



**AISHWARYA TELECOM LIMITED
FOURTEENTH ANNUAL REPORT
2008-2009**

AISHWARYA TELECOM LIMITED

**14th Annual Report
2008-09**

Board of Directors:

Sri G. Rama Krishna Reddy
Chairman

Sri G. Rama Manohar Reddy
Managing Director

Smt. G. Amulya Reddy
Whole-time Director

CA K. Hari Krishna Reddy
Independent Director

Sri D. Venkata Subbiah
Independent Director

Sri V. Krishnan
Independent Director

Sri Harish K Jain
Independent Director

Registered Office:

Aishwarya Telecom Limited,
1-3-1026&1027, Singadikunta,
Kawadiguda,
Hyderabad – 500 080 (AP)

Factory:

Unit I
2-330, Thota Street,
YANAM – 533464 (Pondicherry)

Unit II
Plot No: F-102
UPSIDC Industrial Area
Selaqui, Dehradun-248 008
Uttarakhand

Auditors:

M/s. AM Reddy & Co.,
Chartered Accountants
10-5-6/B, My Home Plaza,
Off: 103, II Floor, Masab Tank,
Hyderabad – 500 028 (AP)

Bankers:

State Bank of Hyderabad

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NOTICE

NOTICE is hereby given that 14th Annual General Meeting of Aishwarya Telecom Limited will be held as per the schedule given below to transact the following business:

Day and Date	Saturday, September 19, 2009
Time	11:00 AM
Venue	Registered Office: 1-3-1026 &1027 Singadikunta, Kawadiguda Hyderabad 500 080

ORDINARY BUSINESS:

1. To receive, consider and adopt
 - a) The Audited Balance sheet as at March 31, 2009
 - b) The Audited Profit and Loss Account for the year ended on that date
 - c) The Auditors' report, thereon; and
 - d) The Directors' report
2. To declare dividend of 5% on Equity share capital.
3. To appoint a Director in place of, Mr. Venkataraman Krishnan who retires by rotation and who has expressed his unwillingness to be reappointed as a director of the company.
4. To appoint a Director in place of Mr. D. Venkata Subbiah who retires by rotation and being eligible has offered him for reappointment.
5. To appoint M/s. A.M. Reddy & Co., Chartered Accountants, Hyderabad as auditors of the Company who shall hold office from the conclusion of this Meeting till conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

6. Re- appointment of Mr. G. Rama Manohar Reddy as Managing Director of the Company

To consider and, if thought fit, to pass with or without modifications, the following resolution as Special Resolution:

“RESOLVED THAT pursuant to Section 198, 269, 309, 310 and 311 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, the consent of the members of the Company be and is hereby accorded for re-appointment of Mr. G. Rama Manohar Reddy as Managing Director of the Company for a period of 5 years (five) years w.e.f. 01.04.2009 and all other terms and conditions remain same.

AISHWARYA TELECOM LIMITED

7. Re- appointment of Mrs. G. Amulya Reddy as Whole Time Director of the Company

To consider and, if thought fit, to pass with or without modifications, the following resolution as Special Resolution:

“RESOLVED THAT pursuant to Section 198, 269, 309, 310 and 311 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, the consent of the members of the Company be and is hereby accorded for re-appointment of Mrs. G. Amulya Reddy as Whole Time Director of the Company for a period of 5 years (five) years w.e.f. 01.04.2009 and all other terms and conditions remain same.

For and on behalf of the Board,

(G. Rama Manohar Reddy)

Managing Director

Place : Hyderabad

Date : 30-07-2009

Notes

- 1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company.** Proxies in order to be effective must be received by the Company not less than 48 hours before the commencement of the meeting. Completion and return of the form of proxy will not prevent a member attending the meeting and voting in person if he or she wishes. A form of proxy is given at the end of this Annual report
2. The register of members and share transfer books of the Company will remain closed from 17.09.2009 to 19.09.2009 (both days inclusive)
3. The dividend of 5% for the year ended 31st March 2009 as recommended by the Board, if sanctioned at the AGM will be payable to those members whose names appear on the Company's Register of Members on 16th September, 2009.
4. Members are requested to notify immediately of any change in their address to the Company's Registered Office.
5. An Explanatory statement as required U/s 173(2) of the Companies Act, 1956 in respect of special business is annexed hereto.
6. Members/Proxies are requested to bring duly filled in attendance slips to the meeting. The form of attendance slip is given at the end of this Annual Report.
7. Members holding shares in the physical form may write to the Company for any change in their addresses and bank mandates. Members holding shares in electronic form may write to their depository participants for immediate updation so as to enable the Company to dispatch dividend warrants to the correct address.

AISHWARYA TELECOM LIMITED
ANNEXURE TO THE RESOLUTION

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

Item No.6: Re-appointment of Mr. G. Rama Manohar Reddy as Managing Director:

The term of Mr. G. Rama Manohar Reddy, expired on 31.03.2009 as Managing Director of the Company. Considering the contribution of Mr. G. Rama Manohar Reddy in the growth of the company and based on recommendation of remuneration committee, the Board of Directors of the Company, in its meeting held on 31.01.2009, subject to approval of the members, has re-appointed him for further period of 5 years w.e.f 01.04.2009 and all other terms and conditions are remain same.

Under the provisions of Section 198, 310, 311, and all other applicable provisions read with Schedule XIII of the Companies Act, 1956, consent of the members of the company is required for Re-appointment of Mr. G. Rama Manohar Reddy, as Managing Director.

Further the same be treated as abstract of the contract pursuant to Section 302(1) (b) of the Companies Act, 1956.

The Board of Directors commends the resolution for your approval.

None of the directors of the company except Mr G. Rama Manohar Reddy, Mr G Rama Krishna Reddy and Mrs G Amulya Reddy being relatives, may be deemed to be concerned or interested in the resolution.

Item No.7: Re-appointment of Mrs. G. Amulya Reddy as Whole Time Director:

The term of Mrs. G. Amulya Reddy, whose term expired on 31.03.2009 as Whole Time Director of the Company, Considering the contribution of Mrs. G. Amulya Reddy in the growth of the company and based on recommendation of remuneration committee, the Board of Directors of the Company in its meeting held on 31.01.2009, subject to approval of the members, has re-appointed him for further period of 5 years w.e.f 01.04.2009 and all other terms and conditions are remain same.

Under the provisions of Section 198, 310, 311, and all other applicable provisions read with Schedule XIII of the Companies Act, 1956, consent of the members of the company is required for Re-appointment of Mrs. G. Amulya Reddy, as Whole Time Director.

Further the same be treated as abstract of the contract pursuant to Section 302(1) (b) of the Companies Act, 1956.

The Board of Directors commends the resolution for your approval.

None of the directors of the company except Mr G. Rama Manohar Reddy, Mr G Rama Krishna Reddy and Mrs G Amulya Reddy being relatives, may be deemed to be concerned or interested in the resolution.

For and on behalf of the Board,

(G. Rama Manohar Reddy)
Managing Director

Place: Hyderabad.
Date: 30th July, 2009

DIRECTORS' REPORT

To

The Members of
AISHWARYA TELECOM LIMITED,

Your Directors have pleasure in presenting their Fourteenth Annual Report together with the Audited Accounts for the year ended 31st March 2009

REVIEW OF OPERATIONS

During the year under review, your company has recorded a Profit after Tax (PAT) of Rs.1.65 Crores (previous year Rs.5.49 Crores).The major reason for the decline in Net Profit is adverse Foreign Exchange fluctuation as in the current year the company has suffered forex loss of Rs.4.29 Crores.

During the year under review, your company has achieved an increased Turnover of Rs. 42.01 Crores inspite of economy slowdown when compared to the previous year turnover of Rs. 34.55 Crores

FINANCIAL RESULTS

(Rupees in Thousands)

Particulars	2009	2009	2008	2008
Income from operations				
Sales	420097		345534	
Increase in stocks	21414		833	
Other Income	6845	448356	2807	349174
Expenditure				
a) Trade Purchases	289784		173102	
b) Manufacturing Expenses	34295		51534	
c) Payment & Benefits to Employees	15563		12279	
d) Administrative Expenses	74691	414333	27041	263956
Profit before Depreciation and Interest		34023		85218
Financial Charges		10396		9722
Depreciation		6685		6538
Net Profit for the year before tax		16942		68958
Provision for Taxation		419		14091
Profit After Tax		16523		54867
Add: Balance brought from previous year		78186		31076
Balance available for appropriation		94709		85943
Appropriations:				
Transfer to General Reserve		413		1372
Proposed Dividend		5331		5331
Income Tax on Dividend		906		906
Balance Carried to Balance Sheet		88059		78186
Earnings per share		1.61		9.75
No. of Equity Shares (weighted Avg.)		10661971		6659400

AISHWARYA TELECOM LIMITED

Your company's operations during the year witnessed a steady growth in the Telecom Testing Equipment Market. The performance has been good also due to Quality products, Excellent after sales services, Quick deliveries, Quick Calibration Services, and efficient marketing strategies.

Your company's performance on the Trading front is on a progressive platform even under the stiff competitive environment prevailing amongst the International Telecom equipment Players.

DIVIDEND

Your directors recommend a final dividend of Re. 0.50 per share for your approval.

Information in respect of such unclaimed dividends due for transfer to the Investor Education and Protection Fund (IEPF) is as follows:

Financial year ended	Date of declaration of dividend	Unclaimed Dividend	Due for transfer to IEPF on
2005-06	25-08-2006	Rs. 77,376.00	25-08-2013
2006-07	25-06-2007	Rs. 29,120.00	25-06-2014
2007-08	22-09-2008	Rs.2,48,923.00	22-09-2015

TRANSFER TO RESERVES:

The company has transferred Rs. 4,13,000/- to the general reserve.

DIRECTORS

In accordance with the Companies Act, 1956 read with Articles of Association of the company the directors namely Mr. Venkataraman Krishnan and Mr. D. Venkata Subbiah retires by rotation and Mr. Venkataraman Krishnan has expressed his unwillingness for reappointment as director of the company.

Sri K Arvind Reddy who was appointed as Non-executive and Independent Director in AGM held on 22.09.2008, vacated his office pursuant to section 283(1) (g) of the Act.

The Board placed on records its sincere appreciation for the valuable services rendered by Mr. Venkataraman Krishnan and Sri. K Arvind Reddy during their tenure as directors of the company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the accounts for the financial year ended 31st March, 2009, 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 and loss of the company for the year under review;

AISHWARYA TELECOM LIMITED

- (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 2009 on a 'Going Concern' basis.

EMPLOYEE STOCK OPTION SCHEME:

The members of the company in the AGM held on 22.09.2008 approved formulation of "Employee Stock Option Plans" for all eligible employees. The company obtained in principle approval from the BSE for issue and allotment of 3,00,000 options to eligible employees under Employee Stock Option Scheme- 2008.

PAID UP CAPITAL OF THE COMPANY:

The paid up capital of the Company stands at Rs.10,66,19,710.00, consisted of 1,06,61,971 fully paid up Equity shares of Rs.10/- each.

UTILISATION OF FUNDS RAISED THROUGH INITIAL PUBLIC OFFER 2008:

During the financial year 2008-09 the company has made an Initial Public offer and has issued and allotted 40,02,571 equity shares of Rs.10/- each at a premium of Rs. 25/- to all categories of investors, amounting to Rs.14,00,89,985 /-. The Company has utilised the same in the following manner.

Details of IPO Funds Utilisation

Rs. in Lakhs

Sl. No.	Particulars	Utilisation
1	Capital Expenditure for Research & Development of Main Frame Optical Time Domain Reflecto Meter (OTDR)	27.18
2	Capital Expenditure for Research & Development of Ethernet Traffic Analyzers	19.37
3	Cost of GSM/GPRS/CDMA Analyzers for providing Technical Audit Services to the Mobile Operators	28.49
4	Cost of land & construction of building for new corporate, marketing administrative and R&D office at Hyderabad	251.85
5	Additional working capital requirements	700.00
6	Issue Expenses	202.45
	Total	1229.34

AUDITORS:

M/s. A.M. Reddy & Co., Chartered Accountants, Hyderabad, will hold office until the conclusion of the ensuing Annual General Meeting. The Company has received letters from them to the effect that their reappointment, if made, would be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956.

AUDIT REPORT:

Audit Report for the year 2008-09 is annexed along with the Balance Sheet is self explanatory and has no adverse comments or reservations in the financial statements presented to the Shareholders.

PARTICULARS OF EMPLOYEES:

There are no employees who come under the purview of the particulars required to be furnished pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended by the Companies (Amendment) Act, 1988 and their salary does not exceed the prescribed limits.

CODE OF CONDUCT:

The code has been circulated to all the members of the Board and senior management and the compliance of the same has been affirmed by them. A declaration signed by the Managing Director is attached.

MANAGERIAL REMUNERATION

	<u>2008-09</u>	<u>2007-08</u>
	Rs.	Rs.
Mr. G. Rama Manohar Reddy, Managing Director	16,00,000	12,00,000
Ms. G. Amulya Reddy, Whole time Director	10,80,000	8,40,000
Total	26,80,000	20,40,000
	=====	=====

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Your company continued its commitment to develop and enhance its human resource potential. Your company's constant endeavour to implement best HR practices has resulted in uninterrupted harmonious industrial relations.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Additional information on Conservation of Energy, Technology absorption, Foreign Exchange Earnings and Outgo as required to be disclosed under Section 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are furnished below:

(a) Conservation of Energy

Conservation of energy is a continual process for the Company and all efforts are made to identify the areas where improvements can be effected.

(b) Technology Absorption

Research & Development (R&D)

1. Specific Areas in which R&D carried out by the company:

During the year under review, Research and Development efforts in the following areas strengthened by the company's operations through technology absorption, adaptation and innovation.

- (i) Mobile Testers
- (ii) Data Testers
- (iii) Fibre optic Testers
- (iv) Copper Telephone cable Testers

2. Benefits derived as a result of the above R&D efforts:

- (i) Improved Technology
- (ii) Hand held products for Private telephone service providers
- (iii) Low priced products & Less raw material

3. Future Plan of Action

- (i) High end Network testers for Mobile operators
- (ii) Turnkey solutions for Defence & Telecom areas
- (iii) Defence related testers
- (iv) Bridge Monitoring Systems for Infrastructure sectors like Railway bridges & Road bridges
- (v) Exports and education segment

(c) Foreign Exchange Earnings and Outgo

(Rupees in lakhs)

Particulars	Current Year 2008-09	Previous Year 2007-08
Total Foreign Exchange Outgo	2395.61	1108.97
Total Foreign Exchange earned	98.87	30.68

ACKNOWLEDGEMENTS

Your Directors wish to express their gratitude and sincere thanks for the continuous support and encouragement extended to your Company by the Ministry of Telecom, State Bank of Hyderabad, State Bank of India and other Banks and various States and Central Governments Agencies, other statutory authorities like SEBI/ Stock Exchanges / NSDL and CDSL and all other Clients of the terminal.

Your Directors wish to express their sincere thanks to the shareholders for having reposed confidence in the company and its management.

Your Directors place on record their appreciation of the contribution made by the employees at all levels, who through their competence, hard work, solidarity, co-operation and support, have enabled the company to continue its operation to the best satisfaction of all our customers.

DECLARATION BY MANAGING DIRECTOR OF AFFIRMATION BY DIRECTORS AND SENIOR MANAGEMENT PERSONNEL OF COMPLIANCE WITH THE CODE OF CONDUCT:

The shareholders

I, G. Rama Manohar Reddy, Managing Director of the company do hereby declare that the directors and the senior management of the company have exercised their authority and powers and have discharged their duties and functions in accordance with the requirements of the code of conduct as prescribed by the company and have adhered to the provisions of the same.

For and on behalf of the Board of Directors,

Place: Hyderabad
Date: 30th July, 2009

(G. Rama Krishna Reddy)
Chairman

(G. Rama Manohar Reddy)
Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF FY 2008-09

The year under review saw Aishwarya Telecom Limited (ATL) acquiring a new growth momentum across its businesses and markets. ATL has reported a sales turnover of Rs: 42.01 Crores for Financial Year (FY) 2008-09 compared to Rs: 34.55 Crores for the previous year 07-08. Net profits of the Company are Rs: 1.65 Crores which have declined as compared to the previous year's net profit of Rs: 5.49 Crores. The major reason for the decline in Net Profit is adverse Foreign Exchange fluctuation as in the current year the company has suffered foreign exchange loss of Rs. 4.29 Crores.

HIGH END TECHNOLOGIES

ATL deals in hi-tech test & measuring equipments. The Company has its manufacturing facilities situated at two production units.

ATL is ISO 9001:2000 Certified Company manufacturing RF Power Meters, Data Testers, Fiber Optic Test Equipments & Cable Fault Locators.

Currently, ATL manufactures products for Telephone Service Providers, Defence Sector, Cable TV Operators and Railways and has added prestigious clients like ERICSSON, HUAWEI Telecommunications and Alcatel Lucent in this financial year.

ATL is currently working on products for Telecom, Infrastructure and sub contract manufacturing for defence labs to increase its Sales revenue for this FY.

ATL has developed RF Power meters based on the requirements from ERICSSON and received orders from ERICSSON India and expecting good orders in this FY also.

ATL has designed electronic markers for locating optical fibre cables and this was designed for export market and many business leads are under pipeline for these markers from Middle East & US.

ATL is focussing on mobile testers and hoping to get good orders in this FY from HUAWEI, NOKIA and ERICSSON for the same.

INDUSTRY SCENARIO

As tele-density in India is low and ATL's core business is in Telecom Equipments, there is an ample scope to grow well for another few years. Other than Telecom sector ATL is also concentrating on Defence, Railways, and also on services and exports.

There is a slow down in procurement by big telephone operators in the last year and our Sales are also effected but there are six new operators starting services and we are expecting good orders from these operators.

We are also looking at Diversification in Power Sector and are in the process of acquiring Technology Companies to increase our sales revenues in the coming years.

SWOT ANALYSIS

STRENGTHS

- We are the biggest company in manufacturing of test equipments in India having 15 TEC (Telecom Engineering Centre) approvals from (DOT) Department of Telecommunications.
- As our R&D and manufacturing costs are very less compared to competitors from US & Japan which is helping us to increase the market share in India YOY (Year on Year) without any price reduction.
- We are also designing new products and recently introduced 1st Mobile tester (RF Power meter) which has good demand in the domestic market.

WEAKNESSES

As our R&D budget is small compared to MNCs with which we can't introduce more products and added to it technologies are complex and technology obsolescence is very high.

OPPURTUNITIES

- The telecom market is growing exponentially and India is the fastest growing market in the world.
- There are Six existing operators in India and another Six new operators are starting basic telephony and mobile services which results in huge investments in Test and Measuring (T&M) equipments by the new and existing basic and mobile telephone operators. This will increase our potential market in India for our products.
- The tele-density is 29% and it can increase upto 65% by 2012 and all the Companies in India which are in Telecom domain has plethora of opportunities to grow well in sales

THREATS

There is a possibility that margins of our Company will slightly get affected due to import of Chinese products and due to Foreign Exchange fluctuations.

Mitigating Factors:

- Foreign Exchange fluctuations not only affect our Company but also other companies as well and the selling prices of the products will automatically increase by which we retain our margins.
- To meet Chinese import invasion we are redesigning technologies to produce products at lower cost
- To compete in pricing and getting technical approvals in India for Chinese products is difficult; hence they may not be competitors at PSU market, so no threat is expected in the near future.

**REPORT ON CORPORATE GOVERNANCE
(Pursuant to Clause 49 of listing agreement)****Company's philosophy on code of governance**

Corporate governance assumes a great deal of importance in the business life of Aishwarya Telecom. The driving forces of corporate governance at ATL are its core values Customer delight, Investor delight and the Pursuit of excellence. The Company's goal is to find creative and productive ways to delight its stake holders, i.e., Investors, Customers, Associates and Society, thereby fulfilling the role of a responsible corporate representative committed to best practices.

ATL believes that sound Corporate Governance practices provide an important framework to help the Board of Directors fulfill its responsibilities. The Board is elected by shareholders. It is responsible for setting strategic objectives to management and ensuring that stakeholders' long term interests are served. It does so by adhering to and enforcing the principles of sound corporate governance. Thus the management is responsible to establish and implement its policies, procedures and systems to enhance the long term value of the Company and delight all of its stakeholders.

Corporate governance is about maximizing shareholder value legally, ethically on a sustainable basis, while ensuring fairness to every stakeholder- the Company's customers, employees, investor's vendor-partners, the government of the land and the community. Thus Corporate Governance is a reflection of the Company's culture, policies, its relationship with the stake holders and its commitment to values.

The directions issued by the SEBI vide SEBI/CFD/DIL/CG/1/2004/12/10 dated October 29, 2004 under Clause 49 of the Listing Agreement in respect of Corporate Governance are applicable to the Company immediately upon seeking in-principle approval from the Stock Exchange(s) for listing of the Equity Shares on the various stock exchanges.

The Company complies with the norms for composition of the Board of Directors and has already set up an Audit Committee, Remuneration Committee and Shareholders' Grievance Committee. The Company has complied with SEBI Guidelines in respect of Corporate Governance specially with respect to broad basing of the Board, constituting the various committees as required. The details are under:

Composition of the Board of Directors

ATL's current policy is to have an optimum combination of Executive and Non-Executive directors, to ensure the Board functions independently.

The Composition of Board of Directors of the Company is in conformity with clause 49 of the listing agreement and comprises of more than one-half Independent Directors. The Issuer Company has already appointed four (4) independent directors, viz. Mr. D Venkata Subbiah, CA. K Hari Krishna Reddy, Mr. Venkataraman Krishnan and Mr. Harish K. Jain on its Board. As the Chairman of the Company is a Non-Executive Director, one-half of the Board of Directors comprise of Independent Directors.

The Board of Directors comprises a total of seven (7) Directors, which includes one (1) Non-Executive Chairman, one (1) Managing Director, one (1) Whole Time Director and four (4) Independent Directors.

Sri K Arvind Reddy who was appointed as Non-executive and Independent Director in AGM held on 22.09.2008, vacated his office pursuant to section 283(1)(g) of the Act.

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The composition of the Board of Directors is as under:

Name of the Director and Category	No. of Directorships held in other companies	No. of Memberships/ Chairmanships held in Committees of other Companies
Mr. G Rama Krishna Reddy Non Executive Director	NIL	NIL
Mr. G Rama Manohar Reddy Executive Director	NIL	NIL
Mrs. G Amulya Reddy Executive Director	NIL	NIL
Mr. D Venkata Subbiah Non Executive & Independent	1	NIL
CA K Hari Krishna Reddy Non Executive & Independent	NIL	NIL
Mr. Venkataraman Krishnan Non Executive & Independent	NIL	NIL
Mr. Harish K Jain Non Executive & Independent	NIL	NIL

Number & Dates of the Meetings held during the year.

During the Financial Year 2008-09 the Board has met nine times i.e. on 28th April 2008, 2nd May 2008, 17th May 2008, 26th May 2008, 23rd June 2008, 30th July 2008, 29th October 2008, 10th December 2008 and 31st January 2009.

Name of the Director	No Of meetings held during the tenure of the Directors	No. of Board Meetings attended by the Director	Whether present at the previous AGM	No. of Shares held in the company
Mr. G Rama Krishna Reddy	9	9	Yes	148500
Mr. G Rama Manohar Reddy	9	9	Yes	3476656
Mrs. G Amulya Reddy	9	8	Yes	1017804
CA K Hari Krishna Reddy	9	0	-	-
Mr. D Venkata Subbiah	9	9	-	-
Mr. Venkataraman Krishnan	9	9	Yes	-
Mr. Harish K Jain	9	0	-	-

The Company has already formed the following Committees:

Audit Committee

The Audit committee was constituted on September 15, 2006 and has the following terms of reference and composition:

Terms of Reference

Overseeing the company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
Recommending to the Board, the appointment, re-appointment and if required, the replacement or

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removal of the statutory auditors and fixation of audit fees;

Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

Reviewing with management the annual financial statements before submission to the Board for approval, with particular reference to matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report; changes, if any, in accounting policies and practices and reasons for the same; major accounting entries involving estimates based on the exercise of judgment by management; significant adjustments made in the financial statements arising out of audit findings; compliance with listing and other legal requirements relating to financial statements; disclosure of any related party transactions; and qualifications in the draft Audit Report;

Reviewing with management, the quarterly financial statements before submission to the Board for approval;

Reviewing with management, performance of statutory and internal auditors, and adequacy of internal systems;

Reviewing adequacy of internal audit functions, if any, including the structure of the internal audit department staffing and seniority of the officials heading the department, reporting structure, coverage and frequency of internal audit;

Discussions with internal auditors, any significant findings and follow-up thereon;

Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors; and

To review the functioning of the Whistle Blower mechanism, in case the same exists.

Composition

Name	Designation	Category
CA K Hari Krishna Reddy	Chairman	Independent Director
Mr D Venkata Subbiah	Member	Independent Director
Mr G Rama Krishna Reddy	Member	Non- Executive Director

The Internal Auditors, Statutory Auditors and the person in-charge of finance and accounts of the Company are permanent invitees.

The Audit committee meetings were held on 29th July 2008, 29th October 2008, 31st January 2009 and 29th April 2009

Name	No. of meetings held	Attendance
CA K Hari Krishna Reddy	4	0
Mr D Venkata Subbiah	4	4
Mr G Rama Krishna Reddy	4	4

Remuneration Committee:

The Remuneration Committee was constituted on September 15, 2006, consisting of Independent and non-executive Directors, evaluates compensation and benefits for executive directors and frames policies and systems for Employees Stock option Plans, as approved by the members of the Company:

Terms of Reference:

To review, assess and recommend the appointment of executive and non-executive directors from time to time, to periodically review the remuneration package of the executive directors and recommend suitable revision to the Board in accordance with the Companies Act, to consider and recommend Employee Stock Option Schemes (if any) from time to time and to administer and superintend the same.

Composition:

CA K Hari Krishna Reddy	– Chairman (Independent Director)
Mr. D Venkata Subbiah	– Member (Independent Director)
Mr. G Rama Krishna Reddy	– Member (Non-Executive Director)

The Company Secretary of the Company is the Secretary to the Committee.

Remuneration Policy

Remuneration of employees largely consists of base remuneration, perquisites and performance incentives. The components of the total remuneration vary for different cadres and are governed by industry pattern, qualifications, and experience of the employee, responsibilities handled by him, individual performance etc.

Notice period for termination of appointment of Managing Director and Whole time Director is three months on either side. No severance pay is payable on termination of appointment.

Non-Executive Directors: No remuneration was paid to Non-Executive Directors during the financial year 2005-06.

Shareholder's Grievances Committee

The Shareholder's Grievances Committee was constituted on September 15, 2006. This Committee has been constituted to specifically to redress the shareholders and investors' complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc. It has the following terms of reference and composition:

Terms of Reference

To look into the shareholder complaints, if any, and to redress the same expeditiously; and

To do all the necessary things as may be required from time to time under the Companies Act, 1956 and other related enactment.

Composition:

Mr. G Rama Krishna Reddy	– Chairman (Non-Executive Director)
Mr. D Venkata Subbiah	– Member (Independent Director)
CA K Hari Krishna Reddy	– Member (Independent Director)

Information on General Body Meetings:

Date	Time	Venue
22.09.2008	11.00 AM	1-3-1026 & 1027, Singadikunta, Kawadiguda, Hyderabad-500080
25.06.2007	11.30 AM	3C, Samrat Comml Complex, Saifabad, Hyderabad - 04
25.08.2006	11.30 AM	3C, Samrat Commercial Complex, Saifabad, Hyderabad- 04

Share Transfer Committee

The Share Transfer Committee was constituted on September 15, 2006. This Committee has been constituted to specifically look into the transfer and/or transmission of shares lodged by the investors and any other matter related thereto. It has the following terms of reference and composition:

Terms of Reference:

To accept the share application along with the share application money and reject the application as may be deem fit and proper;

To do all work relating to transfer, transmission, consolidation, split and issue of duplicate shares of the company;

To do all the necessary things as may be required from time to time under the Companies Act, 1956 and other related enactment; and

To take on record the transfer/transmission effected by the RTA and/or the person to whom the power to approve the transfer/transmission has been delegated.

Composition:

Mr. G Rama Manohar Reddy	– Chairman (Managing Director)
Mr. G Rama Krishna Reddy	– Member (Non-Executive Director)
CA K Hari Krishna Reddy	– Member (Independent Director)

Management Committee:

The Management Committee was formed on September 15, 2006 and has the following terms of reference and composition:

Terms of Reference:

To take decisions relating to any matter arising pre or post in respect of Initial Public Offer to the public and to deal with SEBI, Stock exchanges, all intermediaries and to do all such acts and things as may be deemed necessary for the purpose; and

To monitor deployment of issue proceeds

Composition:

Mr. G Rama Manohar Reddy	– Chairman (Managing Director)
Mr. G Rama Krishna Reddy	– Member (Non-Executive Director)
CA K Hari Krishna Reddy	– Member (Independent Director)

INVESTOR INFORMATION

a) Annual General Meeting

Date : 19.09.2009
 Time : 11.00AM
 Venue : 1-3-1026 & 1027,
 Singadikunta,
 Kawadiguda,
 Hyderabad-500080
 Tel: 040-27531324
 Fax: 040-27535423

b) Financial calendar for the year 2009-10(tentative)

Financial Reporting for 2009-2010 (tentative)

The first quarter results	31.07.2009
The second quarter results	31.10.2009
The third quarter results	31.01.2010
The fourth quarter results	30.04.2010

c) Book Closure : 17.09.2009 to 19.09.2009 (both days inclusive)

d) Dividend payment : The Board has recommended a dividend of Re. 0.50/- per share for the financial year 2008-09.

e) Listing on Stock Exchanges:

Shares of the Company are listed on the Bombay Stock Exchange Limited.

The company has paid Annual Listing Fees for the year 2009-10.

f) Market Price Data

Month	High (Rs.)	Low (Rs.)
April, 2008	Not Listed	Not Listed
May, 2008	135.00	55.00
June, 2008	90.00	40.00
July, 2008	35.00	26.50
August, 2008	35.00	25.00
September, 2008	27.00	17.00
October, 2008	19.50	10.50
November, 2008	14.50	10.50
December, 2008	13.75	10.25
January, 2009	13.75	9.25
February, 2009	12.25	9.25
March, 2009	10.25	8.50

g) Shareholding Pattern as on 31st March, 2009

Range (In Rs.)	Total Holders	% of Total Holders	Total Holding in Rupees	% of Total Capital
1-5000	9039	89.15	12138580.00	11.38
5001-10000	586	5.78	4694340.00	4.40
10001-20000	246	2.43	3675860.00	3.45
20001-30000	82	0.81	2123000.00	1.99
30001-40000	36	0.36	1322000.00	1.24
40001-50000	18	0.18	845900.00	0.79
50001-100000	57	0.56	4071440.00	3.82
100001-99999999	75	0.74	77748590.00	72.92
Total	10139		106619710.00	

Particulars	Category	No. of Shares held	Percentage of shareholding
A	Shareholding of Promoter and Promoter group	5569470	52.24
B	Public Shareholding		
1.	Institutions	Nil	Nil
2.	Non Institutions		
	a. Indian Public and others	5092501	47.76
	Sub Total B	5092501	47.76
	Grand Total (A+B)	10661971	100.00

h) Registrars and Transfer Agents:

Bigshare Services Pvt. Ltd.
E-2/3, Ansa Industrial Estate,
Sakivihar Road, Saki Naka,
Andheri (E), Mumbai-400072

i) Delegation of Share Transfer Formalities

The Board has delegate share transfer formalities to the Registrars and Transfer Agents:

All communications regarding Share Transfers, Transmissions Charge in Address and any other correspondence etc., may be addressed to the Registrars & Transfer Agents. The Company has constituted Share Transfer Committee, which meets 2 times in a month. Physical transfers are effected within the statutory period of one month. Hence, in case of any grievances the shareholders are free to approach the Share Transfer Committee for due redressal of their grievances. The Company has created an exclusive E-mail Id for the benefit for the share holders: compsec@aishwaryatelecom.com.

j) Dematerialization of Shares

The Company's shares are dematerialised on National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited. The Company's ISIN is INE778I01016. As on 31st March, 2009, 8984526 equity shares are dematerialised which is 84.27% of the total paid up equity shares of the Company and out of which 1499054 shares are in CDSL and 7485472 shares are in NSDL and the balance are in physical form.

k) Address for Correspondence:

The shareholders may correspond with the Company for the redressal of their grievances, if any to the registered office of the company as detailed below:

Aishwarya Telecom Limited,
1-3-1026 & 1027,
Singadikunta, Kawadiguda,
Hyderabad-80

A.M.Reddy & Co.,
Chartered Accountants



10-5-6/B, "My Home Plaza",
Off: 103, 2nd Floor, Masabtank,
Hyderabad – 500 028.
Ph: 23316426 / 23316912

CERTIFICATE

To,
The members of
M/s.AISHWARYA TELECOM LIMITED

We have examined the compliance of conditions of Corporate Governance by **M/s. AISHWARYA TELECOM LIMITED**, for year ended on 31st March 2009, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges of India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in clause 49 of the Listing Agreement), issued by Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the abovementioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has the affairs of the company.

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

Place: HYDERABAD
Date: 30.07.2009

**(CA.RAMANA REDDY A.V.)
PARTNER
Membership No.024329**

AUDITORS' REPORT

The Members of
AISHWARYA TELECOM LIMITED,
HYDERABAD.

1. We have audited the attached Balance Sheet of M/s. AISHWARYA TELECOM LIMITED as at 31st March, 2009 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, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

AISHWARYA TELECOM LIMITED

(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 2009 and;

(b) In the case of the Profit and Loss account, of the Profit for the year ended on that date.

(c) In the case of Cash flow statement, of the cash flows for the year ended on that date.

PLACE : HYDERABAD.

DATE : 30.07.2009

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

**(CA. RAMANA REDDY A.V.)
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.

AISHWARYA TELECOM LIMITED

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 there under are applicable.
7. The company has an internal audit system. In our opinion, the scope and coverage of internal audit is 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 generally regular in depositing provident fund and employee's state insurance dues with the appropriate authorities and 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, 2009 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 31.03.2009 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.

AISHWARYA TELECOM LIMITED

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. According to the information and explanations given to us, the management has disclosed the end use of the money raised by the Company by public issue of the equity shares and the same have been verified by us.
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 : 30.07.2009**

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

**(CA. RAMANA REDDY A.V.)
PARTNER
Membership No. 024329**

AISHWARYA TELECOM LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2009

Particulars	Sche- dules	As at	
		31.03.09	As at 31.03.08
		Rs.	Rs.
SOURCES OF FUNDS			
SHARE HOLDERS FUNDS:			
- Share Capital	A	106619710	66594000
- Reserves & Surplus	B	215831632	125727511
LOAN FUNDS:			
- Secured Loans	C	24039557	23631457
- Unsecured Loans	D	4509608	11063906
TOTAL		<u>351000507</u>	<u>227016874</u>
APPLICATION OF FUNDS:			
Fixed Assets:			
- Gross Block	E	66124903	55843406
Less Depreciation Block		<u>25572547</u>	<u>18887446</u>
Net Block		40552356	36955960
Current Assets, Loans & Advances			
- Inventories	F	46830209	19043381
- Sundry Debtors		189550389	198248702
- Cash & Bank Balances		4877626	7948101
- Loans & Advances		<u>177465296</u>	<u>47679750</u>
		<u>418723520</u>	<u>272919934</u>
Less Current Liabilities & Provisions			
- Current Liabilities	G	90653167	60107227
- Provisions		<u>9341318</u>	<u>16762277</u>
		<u>99994485</u>	<u>76869504</u>
Net Current Assets		318729035	196050430
Deferred Tax Liability (Net)		-8280884	-10883318
Miscellaneous Expenditure (To the extent not written off or adjusted)		0	4893802
TOTAL		<u>351000507</u>	<u>227016874</u>
NOTES ON ACCOUNTS	M		

AISHWARYA TELECOM LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH' 2009

Particulars	Current Year Rs.	Previous Year Rs.
INCOME		
- Sales	420097079	345534443
- Increase in Stocks	21413712	832927
- Other Income	6844633	2807377
TOTAL	<u>448355424</u>	<u>349174747</u>
EXPENDITURE		
- Trade Purchases	289784027	173102047
- Manufacturing Expenses	34295376	51534089
- Payments & Benifits to Employees	15562885	12279457
- Administrative Expenses	74691028	27041171
- Financial Charges	10395574	9722433
- Depreciation	6685101	6537693
TOTAL	<u>431413991</u>	<u>280216890</u>
Net Profit for the year before tax	16941433	68957857
Less: Provision for Taxation		
- Income Tax - Current Year	1928438	9583939
- Earlier Years	848234	0
- Fringe Benefit Tax	244857	216712
- Deferred Tax	<u>-2602434</u>	<u>4290565</u>
	419095	14091216
Profit after tax	<u>16522338</u>	<u>54866641</u>
Add: Balance Brought Forward		
from previous year	<u>78185511</u>	<u>31075616</u>
Balance available for appropriation	<u>94707849</u>	<u>85942257</u>
Appropriation:		
- Transferred to General Reserve	413000	1372000
- Proposed Dividend	5330986	5330986
- Dividend Distribution Tax	906001	906001
- Dividend Distribution Tax (Previous Year)	0	147759
- Balance carried to Balance Sheet	<u>88057862</u>	<u>78185511</u>
TOTAL	<u>94707849</u>	<u>85942257</u>

NOTES ON ACCOUNTS M

AISHWARYA TELECOM LIMITED

SCHEDULES TO ACCOUNTS:

	As at 31.03.09	As at 31.03.08
Rs.	Rs.	Rs.
SCHEDULE - A		
SHARE CAPITAL:		
- Authorised 1,20,00,000 Equity Shares of Rs. 10/- each	<u>120000000</u>	<u>120000000</u>
- Issued, Subscribed & Paid - Up 1,06,61,971 Equity Shares of Rs.10/- each fully paid up (Previous Year 66,59,400 Equity Shares of Rs.10/- each fully paid up)	106619710	66594000
TOTAL	<u>106619710</u>	<u>66594000</u>
SCHEDULE - B		
RESERVES & SURPLUS:		
General Reserve		
- Opening Balance	8822000	7450000
- Transferred during the year	<u>413000</u>	<u>1372000</u>
	9235000	8822000
- Profit & Loss Account	88057862	78185511
	88057862	78185511
- Securities Premium A/c	138784275	38720000
Less: Misc. Expenditure (Public Issue Expenses)	<u>20245505</u>	<u>0</u>
	118538770	38720000
TOTAL	<u>215831632</u>	<u>125727511</u>
SCHEDULE - C		
SECURED LOANS:		
- Cash Credit from SBH	23541627	23532795
- Hire Purchase Loan	497930	98662
TOTAL	<u>24039557</u>	<u>23631457</u>
SCHEDULE - D		
UNSECURED LOANS:		
- Short Term working capital loans from Banks & Financial Institutions	3704608	10158906
- From Others	<u>805000</u>	<u>905000</u>
TOTAL	<u>4509608</u>	<u>11063906</u>

Description of the Asset	GROSS BLOCK				DEPRECIATION BLOCK			NET BLOCK	
	Cost as at 1.4.08 Rs.	Additions During the year Rs.	Deletions During the year Rs.	Total As at 31.03.09 Rs.	As at 31.03.08 Rs.	For the Year Rs.	Total As at 31.03.09 Rs.	As at 31.03.09 Rs.	As at 31.03.08 Rs.
- Computers	2435924	486610	0	2922534	1794853	378278	2173131	749403	641071
- Furnitures & Fixtures	1100740	146522	0	1247262	431118	148755	579873	667389	669622
- Optical Test Equipment	11392710	8316262	525000	19183972	1978739	1675699	3654438	15529534	9413971
- R & D Equipment	38608837	0	0	38608837	13522029	3913192	17435221	21173616	25086808
- Office Equipment	1167911	446860	0	1614771	390331	206389	596720	1018051	777580
- Vehicles	1137284	1410243	0	2547527	770376	362788	1133164	1414363	366908
TOTAL	55843406	10806497	525000	66124903	18887446	6685101	25572547	40552356	36955960

AISHWARYA TELECOM LIMITED

SCHEDULE - F

	Rs.	As at 31.03.09 Rs.	Rs.	As at 31.03.08 Rs.
CURRENT ASSETS, LOANS & ADVANCES:				
Inventories				
- Raw Materials	10110481		3737365	
- Finished Goods	<u>36719728</u>		<u>15306016</u>	
		46830209		19043381
Sundry Debtors				
(Unsecured, Considered Good)				-
Outstanding more than 6 months	111303164		63595349	
- Others	<u>78247225</u>		<u>134653353</u>	
		189550389		198248702
Cash & Bank Balances				
- Cash on Hand	1378409		650476	
- Balance with Scheduled Bank in Current Accounts	<u>3499217</u>		<u>7297625</u>	
		4877626		7948101
Loans & Advances:				
- Margin Money	97634976		27003200	
- Deposits	44272626		14212491	
- Other Advances	6339981		2398625	
- Advance paid for Land & Building	19500000		0	
- Advance to Suppliers	688598		2125297	
- Tax Deducted at Source	1422908		295430	
- Prepaid Expenses	172745		88554	
- Interest Receivable	4755642		1009353	
- Advance Income Tax	2000000		0	
- Advance Fringe Benefit Tax	227820		96800	
- Income Tax (FY 2003-04)	<u>450000</u>		<u>450000</u>	
		177465296		47679750
TOTAL		<u>418723520</u>		<u>272919934</u>

SCHEDULE - G

CURRENT LAIBILITIES & PROVISIONS

Current Liabilities:

- Outstanding dues of micro enterprises and small enterprises	0		0	
- Outstanding dues of creditors other than micro enterprises and small enterprises	86708783		51536825	
- Outstanding dues of creditors for expenses	3221542		6850911	
- Advances From Customers	<u>722842</u>		<u>1719491</u>	
		90653167		60107227

AISHWARYA TELECOM LIMITED

Provisions:

- For Taxation	1928438	9583939	
- For Fringe Benefit Tax	244857	216712	
- For Gratuity	931036	724639	
- For Dividend	5330986	5330986	
- For Tax on Distributed Profits	<u>906001</u>	<u>906001</u>	
		9341318	16762277
TOTAL		<u>99994485</u>	<u>76869504</u>

SCHEDULE - H

		Current Year		Previous Year
INCREASE/DECREASE IN STOCKS	Rs.	Rs.	Rs.	Rs.
- Closing Stock				
Finished Goods		36719728		15306016
Less : Opening Stock				
Finished Goods		<u>15306016</u>		<u>14473089</u>
TOTAL		<u>21413712</u>		<u>832927</u>

SCHEDULE - I

MANUFACTURING EXPENSES:

Raw Materials:

- Opening Stock	3737365	3490360	
Add: Purchases	<u>39336669</u>	<u>50992195</u>	
	43074034	54482555	
Less: Closing Stock	<u>10110481</u>	<u>3737365</u>	
		32963553	50745190
- Packing Material		385753	505478
- Testing & Calibration Expenses		<u>946070</u>	<u>283421</u>
TOTAL		<u>34295376</u>	<u>51534089</u>

SCHEDULE - J

PAYMENT & BENEFITS TO EMPLOYEES:

- Salaries, Wages & Other	15064468	10951107	
Benefits to employees			
- Staff Welfare	277163	826456	
- Gratuity	<u>221254</u>	<u>501894</u>	
TOTAL		<u>15562885</u>	<u>12279457</u>

AISHWARYA TELECOM LIMITED

SCHEDULE - K

	Current Year Rs.	Previous Year Rs.
ADMINISTRATIVE & SELLING EXPENSES:		
- Rent	1594307	1103682
- Rates & Taxes	58234	39165
- Office Electricity & Maintenance	579193	482566
- Conveyance	956261	601655
- Subscription, Books & Periodicals	69117	73526
- Postage & Telegrams	252926	161814
- Printing & Stationery	1092204	901514
- Regn. Licence & Filing Fees	79894	573053
- Professional & Consultancy Charges	1658032	1289004
- Professional Tax	7500	7500
- Insurance	242398	215610
- R&D Recurring Expenses	303154	1783542
- Recruitment Charges	149447	131249
- Donations	601	67784
- Repairs & Maintenance	657858	595159
- Testing & Calibration Expenses	1279726	1378916
- Telephone & Internet Expenses	1205104	983618
- Directors Remuneration	2680000	2040000
- Directors sitting fees	12500	7500
- Travelling Expenses:		
Directors	624655	739988
Others	3377574	2527591
- Auditors Remuneration	200000	224720
- Foreign Exchange Fluctuation Loss	42934080	1415556
- Misc. Expenses	11120	31755
- Royalty	1082109	130000
- Advertisement Expenses	1027131	990192
- Agency Commission	247461	29780
- Tender Expenses	136294	144662
- Business Promotion Expenses	72476	32078
- Discount on Sales	3721871	1762259
- Carriage Outwards	1468953	1025470
- Sales Tax	6908848	4127609
- Bad debts written off	0	1422654
TOTAL	<u>74691028</u>	<u>27041171</u>

SCHEDULE - L

FINANCIAL CHARGES:

- Bank Interest on W.C.Loan	1478900	3752496
- Bank Interest on Short Term Loans	2658696	3137705
- Interest on Hire Purchase Loan	38980	12467
- Bank Charges	5968348	2158853
- Loan Processing Fees	250650	660912
TOTAL	<u>10395574</u>	<u>9722433</u>

SCHEDULE 'M'
NOTES ON ACCOUNTS

1. Contingent Liabilities not provided for:

	Current Year Rs. Lakhs	Previous Year Rs. Lakhs
a. Bank Guarantees	515.00	191.08
b. Letter of Credit	975.37	230.02
c. Disputed Income Tax Liability	4.02	4.02
d. Disputed Sale Tax Liability	59.73	59.73

2. Disclosure of significant Accounting Policies:

a) Basis of Preparation of Financial Statements:

- i) The financial statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles in India, the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and relevant presentational requirements of the Companies Act, 1956.
- ii) Accounting policies not specifically referred to otherwise are in consonance with prudent accounting principles.
- iii) All income and expenditure items having material bearing on the financial statements are recognised on accrual basis.

b) Fixed Assets:

Fixed Assets are stated at acquisition cost (net of modvat / cenvat, if any) including directly attributable cost of bringing them to their respective working conditions for the intended use less accumulated depreciation. All costs, including financing/borrowing cost till commencement of commercial production attributable to the fixed assets have been capitalized.

c) Revenue Recognition of Income & Expenditure:

All income and expenditure are accounted on accrual basis.

d) Depreciation:

Depreciation on fixed assets is provided on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956.

e) Inventories:

Raw materials are valued at cost on FIFO basis. 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

AISHWARYA TELECOM LIMITED

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.

g) Foreign Currency Transactions:

Transactions denominated in foreign currencies are normally recorded at the exchange rates prevailing on the date of the transaction. Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of monetary items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognized as exchange difference and the premium paid on forward contracts is recognised over the life of the contract. Non-monetary foreign currency items are carried at cost. Any income or expense on account of exchange difference either on settlement or on translation is recognised as revenue except incases where they relate to acquisition of fixed asset in which case they are adjusted to the carrying cost of such asset.

h) Retirement Benefits:

Gratuity: Liability towards gratuity is provided on the basis of actuarial valuation made by an independent actuary.

Provident Fund: The periodic contributions to Statutory Provident Fund are charged to revenue.

i) Earning per Share:

The Company reports its Earnings per Share (EPS) in accordance with Accounting Standard 20 issued by the Institute of Chartered Accountants of India.

j) Taxes on Income:

The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the company. Deferred tax asset and liability is recognized for future tax consequences attributable to the timing differences that result between the profit offered for income tax and the profit as per the financial statements. Deferred tax asset & liability are measured as per the tax rates / laws that have been enacted or substantively enacted by the Balance Sheet date.

k) Provision, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in Notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

3. The company has set up an industrial undertaking at Yanam, State of Pondicherry and Dehradun State of Jharkhand under Backward states. The company has also registered with Director of Industries and Commerce. As per provisions of Section 80 IB, the company is eligible for deduction at 100% profit earned for the unit for a period of 5 years and 30% of profits for the next 5 years for both the units. Therefore, the provision for tax has been made after claiming the deduction under section 80 IB.

AISHWARYA TELECOM LIMITED

4. Cash Credit from SBH is secured by Hypothecation of raw materials, semi-finished, finished goods and sundry debtors of the company and guaranteed by directors of the company in their personal capacities.
5. Short Term Working Capital Loans from Banks and Financial Institutions mentioned under Schedule - D are not charged with any assets of the company but these loans are secured by the personal guarantees of directors.

6. Managerial Remuneration:

	2008-09 Rs.	2007-08 Rs.
Managing Director	1600000	1200000
Whole Time Director	1080000	840000
TOTAL	2680000	2040000

7. Auditors' Remuneration:

	2008-09 Rs.	2007-08 Rs.
As Auditors	150000	150000
Tax Audit Fees	50000	50000
IPO Certification Fee	250000	0
TOTAL	450000	200000

8. 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.
9. 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.
10. Pursuant to the approval of the shareholders of the company in an EGM held on 15th February 2007 the shareholders authorized the Board of Directors to issue and allot Equity shares through Initial Public Offer (IPO). Accordingly the Company has issued and allotted through Initial Public Offer (IPO) 40,02,571 equity shares of Rs.10/- each at a premium of Rs. 25/- to all categories of investors, as per Board Resolution passed by the Board of Directors on 2nd May 2008. The issue has been made in accordance with the terms of the company's prospectus dated 28th April 2008
11. Share issue expenses amounting to Rs.2,02,45,505/- adjusted against the Securities Premium Account.
12. There are no separate reportable segments (business and/or geographical) in accordance with the requirements of Accounting Standard 17 – 'Segment Reporting', notified in the companies (Accounting Standards) Rules 2006.

AISHWARYA TELECOM LIMITED

13. Transactions with the Related Parties pursuant to Accounting Standard 18:

- i. List of Related Parties
- | | | |
|---|---|---|
| Subsidiary Company | : | NIL |
| Associate Companies / Firms
(including Companies / firms
Controlled by key management
Personnel / relatives who are sub-
stantially interested) | : | NIL |
| Key Management Personnel | : | Mr. G. Rama Krishna Reddy,
Chairman
Mr. G. Rama Manohar Reddy,
Managing Director
Mrs. G. Amulya Reddy,
Whole Time Director |
- ii. Transactions with Related Parties
- | | |
|----------------------------------|-------------------|
| Remuneration to Directors | Rs. 26,80,000/- |
| Advance Paid for Office Building | Rs. 1,95,00,000/- |
| Rent Paid | Rs. 4,72,500/- |
- iii. Balance as at 31st March, 2009
- | | |
|-------------------------|---------------|
| Directors' Remuneration | Rs.1,93,400/- |
|-------------------------|---------------|

14. **Earning per Share**

The numerators and denominators used for calculation of EPS

	Year ended 31-03-09 Rs	Year ended 31-03-08 Rs
a) Profit available to the Equity shareholders	16522338	54866641
b) No. of Equity shares	10661971	6659400
c) Weighted Avg. No. of Equity Shares	10256231	5628817
c) Nominal value of share	10	10
d) Basic Earning per Share	1.61	9.75
e) Diluted Earning per Share	1.61	9.75

15. Outstanding dues to Micro small and medium enterprises under the MSME development act, 2006 have been determined based on the information available with the company and the required disclosures are given below.

Year ending march 31st	2009 Rs.	2008 Rs.
a) Principal amount remain unpaid	-	-
b) Interest Due there on	-	-
c) Interest paid by the company in terms of Section 16 of MSME development act, 2006 along with the amount of the re-payment made to the supplier beyond the appointed day during the year.	-	-
d) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year)		

AISHWARYA TELECOM LIMITED

but without adding the interest specified under the MSME development Act,2006	-	-
e) Interest accrued and remaining unpaid	-	-
f) Further interest and remaining due and Payable even in the succeeding year units such date When the Interest dues as above are actually paid to the small enterprises.	-	-

16. 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 recognised Rs.26,02,434/- towards deferred tax asset in the year 2008-09. The major components of deferred tax assets and liabilities arising on account of timing differences is depreciation.

17. Cash Flow statement has been prepared under indirect method as per the Accounting Standard – 3 “Cash Flow Statements”.

18. Sundry Debtors and Sundry Creditors are subject to confirmation with the respective parties.

19. Foreign Exchange Earnings & Out Go:

- Foreign Exchange Earnings – Rs. 98.87 lakhs
(Previous year Rs.30.68 lakhs)
- Foreign Exchange Outgo – Rs.2395.61 lakhs
(Previous year – Rs. 1108.97 lakhs)

20. 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	2008-09		2007-08	
	Qty Nos.	Value Rs. Lakhs	Qty Nos.	Value Rs. Lakhs
IC	8197	99.18	12830	155.24
E. Prom	11607	35.98	16873	52.31
IC-74373	8476	52.55	12322	76.40
IC – 2864	13553	80.49	19702	128.06
Transformers	12382	3.89	18247	5.66
Micro Processors	17126	9.42	24897	13.69
PCB's	18524	11.49	26928	16.70
Batteries	5090	36.64	7399	53.27
Others				6.12
		329.64		507.45

AISHWARYA TELECOM LIMITED

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

Opening Stock:

Particulars	2008-09		2007-08	
	Qty Nos.	Value Rs. Lakhs	Qty Nos.	Value Rs. Lakhs
Low Insulation Cable Fault Locator	4	2.96	16	11.84
Fault master 111	32	23.04	37	26.64
Power	54	10.26	39	7.41
Light Source	16	10.56	24	15.84
Optical Variable Attenuator	1	0.52	1	0.53
High Speed Data Circuit Tester	5	2.15	2	0.54
Optical Time Domain Reflectometer	20	21.8	0	0.00
Digital Communication Analyzer	7	4.06	0	0.00
Electronic Markers	1838	7.35	0	0.00
		82.70*		62.80

Production:

Particulars	2008-09		2007-08	
	Qty Nos.	Value Rs. Lakhs	Qty Nos.	Value Rs. Lakhs
Low Insulation Cable Fault Locator	248	—	20	—
Fault Master 111	245	—	182	—
Power Meter	8	—	84	—
Light Source	43	—	69	—
Optical Variable Attenuator	64	—	34	—
High Speed Data Circuit Tester	132	—	151	—
Optical Time Domain Reflectometer	38	—	163	—
Digital Communication Analyzer	104	—	7	—
Electronic Markers	3083	—	12834	—

AISHWARYA TELECOM LIMITED

Sales:

Particulars	2008-09		2007-08	
	Qty Nos.	Value Rs. Lakhs	Qty Nos.	Value Rs. Lakhs
Low Insulation Cable Fault Locator	232	75.03	32	48.00
Fault Master 111	255	169.48	187	261.80
Power	52	39.30	69	26.22
Light Source	32	29.91	77	92.40
Optical Variable Attenuator	50	59.23	34	34.00
High Speed Data Circuit Tester	137	113.19	148	125.80
Optical Time Domain Reflectometer	55	98.34	143	300.30
Digital Communication Analyzer	78	73.52	0	0.00
Electronic Markers	3800	13.72	10996	87.97
		671.72*		976.49*

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

Closing Stock:

Particulars	2008-09		2007-08	
	Qty Nos.	Value Rs. Lakhs	Qty Nos.	Value Rs. Lakhs
Low Insulation Cable Fault Locator	20	7.25	4	2.96
Fault Master 011	22	3.30	32	23.04
Power	10	6.00	54	10.26
Light Source	27	3.38	16	10.56
Optical Variable Attenuator	15	9.75	1	0.52
High Speed Data Circuit Tester	0	0	5	2.15
Optical Time Domain Reflectometer	3	5.25	20	21.8
Digital Communication Analyzer	33	19.80	7	4.06
Electronic Markers	1121	4.48	1838	7.35
		59.21*		82.70*

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

SIGNATURES TO SCHEDULES 'A' TO 'M'

AISHWARYA TELECOM LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	Current Year Rs.	Previous Year Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit (+/-)	16941433	68957857
Add: Adjustments for:		
Depreciation	6685101	6537693
Miscellaneous Expenses written off	0	505000
Operating Profit before Working Capital	23626534	76000550
Adjustments for working capital charges:		
Inventories	(27786828)	(1079932)
Sundry Debtors	8698313	(95424757)
Loans & Advances	(129785546)	(18340874)
Current Liabilities	29821301	23029764
Provisions	931036	724639
Cash generated from Operations Before Extra-Ordinary items	(94495190)	(15090610)
Extraordinary items	4893802	(4230157)
Taxes Paid	(11554886)	(10331607)
Net cash flow from operating activities (A)	(101156274)	(29652374)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(10281497)	(9787198)
Net Cash Flow from investing Activities (B)	(10281497)	(9787198)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Increase in Share Application Money	0	(1160250)
Increase in Share Capital	40025710	13290000
Securities Premium	79818770	38720000
Secured Loans	408100	(780062)
Un-secured Loans	(6554298)	905000
Dividend Paid	(5330986)	(4975040)
Net Cash Flow from Financing Activities (C)	108367296	45999648
Net Increase in Cash and Cash Equivalents (A+B+C)	(3070475)	6560076
Cash & Cash Equivalents at the beginning of the year	7948101	1388025
Cash & Cash Equivalents at the end of the year	4877626	7948101

AISHWARYA TELECOM LIMITED**ALANCE SHEET ABSTRACT AND COMPANY'S
GENERAL BUSINESS PROFILE**

(In terms of amendment of Schedule VI - Part IV)

I. Registration Details

Registration No.20569 of 1995-96	State Code:	01
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Balance Sheet

Date : 31.03.2009

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

Public Issue	140090	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

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

Total Liabilities	351001	Total Assets	351001
Sources of Funds:			
Paid-up Capital	106620	Reserves & Surplus	215832
Secured Loans	24040	Unsecured Loans	4510
Application of Funds:			
Net Fixed Assets	40552	Investments	Nil
Net Current Assets	318729	Misc.Expenditure	20246
Accumulated Losses	Nil		

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

Turnover & Other Income	448355	Total Expenditure	431414
Profit/Loss Before Tax	16941	Profit/Loss after Tax	16522
Earning per Share in Rs.	1.61	Dividend	5331
		Rate	5%

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 & Testing Equipment
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AISHWARYA TELECOM LIMITED

AISHWARYA TELECOM LIMITED

Regd office: 1-3-1026 &1027, Singadikunta, Kawadiguda, Hyderabad- 80

ATTENDANCE SLIP

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Joint shareholders may obtain additional Slip at the venue of the meeting

DP ID*	
--------	--

Master Folio No.	
------------------	--

Client ID*	
------------	--

No. of Share Held	
-------------------	--

Name and address of the shareholder

I hereby record my presence at the 14th ANNUAL GENERAL MEETING of the Company held on Saturday, 19th September, 2009 at 11:00a.m at 1-3-1026 &1027, Singadikunta, Kawadiguda, Hyderabad- 500 080

*Applicable for investors holding shares in electronic form

Signature of Shareholder/proxy

AISHWARYA TELECOM LIMITED

Regd office: 1-3-1026 &1027, Singadikunta, Kawadiguda, Hyderabad- 80

PROXY FORM

DP ID*	
--------	--

Master Folio No.	
------------------	--

Client ID*	
------------	--

No. of Share Held	
-------------------	--

Regd. Folio No.....

I/We.....Of
.....being
member / members of M/s. AISHWARYA TELECOM LIMITED, Hyderabad hereby appoint Mr./Msof
.....or failing him
.....of
..... as my/our proxy to vote for me/us
on my/our behalf at the Annual General Meeting of the Company at 11.00 AM on Saturday the 19th September, 2009 and at every adjournment thereof.

Signed thisday of....., 2009

Please affix
1 Rupee
Revenue
Stamp

*Applicable for investors holding shares in electronic form

Signature

- Note:
- PROXY NEED NOT BE A MEMBER.**
 - Proxy Form, complete in all respects, should reach the Regd. Office of the Company on or not later than 48 hours before the time for holding of the Meeting.