTOR

PLACE : HYDERABAD

DATE : 02-05-2005