15th

ANNUAL REPORT
2009 - 2010

AISHWARYA TELECOM LIMITED

BOOK - POST

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To

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AISHWARYA TELECOM LIMITED

1-3-1026 & 1027, Singadikunta, Kawadiguda,
Hyderabad - 500 080 A.P. India
Phone : +91-40-2753 1324, Fax : 2753 5423
E-mail : aishwarya@aishwaryatelecom.com
Web : www.aishwaryatelecom.com

ISO 9001
DNV
Registered Firm

AISHWARYA TELECOM LIMITED

15th Annual Report

2009-2010

Board of Directors

Mr. G. Rama Krishna Reddy
Chairman

Mr. G. Rama Manohar Reddy
Managing Director

Mrs. G. Amulya Reddy
Whole-time Director

Mr. D. Venkata Subbiah
Independent Director

Mr. Harish K Jain
Independent Director

Mr. M. Madhusudhana Reddy
Independent Director

Registered Office:
Aishwarya Telecom Limited,
1-3-1026 &1027, Singadikunta,
Kawadiguda, Hyderabad – 500 080 (A.P)

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

Auditors :
M/s. Ramana Reddy & Associates
(Formerly M/s. A.M. Reddy & Co.,)
Chartered Accountants
10-5-6/B, My Home Plaza,
Off: 103, II Floor, Masab Tank,
Hyderabad – 500 028 (A.P)

Banker :
State Bank of Hyderabad
Raj bhavan Road Branch
H.No. 6-3-1092, A Block
1st Floor, Shanti Sikhara Complex
Bella vista, Somajiguda
Hyderabad - 500 082 (A.P)

Contents Page No.

1	Notice	1
2.	Directors' Report	4
3.	Management Discussion and Analysis	13
4.	Report on Corporate Governance	15
5.	Investor Information	21
6.	Certificate on Corporate Governance	24
7.	Auditors' Report on Financial Statements	25
8.	Annexure to Auditors' Report	27
9.	Balance Sheet	30
10.	Profit & Loss Account	31
11.	Schedules and Notes forming part of Financial Statements	32
12.	Cash Flow Statement	43
13.	Balance Sheet Abstract and Company's General Business Profile	44
14.	Statement Pursuant to section 212	45
15.	Consolidated Financial Statements	46
16.	Subsidiary -	
	Bhashwanth Power Projects Private Limited Annual Report	59
17.	Attendance Slip and Proxy Form	72

NOTICE

NOTICE is hereby given that 15th Annual General Meeting of M/s. Aishwarya Telecom Limited will be held as per the schedule given below to transact the following business:

Day and Date	Monday, September 27, 2010
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, 2010
   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. Harish K Jain who retires by rotation and being eligible has offered himself for reappointment.
4. To re - appoint M/s. Ramana Reddy & Associates., Chartered Accountants, Hyderabad formerly known as M/s. A.M. Reddy & Co., as auditors of the Company who shall hold office from the conclusion of this Annual General Meeting until conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

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

"**RESOLVED THAT** Mr. M. Madhusudhana Reddy, who was appointed as additional director of the company pursuant to the provisions of section 260 of the Companies Act, 1956 by the board of directors w.e.f 12.01.2010 and who holds the office up-to date of the ensuing annual general meeting and in respect of whom the company has received a notice in writing under section 257 read with section 190 of the said act, along with requisite deposit proposing him as candidate for the office of director of the company, be and is hereby appointed as a director of the company whose period of office is liable to be determined by retirement of directors by rotation"

For and on behalf of the Board of
M/s. Aishwarya Telecom Limited

(G. Rama Manohar Reddy)
Managing Director

Place : Hyderabad
Date : 18-08-2010

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.** Proxy forms 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 25.09.2010 to 27.09.2010 (both days inclusive)

3. The dividend of 5% for the year ended 31st March 2010 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 24th September, 2010.

4. Members are requested to notify immediately 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.

ANNEXURE TO THE RESOLUTION

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

Item No.5:

The members may note that Mr. M. Madhusudhana Reddy was inducted into Board as Additional Director of the company, under Independent Director Category with effect from 12.01.2010 pursuant to the provisions of section 260 of the Companies Act, 1956 and holds the office as such up to the date of ensuing Annual General Meeting. The company has received notice in writing from a member of the company along with the requisite deposit under Section 257 read with section 190 of the Companies Act, 1956 proposing the candidature of the above said person for the Office of Director whose period of office is determinable by retirement of Directors by rotation.

As per the provisions of section 257 of the Act, any such proposal ought to be approved by the members in their General Meeting.

Hence, the Board recommends the resolution for your approval.

None of the Directors except Mr. M. Madhusudhana Reddy may be deemed to be concerned or interested in the resolution.

For and on behalf of the Board of
M/s. Aishwarya Telecom Limited

(G. Rama Manohar Reddy)
Managing Director

Place : Hyderabad
Date : 18-08-2010

DIRECTORS' REPORT

To

The Members of
AISHWARYA TELECOM LIMITED,

Your Directors have pleasure in presenting their Fifteenth Annual Report together with the Audited Accounts for the year ended 31st March 2010

REVIEW OF OPERATIONS

During the year under review, your company has recorded a Profit after Tax (PAT) of **Rs.6.21Crores** (previous year Rs. 1.65 Crores).

During the year under review, your company has achieved an increased Turnover of **Rs. 42.98 Crores** inspite of global economic slowdown when compared to the previous year turnover of Rs. 42.01Crores.

FINANCIAL RESULTS

(Rupees in Thousands)

Particulars	2010	2010	2009	2009
Income from operations				
Sales	**429775**		**420097**	
Increase in stocks	**29755**		**21414**	
Other Income	**16599**	**476129**	**6845**	**448356**
Expenditure				
a) Trade Purchases	**274852**		**289784**	
b) Manufacturing Expenses	**64829**		**34295**	
c) Payment & Benefits to Employees	**14049**		**15563**	
d) Administrative Expenses	**37080**	**390810**	**74691**	**414333**
Profit before Depreciation and Interest		**85319**		**34023**
Financial Charges		8513		10396
Depreciation		7852		6685
Net Profit for the year		**68954**		**16942**
Add: Prior Period Adjustment		1308		0
Net Profit for the year before tax		**70262**		**16942**
Provision for Taxation		8152		419
Profit After Tax		**62110**		**16523**
Add: Balance brought from previous year		88058		78186
Balance available for appropriation		**150168**		**94709**
Appropriations:				
Transfer to General Reserve		1553		413
Proposed Dividend		**5331**		**5331**
Income Tax on Dividend		885		906
Balance Carried to Balance Sheet		**142399**		**88059**
Earnings per share		**2.91**		**1.61**
No. of Equity Shares (weighted Avg.)		21323942		10661971

DIVIDEND

Your directors recommend a final dividend of Rs. 0.25 ps per equity 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
2008-09	19-09-2009	Rs.2,18,890.50	19-09-2016
2007-08	22-09-2008	Rs.1,34,498.00	22-09-2015
2006-07	25-06-2007	Rs. 12,320.00	25-06-2014
2005-06	25-08-2006	Rs. 1,472.00	25-08-2013

TRANSFER TO RESERVES:

The company transfers Rs.15,53,000/- to the general reserve.

PAID UP CAPITAL OF THE COMPANY:

The paid up capital of the Company stands at Rs.10,66,19,710, consisted of 2,13,23,942 fully paid up Equity shares of Rs.5/- each

SUBSIDIARY

During the year 2009-10 M/s. Bhashwanth Power Projects Private Limited was acquired by the company. The company holds 75% of shares in the subsidiary company.

DIRECTORS

In accordance with the Companies Act, 1956 read with Articles of Association of the company the directors namely Mr. Harish K Jain retires by rotation and Mr. K. Hari Krishna Reddy and Mr. Srinivas Rao Pabbati have submitted their resignations due to their pre-occupation and the same were accepted by the Board and relieved them from the office of directorship.

The Board placed on records its sincere appreciation for the valuable services rendered by Mr. K. Hari Krishna Reddy and Mr. Srinivas Rao Pabbati during their tenure as directors of the company.

Mr. M. Madhusudhana Reddy was appointed as Independent & Non-Executive Director of the Company w.e.f. 12.01.2010.

Mr. M. Madhusudhana Reddy aged 35 years, is a Fellow Member of The Institute of Chartered Accountants of India (F.C.A) and a practicing Chartered Accountant having over 12 years experience in the areas of audit of Corporate Organizations and Non-corporate Organizations, Tax Planning for Corporate and non-corporate clients, Project Financing and Analysis of Financial Statements

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, 2010, 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;

(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 2010 on a 'Going Concern' basis.

AUDITORS:

M/s. Ramana Reddy & Associates, Chartered Accountants, Hyderabad, formerly known as M/s. A.M. Reddy & Co., 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 2009-10 is annexed to 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

	2009-10	2008-09
	Rs.	Rs.
Mr. G. Rama Manohar Reddy, Managing Director	18,00,000	16,00,000
Ms. G. Amulya Reddy, Whole time Director	12,00,000	10,80,000
Total	30,00,000	20,40,000

EMPLOYEE STOCK OPTION SCHEME:

The Members of the company in the AGM held on 22.09.2008 approved formulation of "Employees Stock Option Plan for all eligible employees.

Pursuant to the above said Scheme, the company has granted 3,00,000 options during the financial year to the eligible employees of the company, at a price of Rs.10/- per option.

Each option entitles the holder thereof to apply for and be allotted an ordinary share of the company of the nominal value of Rs.10/- each, upon payment of the exercise price of Rs.10/- per share during the exercise period. Relevant disclosures were made in Annexure-A. A certificate has been obtained from the statutory auditors regarding compliance with the ESOP Guidelines. However the number of shares in the scheme will increase as the face value of each share is subdivided into Rs. 5/- each from Rs.10/- per share w.e.f 25th Feb., 2010 .

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

Foreign Exchange Earnings and Outgo

(Rupees in lakhs)

Particulars	**Current Year** 2009-10	**Previous Year** 2008-09
Total Foreign Exchange Outgo	2225.50	2395.61
Total Foreign Exchange earned	47.57	98.87

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 Government 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 (G. Rama Krishna Reddy) (G. Rama Manohar Reddy)

Date: 18th August, 2010 Chairman Managing Director

ANNEXURE - A
TO THE DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH, 2010

Information to be disclosed under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999:

(a)	Year of Option	2008
(b)	Options granted	3,00,000
(c)	The Pricing Formula	The Exercise price of the option shall be face value of equity share i.e., Rs.10 per share
(d)	Options vested	Nil
(e)	Options Exercised	Nil
(f)	The Total number of shares arising as a result of exercise of Options	3,00,000
(g)	Options Lapsed	Not Applicable
(h)	Variation of terms of Options	Not applicable
(i)	Money realized by exercise of Options	Not applicable
(j)	Total number of Options in force as on 31.03.10	3,00,000 options
(k)	Employee-wise details of Options granted to:	
	(i) Senior Managerial personnel	Not applicable
	(ii) Any other employee who receives a grant in any one year of Option amounting to 5% or more of Option granted during that year	Not applicable
	(iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Not applicable
(l)	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with According standard (AS) 20 Earnings per Share	Rs. 2.91

(m)	Where the company has calculated employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the Options, shall be disclosed. The impact of the difference on profits and on EPS of the Company shall also be disclosed		Grant Date:26.09.2009			
			Vest 1	Vest 2	Vest 3	Vest 4
			26.09.2010	26.09.2011	26.09.2012	26.09.2013
		Variables	40%	30%	20%	10%
		Stock Price	25.80	25.80	25.80	25.80
		Volatility	64.48%	64.48%	64.48%	64.48%
		Risk free Rate	6.41%	6.83%	7.08%	7.24%
		Exercise Price	10.00	10.00	10.00	10.00
		Time to Maturity	2.50	3.50	4.50	5.50
		Dividend yield	1.80%	1.80%	1.80%	1.80%
		Option Fair Value	17.19	17.76	18.19	18.50
		Weighted Avg. Option Fair Value	**17.69**			
(n)	Weighted-average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	Explained under point no (m)				
(o)	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information	Explained under point no (m)				
	(i) risk-free interest rate					
	(ii) expected life					
	(iii) expected volatility					
	(iv) expected dividends , and					
	(v) the price of the underlying share in market at the time of option grant					

A. Stock price

The current value of the underlying stock as on the date of grant i.e. closing listed price on BSE as on September 26, 2009 has been considered for valuing the grant.

B. Volatility

Volatility is a measure of the amount by which a price has fluctuated or is expected to fluctuate during the period. The measure of volatility is used in the Black Scholes option-pricing model is the annualized standard deviation of the continuously compounded rate of return on the stock over a period of time.

The period to be considered for volatility has to be adequate to represent a consistent trend in the price movements. It is also important that movement due to abnormal events get evened out. There is no research that demonstrates conclusively how long the historical period used to estimate expected long-term future volatility should be. However, informal tests and preliminary research tends to confirm that estimates of expected future long term volatility should be based on historical volatility for a period that approximates the expected life of the options being valued.

We have considered the daily volatility of the Company's stock price on BSE over from the date of listing of the shares to the date of grant.

The Fair Value of an option is very sensitive to this variable. Higher the volatility, higher is the Fair Value. The rationale being, more volatile the stock is, the more is its potential to go up (or come down), and the more is the probability to gain from the movement in the price. Accordingly, an option to buy a highly volatile stock is more valuable than the one to buy a less volatile stock, for the probability of gaining is lesser in the latter case.

C. Risk-free interest rate

The risk-free rate being considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on the zero-coupon yield curve for Government Securities

D. Exercise Price

The exercise price for the options granted is Rs. 10/- and the same has been subdivided into Rs. 5/- per share

E. Time to Maturity / Expected Life of the Options

Time to Maturity / Expected Life of the options is the period for which the Company expects the options to be live. The minimum life of a stock option is the minimum period before which the options cannot be exercised and the maximum life of the option is the maximum period after which the options cannot be exercised.

In case of grant made on September 26, 2009, the earliest date of exercise is September 26, 2010 i.e. one year from the date of grant and those options can be exercised during the next three years, i.e. till September 26, 2013. Hence, the minimum option life is 1 year and the maximum option life is 4 years. The average life is the arithmetic average of the two extremes – the minimum life and the maximum life, i.e. (1+4)/2 = 2.5 years. Time to Maturity has been estimated on a similar basis for the remaining vesting tranches.

F. Expected Dividend Yield

Expected dividend yield has been calculated for one financial year preceding the date of the grant. The dividend yield for the year is derived by dividing the dividend per share by the average price per share of the respective period. The dividend yields calculated and the expected dividend yield for the Grants are presented below:

Dividend Yield	
Particulars	
	2008-2009
Face Value for Share	10
Equity Dividend (%)	5%
Dividend per share	0.5
Average Market Price per share	27.80
Dividend Yield	1.80%

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF FY 2009-10

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. 42.98 Crores for Financial Year (FY) 2009-10 compared to Rs.42.01 Crores for the previous year 08-09. Net profits of the Company are Rs. 6.21 Crores which has increased as compared to the previous year's net profit of Rs.1.65 Crores.

HIGH END TECHNOLOGIES

ATL is penetrating Defence sector in the current financial year and expecting atleast 50% business from this sector as this is a very promising sector which has good profitability and the co. plans to make substantial investments in the Defence sector.

ATL deals in hi-tech test & measuring equipments. The Company has its manufacturing facility situated at Dehradun.

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 the market and technological requirements of 3G products for Telecom. Also, it is looking forward to sub contracts from Defence Labs for manufacturing works to increase its sales revenue in the current financial year.

ATL is designing RFID markers for locating optical fibre cables and this is required for defence market and many business leads are under pipeline for these markers.

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 ample scope to grow well for another few years. Other than Telecom sector ATL is also penetrating Defence, Railways, services and export markets.

There is a slow down in procurement by telephone operators during the last year and our Sales are also effected, but there are four new operators offering 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 25 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 eight existing operators in India and another four 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 50% and it can increase upto 65% by 2012 and all the Companies in India which are in Telecom domain have 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 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 as 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 the Company is in conformity with clause 49 of the listing agreement and comprises one-half Independent Directors. The Issuer Company has already appointed three (3) independent directors, viz. Mr. D Venkata Subbiah, Mr. Harish K Jain and Mr. Maligi Madhusudhana Reddy on its Board. As the Chairman of the Company is a Non-Executive Director, one-third of the Board of Directors comprise of Independent Directors.

The Board of Directors comprises a total of six (6) Directors, which includes one (1) Non-Executive Chairman, one (1) Managing Director, one (1) Whole Time Director and three (3) Independent Directors.

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 Whole Time Director	NIL	NIL
Mr. D Venkata Subbiah Non Executive & Independent Director	1	NIL
Mr. Maligi Madhusudhana Reddy Non Executive & Independent Director	NIL	NIL
Mr. Harish K Jain Non Executive & Independent Director	NIL	NIL

Number & Dates of the Meetings held during the year

During the Financial Year 2009-10 the Board has met nine times i.e. on 29.04.2009, 20.05.2009, 30.07.2009, 18.09.2009, 26.09.2009, 31.10.2009, 30.12.2009, 12.01.2010 and 30.01.2010.

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	Present	-
Mr. G. Rama Manohar Reddy	9	8	Present	-
Mrs. G. Amulya Reddy	9	8	Present	-
Mr. Maligi Madhusudhana Reddy	1	1	-	-
Mr. D. Venkata Subbiah	9	9	-	-
Mr. Harish K Jain	9	0	-	-

The Company has already formed the following Committees:

Audit Committee

The Audit committee 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 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
*Mr. K Hari Krishna Reddy	Chairman	Independent Director
Mr. D Venkata Subbiah	Chairman	Independent Director
** Mr. M. Madhusudhana Reddy	Member	Independent Director
Mr G Rama Krishna Reddy	Member	Non- Executive Director

*Resigned w.e.f 15.05.2010
** Appointed w.e.f 12.01.2010

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 April 2009, 30th July 2009, 31st October 2009 and 12th January 2010

Name	No. of meetings held	Attendance
Mr. K Hari Krishna Reddy	4	3
Mr D Venkata Subbiah	4	4
Mr G Rama Krishna Reddy	4	4
Mr. M. Madhusudhana Reddy	Nil	Nil

Remuneration Committee:

The Remuneration Committee 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:

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

*Resigned w.e.f 15.05.2010
** Appointed w.e.f 12.01.2010

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 2009-10.

Shareholder's Grievances Committee

The Shareholder's Grievances committee has been constituted to specifically 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.

Share Transfer Committee

The Share Transfer Committee was 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)
Mr. D. Venkata Subbaiah	–	Member (Independent Director)

INVESTOR INFORMATION

a) Annual General Meeting

Date : 27.09.2010 **Time** : 11.00AM

Venue : 1-3-1026 & 1027, Singadikunta, Kawadiguda, Hyderabad-500080 **Tel** : 040-27531324, Fax: 040-27535423

Information on General Body Meetings:

Date	Time	Venue
19.09.2009	11.00 AM	1-3-1026 & 1027, Singadikunta, Kawadiguda, Hyderabad - 500080
22.09.2008	11.00 AM	1-3-1026 & 1027, Singadikunta, Kawadiguda, Hyderabad - 500080
25.06.2007	11.30 AM	3C, Samrat Commercial Complex, Saifabad, Hyderabad - 04

b) Financial calendar for the year 2010-11(tentative)

Financial Reporting for 2010-2011 (tentative)	
The first quarter results	14.08.2010
The second quarter results	30.10.2010
The third quarter results	31.01.2011
The fourth quarter results	30.04.2011

c) Book Closure : 25.09.2010 to 27.09.2010 (both days inclusive)

d) Dividend payment : The Board has recommended a dividend of Re. 0.25ps per share for the financial year 2009-10.

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 2010-11.

f) Market Price Data

Month	High (Rs.)	Low (Rs.)
April, 2009	16.5	09.02
May, 2009	20.41	12.51
June, 2009	27.15	17.00
July, 2009	22.15	16.60
August, 2009	23.65	20.55
September, 2009	29.50	22.20
October, 2009	28.45	23.00
November, 2009	30.15	21.95
December, 2009	44.50	28.35
January, 2010	59.90	42.30
February, 2010	53.90	22.50
March, 2010	23.90	18.00

g) Shareholding Pattern as on 31st March, 2010

Range (In Rs.)	Total Holders	% of Total Holders	Total Holding in Rupees	% of Total Capital
1-5000	6459	89.42	7855560	7.37
5001-10000	380	5.26	3082570	2.89
10001-20000	157	2.17	2314260	2.17
20001-30000	56	0.77	1448370	1.36
30001-40000	22	0.30	844515	0.79
40001-50000	20	0.28	953555	0.89
50001-100000	50	0.69	3793970	3.56
100001-99999999	79	1.09	86326910	80.97
Total	**7223**		**106619710**	

Particulars	Category	No. of Shares held	Percentage of shareholding
A	Shareholding of Promoter and Promoter group	10093620	47.33
B	Public Shareholding		
1.	Institutions	Nil	Nil
2.	Non Institutions		
	a. Bodies Corporate	3319341	15.57
	b. Indian Public and others	7653789	35.89
	c. Others	257192	1.20
	Sub Total B	11230322	52.67
	Grand Total (A+B)	**21323942**	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 delegated share transfer formalities to the Registrars and Transfer Agents : All communications regarding Share Transfers, Transmissions, Change in Address and any other correspondence etc., may be addressed to the Registrars & Transfer Agents. The Company has constituted Share Transfer Committee, which meets two 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 of 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 **INE778I01024**. As on 31st March, 2010, 19645466 equity shares are dematerialised which is 92.13% of the total paid up equity shares of the Company and out of which 6029769 shares are in CDSL and 13615697 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

CERTIFICATE

To
The Members of
AISHWARYA TELECOM LIMITED

We have examined the compliance of conditions of Corporate Governance by M/s AISHWARYA TELECOM LIMITED, for the period of 12 months ended on 31st March, 2010 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges of India.

The compliance conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation there of, adopted by the Company for ensuring the compliance with the conditions of the 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.

As required by the Guidance note issued by the Institute of Chartered Accountants of India, we have to state that the Company has certified that as on 31st March, 2010 there were no investor grievances remaining unattended/ pending for a period exceeding one month. We further state that such compliance is neither an assurances as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

Place: Hyderabad
Date: 18.08.2010

S. Sarveswar Reddy
Practicing Company Secretary
C.P.No:-7478

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, 2010 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, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 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 2010 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.

For RAMANA REDDY & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn. No. 003246S

PLACE : HYDERABAD.
DATE : 18.08.2010

(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 register 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 register 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 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 *except for few delays in depositing of provident fund and employee's state insurance contributions*. 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, 2010 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 except for the following dues outstanding of sales-tax on account of disputes:

Name of Statute	Nature of Dues	Amount (in Rs Lakhs)	Period for which amount relates	Forum where dispute is pending
AP VAT Act, 2005	Sales tax	19.06	2003-04	Andhra Pradesh Sales Tax Appellate Tribunal

10. The company has neither accumulated losses as on 31.03.2010 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 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.

For RAMANA REDDY & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn. No. 003246S

PLACE : HYDERABAD.
DATE : 18.08.2010

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

BALANCE SHEET AS AT 31ST MARCH, 2010

Particulars	Schedules		As at 31.03.10		As at 31.03.09
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
SHARE HOLDERS FUNDS:					
- Share Captial	A		106619710		106619710
- Reserves & Surplus	B		271795736		215831632
LOAN FUNDS:					
- Secured Loans	C		28214136		24039557
- Unsecured Loans	D		52087		4509608
TOTAL			406681669		351000507
APPLICATION OF FUNDS:					
Fixed Assets:	E				
- Gross Block		109676149		66124903	
Less : Depreciation		33255692		25572547	
Net Block			76420457		40552356
Investments	F		1500000		0
Current Assets, Loans & Advances	G				
- Inventories		74541077		46830209	
- Sundry Debtors		233673610		189550389	
- Cash & Bank Balances		7098117		4877626	
- Loans & Advances		68312239		177465296	
		383625043		418723520	
Less Current Liabilities & Provisions	H				
- Current Liabilities		31062447		90653167	
- Provisions		20022757		9341318	
		51085204		99994485	
Net Current Assets			332539839		318729035
Deferred Tax Liability (Net)			-3778627		-8280884
TOTAL			406681669		351000507
NOTES ON ACCOUNTS	N				

VIDE OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

for RAMANA REDDY & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn. No.003246S

(G.RAMA MANOHAR REDDY)
MANAGING DIRECTOR

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

(G. RAMA KRISHNA REDDY)
CHAIRMAN

PLACE : HYDERABAD
DATE : 18.08.2010

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

Particulars	Schedules		Current Year		Previous Year
		Rs.	Rs.	Rs.	Rs.
INCOME					
- Sales			429774637		420097079
- Increase in Stocks	I		29755481		21413712
- Other Income			16598971		6844633
TOTAL			476129089		448355424
EXPENDITURE					
- Trade Purchases			274852631		289784027
- Manufacturing Expenses	J		64828902		34295376
- Payments & Benefits to Employees	K		14048864		15562885
- Administrative Expenses	L		37079991		74691028
- Financial Charges	M		8512605		10395574
- Depreciation			7851604		6685101
TOTAL			407174597		431413991
Net Profit for the year			68954492		16941433
Add: Prior Period Adjustment			1307941		0
Net Profit for the year before Tax			70262433		16941433
Less: Provision for Taxation					
- Income Tax - Current Year		12654190		1928438	
- Earlier Years		0		848234	
- Fringe Benefit Tax		0		244857	
- Deferred Tax		-4502257		-2602434	
			8151933		419095
Profit after Tax			62110500		16522338
Add: Balance brought forward from previous year			88057862		78185511
Balance available for appropriation			150168362		94707849
Appropriation:					
- Transferred to General Reserve			1553000		413000
- Proposed Dividend			5330986		5330986
- Dividend Distribution Tax			885410		906001
- Balance carried to Balance Sheet			142398966		88057862
TOTAL			150168362		94707849
NOTES ON ACCOUNTS	N				

VIDE OUR REPORT OF EVEN DATE

for RAMANA REDDY & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn. No. 003246S

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

PLACE : HYDERABAD
DATE : 18.08.2010

FOR AND ON BEHALF OF THE BOARD

(G.RAMA MANOHAR REDDY)
MANAGING DIRECTOR

(G. RAMA KRISHNA REDDY)
CHAIRMAN

SCHEDULES TO ACCOUNTS:

	Rs.	As at 31.03.10 Rs.	Rs.	As at 31.03.09 Rs.
SCHEDULE - A				
SHARE CAPITAL:				
- Authorised				
2,40,00,000 Equity Shares of Rs. 5/- each (Previously 1,20,00,000 shares of Rs.10/- each)		120000000		120000000
- Issued, Subscribed & Paid-up				
2,13,23,942 Equity Shares of Rs.5/- each fully paid up (Previously 1,06,61,971 Equity Shares of Rs.10/- each fully paid up splitted as 2,13,23,942 shares of Rs.5/-each)		106619710		106619710
TOTAL		106619710		106619710
SCHEDULE - B				
RESERVES & SURPLUS:				
General Reserve				
- Opening Balance	9235000		8822000	
- Transferred during the year	1553000		413000	
		10788000		9235000
- Profit & Loss Account	142398966		88057862	
		142398966		88057862
- Securities Premium A/c	118538770		138784275	
Add/Less: Misc. Expenditure (Public Issue Expenses)	70000		20245505	
		118608770		118538770
TOTAL		271795736		215831632
SCHEDULE - C				
SECURED LOANS:				
- Cash Credit from SBH		27803772		23541627
- Hire Purchase Loan		410364		497930
TOTAL		28214136		24039557
SCHEDULE - D				
UNSECURED LOANS:				
- Short Term working capital loans from Banks & Financial Institutions		52087		3704608
- From Others		0		805000
TOTAL		52087		4509608

SCHEDULE - E

FIXED ASSETS:

Description of the Asset	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	Cost as at 1.4.09 Rs.	Additions/ Deletions During the year Rs.	Total As at 31.03.10 Rs.	As at 31.03.09 Rs.	For the year Rs.	Total As at 31.03.10 Rs.	As at 31.03.10 Rs.	As at 31.03.09 Rs.
- Land	0	19714537	19714537	0	0	0	19714537	0
- Building	0	15110663	15110663	0	701716	701716	14408947	0
- Computers	2922534	270009	3192543	2173131	351633	2524764	667779	749403
- Furnitures & Fixtures	1247262	20193	1267455	579873	122092	701965	565490	667389
- Optical Test Equipment	19183972	8534357	27718329	3654438	2785028	6439466	21278863	15529534
- R & D Equipment	38608837	0	38608837	17435221	3307319	20742540	17866297	21173616
- Office Equipment	1614771	56527	1671298	596720	210840	807560	863738	1018051
- Vehicles	2547527	36300 -191340	2392487	1133164 -168459	372976	1337681	1054806	1414363
TOTAL	66124903	43742586 -191340	109676149	25572547 -168459	7851604	33255692	76420457	40552356

SCHEDULE - F

INVESTMENTS:	Rs.	As at 31.03.10 Rs.	Rs.	As at 31.03.09 Rs.
Equity Shares in Subsidiary Company				
- 1,47,750 Equity Shares of Bhashwanth Power Projects Pvt. Ltd.,		1500000		0
TOTAL		1500000		0

SCHEDULE - G

CURRENT ASSETS, LOANS & ADVANCES:				
Inventories				
- Raw Materials	8065868		10110481	
- Finished Goods	66475209		36719728	
		74541077		46830209
Sundry Debtors				
(Unsecured, Considered Good)				
- Outstanding more than 6 months	78931571		111303164	
- Others	154742039		78247225	
		233673610		189550389
Cash & Bank Balances				
- Cash on Hand	862187		1378409	
- Balance with Scheduled Bank in Current Accounts	6235930		3499217	
		7098117		4877626
Loans & Advances:				
- Margin Money	15637776		97634976	
- Deposits	34476135		44272626	
- Other Advances	5894726		6339981	
- Advance for Capital Asset	518848		19500000	
- Advance for Supplies	5025000		688598	
- Tax Deducted at Source	561955		1422908	
- Prepaid Expenses	314704		172745	
- Interest Receivable	2440612		4755642	
- Advance Income Tax	1500000		2000000	
- Income Tax Refund receivable	1492483		0	
- Advance Fringe Benefit Tax	0		227820	
- Income Tax (FY 2003-04)	450000		450000	
		68312239		177465296
TOTAL		383625043		418723520

SCHEDULE - H

CURRENT LIABILITIES & PROVISIONS:	Rs.	As at 31.03.10 Rs.	Rs.	As at 31.03.09 Rs.
Current Liabilities:				
- Outstanding dues of creditors other than micro enterprises and small enterprises	24717173		86708783	
- Creditors for expenses	5099952		3221542	
- Advances from Customers	1245322		722842	
		31062447		90653167
Provisions:				
- For Taxation	12654190		1928438	
- For Fringe Benefit Tax	0		244857	
- For Gratuity	1152171		931036	
- For Dividend	5330986		5330986	
- For Tax on Distributed Profits	885410		906001	
		20022757		9341318
		51085204		99994485

SCHEDULE - I

INCREASE/(DECREASE) IN STOCKS:	Rs.	Current Year Rs.	Rs.	Previous Year Rs.
- Closing Stock Finished Goods		66475209		36719728
Less : Opening Stock - Finished Goods		36719728		15306016
TOTAL		29755481		21413712

SCHEDULE - J

MANUFACTURING EXPENSES:

Raw Materials:				
- Opening Stock	10110481		3737365	
Add: Purchases	61928110		39336669	
	72038591		43074034	
Less: Closing Stock	8065868		10110481	
		63972723		32963553
- Packing Material		433175		385753
- Testing & Caliberation Expenses		423004		946070
TOTAL		64828902		34295376

SCHEDULE - K

PAYMENT & BENEFITS TO EMPLOYEES:

- Salaries, Wages & Other Benefits to employees		13496305		15064468
- Staff Welfare		304020		277163
- Gratuity		248539		221254
TOTAL		14048864		15562885

SCHEDULE - L ADMINISTRATIVE & SELLING EXPENSES:	Current Year Rs.	Previous Year Rs.
- Rent	1115864	1594307
- Rates & Taxes	96557	58234
- Office Electricity & Maintenance	559651	579193
- Conveyance	890088	956261
- Subscription, Books & Periodicals	29046	69117
- Postage & Telegrams	398916	252926
- Prinitng & Stationery	928093	1092204
- Regn. Licence & Filing Fees	261501	79894
- Professional & Consultancy Charges	1607386	1658032
- Professional Tax	7500	7500
- Insurance	458882	242398
- R & D Recurring Expenses	0	303154
- Recruitment Charges	15900	149447
- Donations	2251	601
- Repairs & Maintenance	456459	657858
- Testing & Caliberation Expenses	1321087	1279726
- Telephone & Internet Expenses	984979	1205104
- Directors Remuneration	3000000	2680000
- Directors sitting fees	30000	12500
- Travelling Expenses:		
Directors	576911	624655
Others	3969071	3377574
- Auditors Remuneration	300000	200000
- Foregn Exchange Fluctuation Loss	0	42934080
- Misc. Expenses	8759	11120
- Royalty	388410	1082109
- Advertisement	1064019	1027131
- Agency Commission	16148	247461
- Tender Expenses	111598	136294
- Electrification Project Expenses	571481	0
- Business Promotion	53090	72476
- Discount on Sales	6288321	3721871
- Carriage Outwards	1053417	1468953
- Sales Tax	6661296	6908848
- Advance/Bad debts written off	3850929	0
- Loss on sale of Fixed Asset	2381	0
TOTAL	37079991	74691028

SCHEDULE - M FINANCIAL CHARGES:		
- Bank Interest on W.C.Loan	2868330	1478900
- Bank Interest on Short Term Loans	2303275	2658696
- Interest on Hire Purchase Loan	52514	38980
- Bank Charges	2300486	5968348
- Loan Processing Fees	988000	250650
TOTAL	8512605	10395574

SCHEDULE 'N'
NOTES ON ACCOUNTS

1. **Contingent Liabilities not provided for:**

		Current Year Rs. Lakhs	Previous Year Rs. Lakhs
a.	Bank Guarantees	386.00	515.00
b.	Letter of Credit	378.93	975.37
c.	Disputed Income Tax Liability	———	4.02
d.	Disputed Sale Tax Liability	19.06	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.

Sale of telecom equipments

Revenue is recognized when significant risks and rewards of ownership of goods have passed to the buyer and is disclosed including Sales tax and Carriage outwards and excluding returns, as applicable.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

d) Depreciation:

Depreciation on fixed assets is provided on Written down 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) **Investments:**
Investments made by the company are primarily of long term nature and are valued at cost. Provision will be made for decline, other than temporary, in the value of investments.

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 / 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 Uttarakhand 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.

4. Cash Credit from State Bank of Hyderabad 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. 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.
7. 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.
8. Pursuant to the approval of the shareholders of the company in an EGM held on 29th January 2010 the shareholders authorized the Board of Directors Sub Division of Authorised Share Capital of the Company comprising of 1,20,00,000 (One Crore Twenty Lakhs Only) Equity Shares of Rs.10/- each into 2,40,00,000 (Two Crores Forty Lakhs Only) Equity Shares of Rs.5/- each. Accordingly the Company has sub divided the Authorized share Capital of Rs.12,00,00,000/- (Rupees Twelve Crores Only) into 2,40,00,000 Equity Shares of Face value of Rs.5/- each under Clause V as per Board Resolution passed by the Board of Directors on 30th January 2010.
9. Share issue expenses/receipts amounting to Rs.70,000/- adjusted/credited against the Securities Premium Account.
10. 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.
11. Transactions with the Related Parties pursuant to Accounting Standard 18:

    i. List of Related Parties
    Subsidiary Company

Associate Companies / Firms (including Companies / firms Controlled by key management Personnel / relatives who are substantially interested)	:	Bhashwanth Power Projects Pvt. Ltd., Mr. G. Rama Krishna Reddy Director Mr. G. Rama Manohar Reddy Director
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. 30,00,000/-
Rent Paid	Rs. 45,000/-
Purchase of Office Building	Rs.3,48,25,200/-

14. **Earning per Share**

The numerators and denominators used for calculation of EPS

	Year ended 31-03-10 Rs	Year ended 31-03-09 Rs
a) Profit available to the Equity shareholders	62110500	16522338
b) No. of Equity shares	21323942	10661971
c) Weighted Avg. No. of Equity Shares	--	10256231
c) Nominal value of share	05	10
d) Basic Earning per Share	2.91	1.61
e) Diluted Earning per Share	2.91	1.61

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	2010 Rs.	2009 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) 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.45,02,257/- towards deferred tax asset in the year 2009-10. The major components of deferred tax assets and liabilities arising on account of timing differences in depreciation.

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

18. Sundry Debtors, Sundry Creditors and Deposits are subject to confirmation with the respective parties / authorities.

19. Foreign Exchange Earnings & Out Go:
    - Foreign Exchange Earnings – Rs. 47.57 lakhs (Previous year Rs.98.87 lakhs)
    - Foreign Exchange Outgo – Rs.2225.50 lakhs (Previous year – Rs. 2395.61 lakhs)

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

Details of Raw Material Consumed

Particulars	2009-10		2008-09	
	Qty Nos.	Value Rs. Lakhs	Qty Nos.	Value Rs. Lakhs
IC	16042	192.50	8197	99.18
E. Prom	21937	65.81	11607	35.98
IC-74373	16867	101.60	8476	52.55
IC – 2864	26699	158.57	13553	80.49
Transformers	24640	7.74	12382	3.89
Micro Processors	33909	18.65	17126	9.42
PCB's	35196	21.95	18524	11.49
Batteries	10129	72.91	5090	36.64
		639.73		**329.64**

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

Opening Stock:

Particulars	2009-10		2008-09	
	Qty Nos.	Value Rs. Lakhs	Qty Nos.	Value Rs. Lakhs
Portable Cable Fault Locator	20	7.25	4	2.96
Digital Cable Fault Locator (FM111)	22	3.30	32	23.04
MSC/BSC Toolkit	0	0.00	0	0.00
Power Meter	10	6.00	54	10.26
Light Source (1310/1550/1315mm)	27	3.38	16	10.56
Optical Variable Attenuator	15	9.75	1	0.52
High Speed Data Circuit Tester	0	0.00	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

Production:

Particulars	2009-10		2008-09	
	Qty Nos.	Value Rs. Lakhs.	Qty Nos.	Value Rs. Lakhs.
Portable Cable Fault Locator	15	--	248	--
Digital Cable Fault Locator (FM111)	497	--	245	--
MSC/BSC Tool Kit	324	--	--	--
Power Meter	11	--	8	--
Light Source (1310/1550/1315mm)	70	--	43	--
Optical Variable Attenuator	52	--	64	--
High Speed Data Circuit Tester	285	--	132	--
Optical Time Domain Reflectometer	48	--	38	--
Digital Communication Analyzer	28	--	104	--
Electronic Markers	21233	--	3083	--

Sales:

Particulars	2009-10		2008-09	
	Qty Nos.	Value Rs. Lakhs	Qty Nos.	Value Rs. Lakhs
Portable Cable Fault Locator	8	2.55	232	75.03
Digital Cable Fault Locator (FM111)	464	297.98	255	169.48
MSC/BSC Tool Kit	324	319.40	0	0.00
Power Meter	11	47.03	52	39.30
Light Source (1310/1550/1315mm)	51	86.64	32	29.91
Optical Variable Attenuator	60	74.16	50	59.23
High Speed Data Circuit Tester	285	257.12	137	113.19
Optical Time Domain Reflectometer	47	75.66	55	98.34
Digital Communication Analyzer	29	25.06	78	73.52
Electronic Markers	21803	94.42	3800	13.72
		1280.02*		671.72

***Total Sales credited in Profit & Loss account is both Trading and Manufacturing Sales, whereas the quantitative details are given only manufacturing sales.**

Closing Stock:

Particulars	2009-10		2008-09	
	Qty Nos.	Value Rs. Lakhs	Qty Nos.	Value Rs. Lakhs
Portable Cable Fault Locator	27	9.79	20	7.25
Digital Cable Fault Locator (FM111)	55	8.25	22	3.30
MSC/BSC Tool Kit	0	0.00	0	0.00
Power Meter	10	4.00	10	6.00
Light Source (1310/1550/1315mm)	46	8.13	27	3.38
Optical Variable Attenuator	7	4.55	15	9.75
Optical Time Domain Reflectometer	4	7.00	3	5.25
Digital Communication Analyzer	32	19.20	33	19.80
Electronic Markers	551	2.20	1121	4.48
		63.12*		59.21

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 'N'

VIDE OUR REPORT OF EVEN DATE

for RAMANA REDDY & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn. No. 003246S

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

PLACE : HYDERABAD
DATE : 18.08.2010

FOR AND ON BEHALF OF THE BOARD

(G.RAMA MANOHAR REDDY)
MANAGING DIRECTOR

(G. RAMA KRISHNA REDDY)
CHAIRMAN

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

Particulars	Current Year Rs.	Previous Year Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit (+/-)	70262433	16941433
Add: Adjustments for:		
Depreciation	7851604	6685101
Loss on Sale of vehicle	2381	0
Operating Profit before Working Capital	**78116418**	**23626534**
Adjustments for working capital changes:		
Investments with Unlisted Company	(1500000)	0
Inventories	(27710868)	(27786828)
Sundry Debtors	(44123221)	8698313
Loans & Advances	109153057	(129785546)
Current Liabilities	(59590720)	29821301
Provisions	221135	931036
Cash generated from Operations Before Extra-Ordinary items	**54565801**	**(94495190)**
Extraordinary items	0	4893802
Taxes Paid	(3079296)	(11554886)
Net cash flow from operating activities (A)	**51486505**	**(101156274)**
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(43742586)	(10281497)
Sale of Fixed Assets	20500	0
Net Cash Flow from investing Activities (B)	**(43722086)**	**(10281497)**
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Increase in Share Capital	0	40025710
Securities Premium	70000	79818770
Secured Loans	4174579	408100
Un-secured Loans	(4457521)	(6554298)
Dividend Paid	(5330986)	(5330986)
Net Cash Flow from Financing Activities (C)	**(5543929)**	**108367296**
Net Increase in Cash and Cash Equivalents (A+B+C)	2220491	(3070475)
Cash & Cash Equivalents at the beginning of the year	4877626	7948101
Cash & Cash Equivalents at the end of the year	7098117	4877626

VIDE OUR REPORT OF EVEN DATE

for RAMANA REDDY & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn. No. 003246S

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

PLACE : HYDERABAD
DATE : 18.08.2010

FOR AND ON BEHALF OF THE BOARD

(G.RAMA MANOHAR REDDY)
MANAGING DIRECTOR

(G. RAMA KRISHNA REDDY)
CHAIRMAN

BALANCE 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

Balance Sheet
Date : 31.03.2010

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

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

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

Total Liabilities	406682	Total Assets	406682
Sources of Funds:			
Paid-up Capital	106620	Reserves & Surplus	271796
Secured Loans	28214	Unsecured Loans	52
Application of Funds:			
Net Fixed Assets	76420	Investments	1500
Net Current Assets	332540	Misc.Expenditure	70
Accumulated Losses	Nil		

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

Turnover & Other Income	476129	Total Expenditure	407175
Profit/Loss Before Tax	68954	Profit/Loss after Tax	62110

Earning per Share in Rs.	2.91	Dividend	5331	Rate	5%

V. Generic Names of Three Prinicipal 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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FOR AND ON BEHALF OF THE BOARD

(G.RAMA MANOHAR REDDY)
MANAGING DIRECTOR

(G. RAMA KRISHNA REDDY)
CHAIRMAN

PLACE : HYDERABAD
DATE : 18.08.2010

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANIES

S. No	Particulars	Details of Subsidiary Companies
1	Name of the Subsidiary	**BHASHWANTH POWER PROJECTS PRIVATE LIMITED**
2	Financial year ending of the Subsidiary	**31ST MARCH, 2010**
3	Holding Company's Interest	
a.	Number and Face Value	**1,97,000 SHARES Rs.10/- each**
b.	Extent of Holding	**75%**
4	Net aggregate amount of profit / (losses) for the above financial year of the subsidiary so for as it concerns the members of the holding company	
a.	Dealt with or provided for in the accounts of the holding Company	**Nil**
b.	Not dealt with or provided for in the accounts of the holding Company	**Rs.1.65 Lakhs**
5	Net aggregate amount of profits / (losses) for previous financial years of the subsidiary so far as it may concern the members of the holding Company	
a.	Dealt with or provided for in the accounts of the holding Company	**Nil**
b.	Not dealt with or provided for in the accounts of the holding Company	**Rs.1.65 Lakhs**

FOR AND ON BEHALF OF THE BOARD

(G.RAMA MANOHAR REDDY)
MANAGING DIRECTOR

(G. RAMA KRISHNA REDDY)
CHAIRMAN

PLACE: HYDERABAD
DATE : 18.08.2010

CONSOLIDATED FINANCIAL STATEMENTS OF AISHWARYA TELECOM LIMITED

&

BHASHWANTH POWER PROJECTS PRIVATE LIMITED

2009-2010

AUDITORS' REPORT

(On the Consolidated Financial Statements of Aishwarya Telecom Limited and its Subsidiary Bhashwanth Power Projects Private Limited)

To
The Board of Directors
Aishwarya Telecom Limited
Hyderabad

1. We have examined the attached Consolidated Balance Sheet of Aishwarya Telecom Limited ("the company") and its subsidiary Bhashwanth Power Projects Private Limited as at 31st March, 2010 and Consolidated Profit and Loss Account for the year ended on that date annexed thereto.

2. These Consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. 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 prepared, in all material respects, in accordance with an identified financial reporting framework and 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. We have also audited the financial statements of the subsidiary company Bhashwanth Power Projects Private Limited whose financial statements reflect total assets of Rs.21.35 Lacs as at 31st March, 2010 and total revenues of Rs.56.81 Lacs for the year ended on that date. These financial statements have been properly dealt by this report and in our opinion, in so far as it relates to the amounts included in respect of the subsidiary company.

4. We report that the consolidated financial statements have been prepared by the Company in accordance with requirements of Accounting Standard – 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiary included in the consolidated financial statements.

5. On the basis of the information and explanations given to us and on consideration of the separate audit reports on individual audited financial statements of the company and its subsidiary, we are of the opinion that;

   a) the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of the company and its subsidiary as at 31st March, 2010.

   b) the Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of the company and its subsidiary for the year ended on that date; and

   c) this being the first year of presenting the Consolidated Financial Statements of the company, the Consolidated Cash Flow Statement was not presented.

for RAMANA REDDY & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn. No. 003246S

Place: Hyderabad
Date : 18.08.2010

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

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

Particulars	Sche-dules	Rs.	As at 31.03.10 Rs.
SOURCES OF FUNDS			
SHARE HOLDERS FUNDS:			
- Share Captial	A		107112210
- Reserves & Surplus	B		272034603
LOAN FUNDS:			
- Secured Loans	C		28214136
- Unsecured Loans	D		52087
TOTAL			407413036
APPLICATION OF FUNDS:			
Fixed Assets:	E		
- Gross Block		109676149	
Less Depreciation Block		33255692	
Net Block			76420457
Current Assets, Loans & Advances	F		
- Inventories		74541077	
- Sundry Debtors		234200610	
- Cash & Bank Balances		7308383	
- Loans & Advances		68429739	
		384479809	
Less Current Liabilities & Provisions	G		
- Current Liabilities		31101355	
- Provisions		20022757	
		51124112	
Net Current Assets			333355697
Miscellaneous Expenditure			
(To the exent not written off or adjusted)			
- Preliminary Expenses			8850
- Pre-operative Expenses			1406659
Deferred Tax Liability (Net)			-3778627
TOTAL			407413036
Notes on Accounts	M		

Notes, Schedules & Statement on Accounting Policies form an integral part of the Balance Sheet

VIDE OUR REPORT OF EVEN DATE

for RAMANA REDDY & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn. No. 003246S

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

PLACE : HYDERABAD
DATE : 18.08.2010

FOR AND ON BEHALF OF THE BOARD

(G.RAMA MANOHAR REDDY)
MANAGING DIRECTOR

(G. RAMA KRISHNA REDDY)
CHAIRMAN

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

Particulars			Current Year Rs.
INCOME			
- Sales			435455637
- Increase in Stocks	H		29755481
- Other Income			16480760
TOTAL			481691878
EXPENDITURE			
- Trade Purchases			279873660
- Manufacturing Expenses	I		64828902
- Payments & Benefits to Employees	J		14186480
- Administrative Expenses	K		37244539
- Financial Charges	L		8513334
- Depreciation			7851604
TOTAL			412498519
Net Profit for the year			69193359
Add: Prior Period Adjustment			1307941
Net Profit for the year before Tax			70501300
Less: Provision for Taxation			
- Income Tax - Current Year		12654190	
- Deferred Tax		-4502257	
			8151933
Profit after Tax			62349367
Add: Balance brought forward from previous year			88057862
Balance available for appropriation			150407229
Appropriation:			
- Transferred to General Reserve			1553000
- Proposed Dividend			5330986
- Dividend Distribution Tax			885410
- Balance carried to Balance Sheet			142637833
TOTAL			150407229
Notes on Accounts	M		

Notes, Schedules & Statement on Accounting Policies form an integral part of the Profit & Loss Account

VIDE OUR REPORT OF EVEN DATE

for RAMANA REDDY & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn. No. 003246S

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

PLACE : HYDERABAD
DATE : 18.08.2010

FOR AND ON BEHALF OF THE BOARD

(G.RAMA MANOHAR REDDY)
MANAGING DIRECTOR

(G. RAMA KRISHNA REDDY)
CHAIRMAN

SCHEDULES TO ACCOUNTS:

	Rs.	As at 31.03.10 Rs.
SCHEDULE - A		
SHARE CAPITAL:		
- Authorised		
2,40,00,000 Equity Shares of Rs. 5/- each (Previous year 1,20,00,000 of Rs.10/- each) and 2,20,000 Equity Shares of Rs.10/- each of Bhashwanth Power Projects Pvt. Ltd.,		122200000
		122200000
- Issued, Subscribed & Paid-up		
2,13,23,942 Equity Shares of Rs.5/- each fully paid up (Previous year 1,06,61,971 of Rs.10/- each) and 49,250 Equity Shares of Rs.10/- each of Bhashwanth Power Projects Pvt. Ltd., fully paid up		107112210
TOTAL		107112210
SCHEDULE - B		
RESERVES & SURPLUS:		
General Reserve		
- Opening Balance	9235000	
- Transferred during the year	1553000	
		10788000
- Profit & Loss Account		142637833
- Securities Premium A/c	118538770	
Add: Misc. Expenditure (Public Issue Expenses)	70000	
		118608770
TOTAL		272034603
SCHEDULE - C		
SECURED LOANS:		
- Cash Credit from SBH		27803772
- Hire Purchase Loan		410364
TOTAL		28214136
SCHEDULE - D		
UNSECURED LOANS:		
- Short Term working capital loans from Banks & Financial Institutions		52087
TOTAL		52087

SCHEDULE - E

FIXED ASSETS:

Description of the Asset	Cost as at 1.4.09	GROSS BLOCK Additions/ Deletions During the year	GROSS BLOCK Total As at 31.03.10	DEPRECIATION As at 31.03.09	DEPRECIATION For the year	DEPRECIATION Total As at 31.03.10	NET BLOCK As at 31.03.10	NET BLOCK As at 31.03.09
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
- Land	0	19714537	19714537	0	0	0	19714537	0
- Building	0	15110663	15110663	0	701716	701716	14408947	0
- Computers	2922534	270009	3192543	2173131	351633	2524764	667779	749403
- Furnitures & Fixtures	1247262	20193	1267455	579873	122092	701965	565490	667389
- Optical Test Equipment	19183972	8534357	27718329	3654438	2785028	6439466	21278863	15529534
- R & D Equipment	38608837	0	38608837	17435221	3307319	20742540	17866297	21173616
- Office Equipment	1614771	56527	1671298	596720	210840	807560	863738	1018051
- Vehicles	2547527	36300 -191340	2392487	1133164 -168459	372976	1337681	1054806	1414363
TOTAL	66124903	43742586 -191340	109676149	25572547 -168459	7851604	33255692	76420457	40552356

SCHEDULE - F

CURRENT ASSETS, LOANS & ADVANCES:	Rs.	As at 31.03.10 Rs.
Inventories		
- Raw Materials	8065868	
- Finished Goods	66475209	74541077
Sundry Debtors		
(Unsecured, Considered Good)		
- Outstanding more than 6 months	78931571	
- Others	155269039	
		234200610
Cash & Bank Balances		
- Cash on Hand	1044371	
- Balance with Scheduled Bank in Current Accounts	6264012	7308383
Loans & Advances:		
- Margin Money	15637776	
- Premium paid on Shares	22500	
- Deposits	34476135	
- Other Advances	5989726	
- Advance for Capital Asset	518848	
- Advance for Supplies	5025000	
- Tax Deducted at Source	561955	
- Prepaid Expenses	314704	
- Interest Receivable	2440612	
- Advance Income Tax	1500000	
- Income Tax Refund receivable	1492483	
- Income Tax (FY 2003-04)	450000	
		68429739
TOTAL		384479809

SCHEDULE - G

CURRENT LIABILITIES & PROVISIONS:		
Current Liabilities:		
- Outstanding dues of creditors other than micro enterprises and small enterprises	24717173	
- Creditors for expenses	5138860	
- Advances from Customers	1245322	
		31101355
Provisions:		
- For Taxation	12654190	
- For Gratuity	1152171	
- For Dividend	5330986	
- For Tax on Distributed Profits	885410	
		20022757
		51124112

SCHEDULE - H

INCREASE/(DECREASE) IN STOCKS:	Rs.	Current Year Rs.
- Closing Stock		
Finished Goods		66475209
Less : Opening Stock		
- Finished Goods		36719728
TOTAL		29755481

SCHEDULE - I

MANUFACTURING EXPENSES:

Raw Materials:		
- Opening Stock	10110481	
Add: Purchases	61928110	
	72038591	
Less: Closing Stock	8065868	
		63972723
- Packing Material		433175
- Testing & Caliberation Expenses		423004
TOTAL		64828902

SCHEDULE - J

PAYMENT & BENEFITS TO EMPLOYEES:

- Salaries, Wages & Other Benefits to employees	13621505
- Staff Welfare	316436
- Gratuity	248539
TOTAL	14186480

SCHEDULE - K

ADMINISTRATIVE & SELLING EXPENSES:	Current Year Rs.
- Rent	1115864
- Rates & Taxes	97587
- Office Electricity & Maintenance	574711
- Conveyance	922288
- Subscription, Books & Periodicals	29046
- Postage & Telegrams	398916
- Prinitng & Stationery	928093
- Regn. Licence & Filing Fees	314976
- Professional & Consultancy Charges	1654886
- Professional Tax	7500
- Insurance	458882
- R&D Recurring Expenses	0
- Recruitment Charges	15900
- Donations	2251
- Repairs & Maintenance	456459
- Testing & Caliberation Expenses	1321087
- Telephone & Internet Expenses	990262
- Directors Remuneration	3000000
- Directors sitting fees	30000
- Travelling Expenses:	
Directors	576911
Others	3969071
- Auditors Remuneration	310000
- Misc. Expenses	8759
- Royalty	388410
- Advertisement Expenses	1064019
- Agency Commission	16148
- Tender Expenses	111598
- Electrification Project Expenses	571481
- Business Promotion Expenses	53090
- Discount on Sales	6288321
- Carriage Outwards	1053417
- Sales Tax	6661296
- Advance/Bad debts written off	3850929
- Loss on sale of Fixed Asset	2381
TOTAL	37244539

SCHEDULE - L

FINANCIAL CHARGES:	
- Bank Interest on W.C.Loan	2868330
- Bank Interest on Short Term Loans	2303275
- Interest on Hire Purchase Loan	52514
- Bank Charges	2301215
- Loan Processing Fees	988000
TOTAL	8513334

SCHEDULE 'M'
NOTES ON CONSOLIDATED ACCOUNTS

1. These accounts comprise a consolidation of balance sheet and profit & loss account of Aishwarya Telecom Limited and its subsidiary Bhashwanth Power Projects Private Limited.

2. Background:
Aishwarya Telecom Limited is engaged in the manufacture & sale of telecom products and Bhashwanth Power Projects Private Limited is in the process of setting up of a power generation unit.

3. Contingent Liabilities not provided for:

		2009-10 Rs. Lakhs
a.	Bank Guarantees	386.00
b.	Letter of Credit	378.93
c.	Disputed Income Tax Liability	-----
d.	Disputed Sale Tax Liability	19.06

4. 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 Written down 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) 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.

g) 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.

h) 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.

i) 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 / 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.

j) 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.

5. 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.

6. 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.

7. 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.

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. In the case of Bhashwanth Power Projects Private Limited, the company has not started any commercial activities in power generation thereby the expenditure incurred upto 31st March, 2010 has been treated as Pre-operative Expenses under Schedule – D as set out in the balance sheet of the company. The expenditure incurred in relation to the trading business charged to the profit & loss account.

10. Paise have been rounded off to the nearest rupee. Previous year figures are not given for comparison as the company is consolidating its accounts for the first time.

11. Pursuant to the approval of the shareholders of the company in an EGM held on 29th January 2010 the shareholders authorized the Board of Directors Sub Division of Authorised Share Capital of the Company comprising of 1,20,00,000 (One Crore Twenty Lakhs Only) Equity Shares of Rs.10/- each into 2,40,00,000 (Two Crores Forty Lakhs Only) Equity Shares of Rs.5/- each. Accordingly the Company has sub divided the Authorized share Capital of Rs.12,00,00,000/- (Rupees Twelve Crores Only) into 2,40,00,000 Equity Shares of Face value of Rs.5/- each under Clause V as per Board Resolution passed by the Board of Directors on 30th January 2010.

12. Share issue expenses/receipts amounting to Rs.70,000/- adjusted/credited against the Securities Premium Account.

13. 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.

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

i. List of Related Parties

Subsidiary Company	:	
Associate Companies / Firms (including Companies / firms Controlled by key management Personnel / relatives who are substantially interested)	:	Bhashwanth Power Projects Pvt. Ltd., Mr. G. Rama Krishna Reddy Director Mr. G. Rama Manohar Reddy Director
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. 30,00,000/-
Rent Paid	Rs. 45,000/-
Purchase of Office Building	Rs.3,48,25,200/-

15. Earning per Share

The numerators and denominators used for calculation of EPS

	Year ended 31-03-10 Rs.
a) Profit available to the Equity shareholders	62349367
b) No. of Equity shares	21323942
c) Weighted Avg. No. of Equity Shares	—
c) Nominal value of share	5
d) Basic Earning per Share	2.92
e) Diluted Earning per Share	2.92

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.45,02,257/- towards deferred tax asset in the year 2009-10. The major components of deferred tax assets and liabilities arising on account of timing differences in depreciation.

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 'M'

VIDE OUR REPORT OF EVEN DATE

For RAMANA REDDY & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn. No. 003246S

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

PLACE : HYDERABAD
DATE : 18.08.2010

FOR AND ON BEHALF OF THE BOARD

(G. RAMA MANOHAR REDDY)
MANAGING DIRECTOR

(G.RAMA KRISHNA REDDY)
CHAIRMAN