

AISHWARYA TELECOM LIMITED

16th Annual Report

2010 – 2011

BOARD OF DIRECTORS**Mr. G. Rama Krishna Reddy**

Chairman

Mrs. G. Amulya Reddy

Whole-time Director

Mr. Harish K Jain

Independent Director

Mr. G. Rama Manohar Reddy

Managing Director

Mr. D. Venkata Subbiah

Independent Director

Mr. M. Madhusudana Reddy

Independent Director

REGISTERED OFFICE :

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

AUDITORS :

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

BANKERS :

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

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NOTICE

NOTICE is hereby given that the 16th 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 : Friday, September 23, 2011
Time : 11:30 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, 2011.
 - b) The Audited Profit and Loss Account for the year ended March 31, 2011
 - c) The Auditors' report, thereon; and
 - d) The Directors' report.
2. To declare dividend of 2% on paid up Equity Share Capital.
3. To appoint Director in place of Mr. G. Rama Krishna Reddy who retires by rotation and being eligible has offered himself for reappointment.
4. To appoint Director in place of Mr. D. Venkata Subbiah who retires by rotation and being eligible has offered himself for reappointment.
5. To re-appoint M/s. Ramana Reddy & Associates, Chartered Accountants, Hyderabad 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 :**6. EMPLOYEES STOCK OPTION SCHEME - 2011 :**

To consider and if thought fit, to pass, with or without modification, the following resolution as a special resolution :

“RESOLVED THAT in accordance with the provisions of Section 81 and all other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) and the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (“the Guidelines”) or any statutory modification(s) or re-enactment of the Act or the Guidelines, the provisions of any other applicable laws and regulations and Listing Agreements entered into by the Company with the Stock Exchanges where the securities of the Company are listed and subject to any applicable approval(s), permission(s) and sanction(s) of any authorities and subject to any condition(s) and modification(s) as may be prescribed or imposed by such authorities while granting such approval(s), permission(s) and sanction(s) and which may be agreed to and accepted by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall include Compensation Committee of the Board) approval be and is hereby accorded to the Board/Committee of Directors to grant, offer and issue, in one or more tranches, to such permanent employees (including joining employees) of the Company whether working in India or out of India and directors of the company whether whole-time directors or otherwise (hereinafter collectively referred to as the “Employees”) who are eligible to participate as per the Guidelines and as may be decided by the Board/Committee, under a plan titled “AISHWARYA TELECOM LIMITED EMPLOYEES STOCK OPTION SCHEME - 2011” (hereinafter referred to as “the Scheme”) the salient features of which are detailed in the explanatory statement, such number of options which could rise to the issue of equity shares of the Company not exceeding 20,00,000 equity shares at such price and on such terms and conditions as may be determined by the Board/Committee in accordance with the Guidelines or any other applicable provisions as may be prevailing at that time.

“RESOLVED FURTHER THAT the Board be and is hereby authorized to formulate, evolve, decide upon and bring into effect the Scheme on such terms and conditions as contained in the Explanatory Statement to this item in the notice and to make any modification(s), change(s), variation(s), alternation(s) or revision(s) in the terms and conditions of Scheme from time to time including but not limited to, amendment(s) with respect to vesting period and schedule, exercise price, exercise period, eligibility criteria or to suspend, withdraw, terminate or revise the Plan.

“Resolved further that the approval be and is hereby accorded for issue and allotment of equity shares equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company to the employees for their outstanding performance / contribution at the time of allotment of options / equity shares”.

“RESOLVED FURTHER THAT any new equity shares to be issued and allotted as aforesaid shall Rank pari passu inter se with the then existing equity shares of the Company in all respects.

“Resolved further that in case Aishwarya Telecom Limited’s equity share capital or its valuation is affected due to any corporate action like issue of bonus shares/rights issue, stock split, merger, restructuring or any such event happening subsequent to the Grant of option, the Board / Compensation Committee shall have the discretion to make appropriate amendments to the scheme, including changes in the number of options, the Exercise Price or floating a new Scheme / extending the applications of the existing scheme or any other fair and just mechanism including acceleration of Option, if deemed necessary, in accordance with Law, as deems fit, while striving to ensure that the rights of the employees are not adversely affected”.

“RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the equity shares allotted under the Scheme on the Stock Exchanges where the shares of the Company are listed as per the provisions of the Listing Agreement with the Stock Exchanges concerned, the Guidelines and other applicable laws and regulations”.

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board/ Committee be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient or proper and to settle any questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of securities without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

7. GRANT OF OPTIONS TO THE EMPLOYEES OF SUBSIDIARY AND STEP DOWN SUBSIDIARY COMPANY UNDER EMPLOYEE STOCK OPTIONS SCHEME - 2011 :

To consider and if thought fit, to pass, with or without modification, the following resolution as a special resolution:

“RESOLVED THAT in accordance with the provisions of Section 81 and all other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) and the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 (“the Guidelines”) or any statutory modification(s) or re-enactment of the Act or the Guidelines, the provisions of any other applicable laws and regulations and Listing Agreements entered into by the Company with the Stock Exchanges where the securities of the Company are listed and subject to any applicable approval(s), permission(s) and sanction(s) of any authorities and subject to any condition(s) and modification(s) as may be prescribed or imposed by such authorities while granting such approval(s), permission(s) and sanction(s) and which may be agreed to and accepted by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall include Compensation Committee of the Board) approval be and is hereby accorded to the Board/Committee of Directors to extend the benefits of the “EMPLOYEES STOCK OPTION SCHEME - 2011” referred to in the resolution under item No.6 in this Notice and duly passed at this meeting, also to such permanent employees (including joining employees) of the subsidiary companies including step down subsidiary companies whether working in India or out of India and directors of the company whether whole-time directors or otherwise, as may be decided by the Board and / or Committee or such other persons, as may from time to time, be allowed under prevailing laws and regulations on such terms and conditions as may be decided by the Board”,

“Resolved further that the approval be and is hereby accorded for issue and allotment of equity shares equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company to the employees for their outstanding performance / contribution at the time of allotment of options / equity shares”.

“Resolved further that in case Aishwarya Telecom Limited’s equity share capital or its valuation is affected due to any corporate action like issue of bonus shares/rights issue, stock split, merger, restructuring or any such event happening subsequent to the Grant of option, the Board / Compensation Committee shall have the discretion to make appropriate amendments to the scheme, including changes in the number of options, the Exercise Price or floating a new Scheme / extending the applications of the existing scheme or any other fair and just mechanism including acceleration of Option, if deemed necessary, in accordance with Law, as deems fit, while striving to ensure that the rights of the employees are not adversely affected”.

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board/ Committee be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient or proper and to settle any questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of securities without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

8. CHANGE IN NAME OF THE COMPANY :

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

“RESOLVED THAT pursuant to the provisions of Section 21 and other applicable provisions, if any, of the Companies Act, 1956, subject to the approval of the shareholders in the general meeting, availability of name and with the approval of the Central Government, the consent of the Board of Directors of the Company be and is hereby accorded for changing the name of the Company from M/s. Aishwarya Telecom Limited to M/s. Aishwarya Technologies Limited or such other name as may be approved by the Registrar of Companies, in this behalf”

“RESOVLED FURTHER THAT Mr. G. Rama Manohar Reddy, Managing Director of the Company be and is hereby authorized to do all such acts, deeds and things necessary in this behalf including filing of all the relevant forms with the office of Registrar of Companies.”

9. REVISION IN TERMS OF REMUNERATION OF MR. G. RAMA MANOHAR REDDY :

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

“RESOLVED THAT, in accordance with the provisions of Section 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the Act and subject to such consents/approvals as may be required, the remuneration payable to Mr. G Rama Manohar Reddy, who was appointed as Managing Director of the company be and is hereby revised w.e.f 01.12.2010 to Rs. 2,50,000 per month towards salary and that the other existing terms and conditions of the appointment, remain unchanged.”

“FURTHER RESOLVED THAT, notwithstanding anything contained to the contrary herein, where in any financial year during the currency of the tenure of Mr. G. Rama Manohar Reddy, the company has no profits or its profits are inadequate, the company will pay remuneration by way of salary, allowances, and perquisites within the limits as laid down under Sections 198, 309,310 and all other applicable provisions, if any, of the Act read with Schedule XIII of the Act as in force from time to time.”

10. Revision in terms of Remuneration of Mrs. G. Amulya Reddy:

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

“RESOLVED THAT in accordance with the provisions of Section 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the Act and subject to such consents/approvals as may be required, the remuneration payable to Mrs. G.Amulya Reddy, who was appointed as Whole-time Director of the company be and is hereby revised w.e.f 01.12.2010 to Rs. 1,75,000 per month towards salary and that the other existing terms and conditions of the appointment, remain unchanged.”

“FURTHER RESOLVED THAT, notwithstanding anything contained to the contrary herein, where in any financial year during the currency of the tenure of Mrs. G. Amulya Reddy, the company has no profits or its profits are inadequate, the company will pay remuneration by way of salary, allowances, and perquisites within the limits as laid down under Sections 198, 309, 310 and all other applicable provisions, if any, of the Act read with Schedule XIII of the Act as in force from time to time.”

Explanatory Statement

(Pursuant to Section 173(2) of the Companies Act , 1956)

Item nos.6 and 7

The main objective of this scheme is to give employees who are performing well, a certain minimum opportunity to gain from the Company's performance, thereby acting as a retention tool and to attract best talent available in the market. The Employees Stock Option Scheme 2011(The Scheme) will be administered by the Compensation Committee of the Board in terms of the Employee Stock Option Guidelines.

A Special Resolution was also passed for issuing/ granting of options to the employees of the subsidiary and step down subsidiary of AISHWARYA TELECOM LIMITED. The Compensation Committee will formulate inter alia the detailed terms and conditions of the Scheme including:

The tranches within which the options are to be granted in accordance with the Eligibility Criteria. The terms and conditions subject to which the options granted would vest in the respective employees. The terms and conditions subject to which the options vested would be exercised by the employees. The right of the employees to Exercise all the options vested in him at one time or at various points of time within the Exercise Period; Conditions under which the options vested in the employees may lapse. The procedure for making fair and reasonable adjustment to the number of options and exercise price in case of any corporate actions, such as rights issues, bonus issues, merger, sale of division and others. In this regard following shall be taken into consideration by the compensation committee:

1. The number and the price of options shall be adjusted in a manner such that total value of the options remains the same after the corporate action. For this purpose global best practice in this area including the procedures followed by the derivative markets in India and abroad shall be considered.
2. The Vesting Period and the life of the options shall be left unaltered as far as possible to protect the rights of the Option holders.
3. The procedure for cashless exercise of options, if any.
4. Obtaining permission from and making periodic reports to regulatory authorities, as may be required and ensuring compliance with all rules and SEBI ESOP Guidelines applicable to the "AISHWARYA TELECOM LIMITED EMPLOYEES STOCK OPTION SCHEME - 2011"; framing suitable policies and systems to ensure that there is no violation by any person of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations,1992, Securities and Exchange Board of India(Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003, the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and any statutory modifications and re-enactments thereof.
5. Framing appropriate procedure for granting, vesting and exercising of options.

SALIENT FEATURES OF AISHWARYA TELECOM LIMITED EMPLOYEES STOCK OPTION SCHEME - 2011 :

(a) The total number of options to be granted :-

The total number of options that may in the aggregate, be granted shall be up to 23,60,000 (3,60,000 options are old and 20,00,000 options are new) options that shall be converted into 2,39,23,942 fully paid up equity shares of the face value Rs.5 each of the Company. Any vested option(s) that lapse due to non-exercise or unvested option(s) that do not vest due to any reasons whatsoever would be available for re-grant at a future date.

(b) Identification of classes of employees entitled to participate in EMPLOYEES STOCK OPTIONS SCHEME- 2011

Persons who are “permanent employees” of the Company, subsidiary company and step down subsidiary company including joining employees, as defined in the ESOP Guidelines (including any statutory modification(s) or enactment of the Act or the Guidelines for the time being in force), and as may be decided by the ESOP Compensation Committee, from time to time will be entitled to participate in the Scheme based on annual appraisal process.

An employee who is a promoter or belongs to the promoter group and a director who either by himself or through his relative or through any body corporate, directly or indirectly holds more than 10% of the outstanding equity shares of the company shall not be eligible to participate in the ESOP scheme.

The options granted under the scheme shall not be renounced, transferred, pledged, hypothecated, mortgaged or otherwise alienated, other than the manner specified in the Scheme.

(c) Requirement of vesting, period of vesting including maximum period within which options shall be vested :

- i) Continuation of employment is the requirement for vesting of Options.
- ii) There shall be a minimum period of one year between the grant of options and vesting of options.
- iii) Vesting of options will commence after a period of 1 year from the date of grant, and may extend up to 5 years from the date of grant.
- iv) The vesting may occur in tranches, subject to the terms and conditions of vesting, as may be stipulated by the ESOP Compensation Committee, in its discretion, and which will include performance appraisal of the employee and achievement of other performance milestones.

(d) Exercise price or pricing formula :

The exercise price for the purpose of grant of options shall be the price as defined in the SEBI Guidelines/ Regulations on the date of grant of options or the price equal to the closing price of the equity shares a day prior to the date of the meeting of the Board of Directors or Compensation Committee, in which the options are granted, on the Stock Exchanges where the equity shares of the company are listed and traded with highest trading volume on the said date or such other price as decided by the ESOP compensation committee which shall not be less than the face value of the equity share of the company.

(e) Exercise Period and the process of Exercise :

The Exercise Period has been defined in the EMPLOYEES STOCK OPTIONS SCHEME- 2011 as the period of 4 years from the date of Vesting of the options, within which period the Option Grantee should exercise the options vested in him. The options will be exercisable by the option grantee(s) by a written application to the Company to exercise the options in such manner and on execution of such documents, as may be prescribed by the compensation committee from time to time.

(f) Appraisal process of determining the eligibility of employees to the ESOP, 2011 :

The Company has a formal performance appraisal system established wherein the performance of the employee is assessed each year on the basis of various parameters. The appraisal process is reviewed at regular intervals. In determining the number of options to be granted, the Compensation Committee shall consider the following :

1. Performance of the employee
2. Position, seniority and responsibilities of the employee

3. Nature & value of the eligible employee's services & accomplishments, whether direct or indirect, to the company.
4. The employee's present and potential contribution to the success of the company or its Subsidiary or Holding Company.
5. Gap in compensation package as per market, if any.
6. Such other factors as the compensation committee may deem relevant

(g) Maximum number of options to be issued per employee and in the aggregate :

- i) The maximum number of options granted to Eligible Employees will depend upon the Rank/ designation of the employee as on the date of grant of options.
- ii) The ESOP Committee shall decide on the number of options to be granted to each Employee within the limit.

(h) Accounting Policies :

The company will conform to the accounting policies specified in Clause 13.1 of the ESOP Guidelines and/or such other guidelines as may be applicable from time to time.

(i) Method of Valuation :

The Company shall use the intrinsic value method prescribed under the ESOP Guidelines to value its options. In case the company calculates the employees 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 in the Director's Report and also the impact of this difference on profits and on EPS of the company shall be disclosed in the Director's Report. The Company shall disclose in its Directors' Report, the difference between the employee compensation cost computed using the intrinsic method of valuation of options and the employee compensation cost that shall have been recognized if it had used the fair value of the options and also the impact of this difference on profits and the EPS (Earning Per Share) of the Company.

Resolution :

Your Directors recommend the resolution as set out in Item Nos. 6 and 7 for the approval of the members as Special Resolutions. None of the Directors is concerned or interested in the resolution apart from the Directors of the Company who may be deemed to be interested in this resolution to the extent of their entitlement of shares under the Scheme.

Item 8 :

The Board of directors of the company felt a need to change the name of the company with a view to better reflect activities of the business of the company and has approved the change of name of the company from M/s. Aishwarya Telecom Limited to M/s. Aishwarya Technologies Limited and accordingly decided to amend the Memorandum and Articles of Association subject to the approval of the members of the company.

Pursuant to the provisions of section 21 of the Companies Act, 1956 Change of name of company requires approval of members. Hence, approval of the members is, therefore, sought in terms of the said sections.

Your directors recommend the Resolution as set out in the item no.8 of the Notice for the approval of the shareholders as Special Resolution.

None of the directors of the company is in any way concerned or interested in the resolution.

Item 9 :**REVISION IN TERMS OF REMUNERATION OF MR. G. RAMA MANOHAR REDDY :**

The Board recognized the significant contribution made by Mr G Rama Manohar Reddy for developing the company. He has devoted more time and attention to bring up the company to the present level apart from ensuring international standards for the products produced by the Company so far. Therefore, the Board proposed to increase his remuneration with effect from 01.12.2010 on such terms and conditions as set out in the proposed resolution. Under the provisions of Section 198, 310, 311, and all other applicable provisions read with Schedule XIII of the Companies Act, 1956, consent of the members of the company is required for increase in remuneration payable to Mr. G. Rama Manohar Reddy.

The Board of directors based on the recommendation of Remuneration Committee is of the view that the remuneration package is commensurate with the operations of the company, the industry standards and the contribution made by Mr G Rama Manohar Reddy. Further the same be treated as abstract of the contract pursuant to Section 302(1)(b) of the Companies Act, 1956.

Accordingly, the Board commends the resolution for approval of the Members.

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

Item No.10 :**Mrs. G. Amulya Reddy was appointed as the Wholetime Director of the company for the period of 5 years with effect from 01.04.2009**

The Board recognizes the significant contribution made by Mrs G Amulya Reddy for developing the company. She has devoted more time and attention for the growth and development of the company to the present level. Therefore, the Board proposes to increase her remuneration with effect from 01.12.2010 on such terms and conditions as set out in the proposed resolution.

Under the provisions of Section 198, 310, 311, and all other applicable provisions read with Schedule XIII of the Companies Act, 1956, consent of the members of the company is required for increase in remuneration payable to Mrs. G. Amulya Reddy. The Board of directors based on the recommendation of Remuneration Committee is of the view that the remuneration package is commensurate with the operations of the company.

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

Accordingly, the Board commends the resolution for approval of the Members.

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

Notes :

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company.** Proxies in order to be effective must be received by the Company not less than 48 hours before the commencement of the meeting. Completion and return of the form of proxy will not prevent a member attending the meeting and voting in person if he or she wishes. A form of proxy is given at the end of this Annual report.
2. The register of members and share transfer books of the Company will remain closed from 20.09.2011 to 23.09.2011 (both days inclusive).

3. The dividend of 2% for the year ended 31st March 2011 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 23.09.2011.
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.
8. As part of Green Initiative in Corporate Governance the Ministry of Corporate Affairs (MCA), Government of India vide its Circular has allowed paperless compliances by Companies inter-alia stating that if the Company sends official documents to their shareholders electronically, it will be in compliance with the provisions of Section 53 of the Companies Act, 1956. Keeping in view shareholders are requested to update their E-Mail ID with their DP.

**For and behalf of the Board of
AISHWARYA TELECOM LIMITED**

Place: Hyderabad

Date : 22.08.2011

**G. Rama Manohar Reddy
Managing Director**

DIRECTORS' REPORT

To,

The Members of

AISHWARYA TELECOM LIMITED,

Your Directors have pleasure in presenting their Sixteenth Annual Report together with the Audited Accounts for the year ended 31st March 2011.

REVIEW OF OPERATIONS :

During the year under review, your company has recorded a Profit after Tax (PAT) of Rs. 2.15 Crores (previous year Rs. 6.21 Crores).

During the year under review, your company has achieved an increased Turnover of Rs. 36.02 Crores inspite of economy slowdown when compared to the previous year turnover of Rs. 42.98 Crores.

FINANCIAL RESULTS :

(Rupees in Thousands)

Particulars	Current Year		Previous Year	
Income from operations				
Sales	360223		429775	
Increase in stocks	8041		29755	
Other Income	9663	377928	16599	476129
Expenditure				
a) Trade Purchases	256904		274852	
b) Manufacturing Expenses	30380		64829	
c) Payment & Benefits to Employees	15606		14049	
d) Administrative Expenses	32203	335093	37080	390810
Profit before Depreciation and Interest		42835		85319
Financial Charges		10411		8513
Depreciation		8183		7852
Net profit for the year		24241		68954
Add: prior period adjustment		0		1308
Net Profit for the year before tax		24241		70262
Provision for Taxation		2704		8152
Profit After Tax		21537		62110
Add: Balance brought from previous year		142399		88058
Balance available for appropriation		163936		150168
<u>Appropriations:</u>				
Transfer to General Reserve		538		1553
Proposed Dividend		2156		5331
Income Tax on Dividend		358		885
Balance Carried to Balance Sheet		160883		142399
Earnings per share		1.00		2.91
No. of Equity Shares (weighted Avg.)		21563942		21323942

DIVIDEND :

Your directors recommend a dividend of Rs. 0.10 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	Type of Dividend	Dividend rate %	Date of Declaratin	Due Date for transfer to IEPF
2009-10	Final	5%	22nd Sept,2010	Nil
2008-09	Final	5%	29th Sept,2009	Nil
2007-08	Final	5%	29th Sept,2008	Nil

PUBLIC DEPOSITS :

Your Company has not accepted any deposits falling within the meaning of Sec.58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, during the financial year under review.

TRANSFER TO RESERVES :

The company transfers Rs. 5,38,000/- to the general reserve.

DIRECTORS :

In accordance with the Companies Act, 1956 read with Articles of Association of the company

The director Mr. G. Rama Krishna Reddy retires by rotation and is eligible for re-appointment.

The director Mr. D. Venkata Subbiah retires by rotation and is eligible for re-appointment.

Brief Profile :**Mr. G. Rama Krishna Reddy, Chairman :**

Mr. G. Rama Krishna Reddy, aged 70 years is a graduate and a retired Deputy Zonal Manager of LIC Mutual Fund. After his graduation in economics and politics from Sri Venkateswara University, he joined as a Development Officer in the Life Insurance Corporation of India ("LIC"). After completion of five years of his service, he was promoted to the post of Assistant Branch Manager. In 1993, he was promoted to the cadre of Deputy Zonal Manager and posted at Zonal Office at Hyderabad and was in-charge of Mutual Funds. He retired as a Deputy Zonal Manager in the year 1995. Later, he rendered his services as Marketing Consultant for AMP SANMAR Life Insurance Company; an Australia based insurance company and was In-Charge for its South India Marketing Division. Sri G. Rama Krishna Reddy was appointed as a Whole-Time Director with effect from June 1, 2005. He resigned from the post of Whole-Time Director w.e.f August 31, 2006 and became a Non-Executive Director & Chairman. He is a member of the Audit Committee, Remuneration Committee, Share Transfer Committee, Management Committee and Chairman of the Shareholders' Grievance Committee of the Company.

Mr. D. Venkata Subbaiah, Non-Executive Director :

Sri D. Venkata Subbaiah aged 65; graduated in 1966 in Electronics and Communications and is a gold medalist from Andhra University. He started his career in Radar Division of Bharat Electronics at Bangalore for about a year before joining the Telecom Research Centre (TRC),

which is the sole and prime R&D organization of Department of Telecommunications (DoT). He has wide experience in R&D work and engineering of Radio Relay Systems covering VHF, UHF and Microwave Bands. His design ideas have been published in several foreign technical journals. He has won design award from EDN Magazine, USA. He is a Fellow of Institution of Electronics and Telecommunications Engineers (IETE). After formation of Telecom Engineering Centre (TEC) in 1991, he was appointed the founder Director of TEC Central Region, which looks after standardization and type approval of telecom products and telecom services for manufacturers, traders and service providers, both national and international. In 1993, he was elevated to the post of Deputy Director General of TEC. After serving for 35 years in the Government at various positions, he retired in July 2002. At present, he is also a Director of Bhagyanagar India Limited, Hyderabad and is also in the panel of telecom experts to advise the Department of Science & Technology. He has been appointed as an additional Director of the Company, w.e.f 15.09.2006. He is a member of the Audit Committee, Remuneration Committee, Shareholders' Grievance Committee of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT :

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

- (i) that in the preparation of the accounts for the financial year ended 31st March, 2011, 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 2011 on a 'Going Concern' basis.

SUBSIDIARY :

M/s. Bhashwanth Power Projects Private Limited is the subsidiary of our Company.

PAID UP CAPITAL OF THE COMPANY :

During the period, the Company has allotted 2,40,000 equity shares of Rs. 5/- each upon exercise of stock options under ESOP scheme 2008 .As a result the paid up capital of the Company stands at 2,15,63,942 equity shares at Rs.5/- each.

AUDITORS :

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

AUDIT REPORT :

Audit Report for the year 2010-11 is annexed along with the Balance Sheet is self explanatory and has no adverse comments or reservations in the financial statements presented to the Shareholders.

PARTICULARS OF EMPLOYEES :

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

CODE OF CONDUCT :

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

MANAGERIAL REMUNERATION :

	<u>2010-11</u>	<u>2009-10</u>
	Rs.	Rs.
Mr. G. Rama Manohar Reddy, Managing Director	22,00,000	18,00,000
Mrs. G. Amulya Reddy, Whole time Director	15,00,000	12,00,000
	-----	-----
Total	37,00 ,000	30,00,000
	=====	=====

EMPLOYEES STOCK OPTION SCHEME :

Pursuant to ESOP-2008, the Company has granted 2,40,000 options on 26.09.2009 to the eligible employees of the Company and the same were exercised during the financial year at a price of Rs.5/- per option. Relevant disclosures were made in Annexure 'A'. A certificate has been obtained from statutory auditors regarding compliance with the ESOP guidelines.

MANAGING DIRECTOR CERTIFICATE

I, G. Rama Manohar Reddy, Managing Director of M/s Aishwarya Telecom Limited certify that:

1. We have reviewed the financial statements for the year and that to the best of our knowledge and belief:
 - (a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (b) These statements present a true and fair view of the state of affairs of the Company and of the results of the operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing generally accepted accounting principles including accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of Company's code of conduct.
3. We accept overall responsibility for establishing and monitoring the Company's internal control system for financial reporting and evaluating its effectiveness. Internal Audit function monitors the internal control system for financial reporting, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal Audit works with all levels of management and Statutory Auditors, and reports significant issues to the Audit Committee of the Board. The Auditors and Audit Committee are apprised of any corrective action taken with regard to significant deficiencies and material weakness.
4. We indicate to the Auditors and to the Audit Committee:
 - (a) Significant changes in internal controls over financial reporting during the year;
 - (b) Significant changes in the accounting policies during the year;
 - (c) No instances of significant fraud of which we have become aware of and which involve the management or other employees who have significant role in the Company's internal control system over financial reporting.

However, during the year there were no such changes and instances.

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

**Place : Hyderabad
Date : 22.08.2011**

**G.Rama Manohar Reddy
Managing Director**

HUMAN RESOURCES AND INDUSTRIAL RELATIONS :

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

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

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

(a) Conservation of Energy

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

(b) Technology Absorption**Research & Development (R&D)****1. Specific Areas in which R&D carried out by the company :**

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

- (i) Mobile Testers
- (ii) Data Testers
- (iii) Fibre Optic Testers
- (iv) Copper Telephone Cable Testers

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

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

3. Future Plan of Action :

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

(c) Foreign Exchange Earnings and Outgo**(Rupees in lakhs)**

Particulars	Current Year	Previous Year
	2010-11	2009-10
Total Foreign Exchange Outgo	699.73	2225.50
Total Foreign Exchange earned	NIL	47.57

ACKNOWLEDGEMENTS :

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

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

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

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

The Shareholders,

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

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

**(G. Rama Krishna Reddy)
Chairman**

**(G. Rama Manohar Reddy)
Managing Director**

Place: Hyderabad

Date: 22.08.2011

ANNEXURE-A**TO THE DIRECTOR REPORT FOR THE YEAR ENDED 31ST MARCH 2011**

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

S.No	PARTICULARS	DESCRIPTION
1.	Grant date	26.09.2009
2.	No. of grants made, even if the grant is made on the same day but with a different price or vesting period, it would be counted as a different grant	One (1)
3.	No. of options exercised	2,40,000
4.	No. of options pending for exercise	3,60,000
5.	Exercise price of each grant	Rs.5/-
6.	The pricing formula	The Exercise price of the option shall be face value of equity share i.e Rs. 5/- per share
7.	Vesting schedule for each Grant	a) At the end of the first year from the grant date, 40% of the total options granted shall vest and become vested options b) At the end of the second year from the grant date, 30% of the total options granted shall vest and become vested options c) At the end of the third year from the grant date, 20% of the total options granted shall vest and become vested options d) At the end of the fourth year from the grant date, 10% of the total options granted shall vest and become vested options
8.	Vesting period for each grant	Maximum period within which the options shall be vested is 4 years
9.	Exercise period of each grant	Period of 3 years commencing from the date of vesting.
10.	Details of corporate actions like stock Split, Bonus Issue taken place during the grants and in the past years	The Company in the EGM held on 21.01.2010 passed special resolution for sub division of share capital from Rs 10/- to Rs. 5/- each
11.	The Stock Exchange where the Stock is listed and the date of listing of the shares in that Stock Exchange. If the stock is listed in more than one stock exchange ,	Bombay Stock Exchange Ltd

12.	Dividend declared by the company in last 4 years	2009-2010:5% i.e Rs.0.25/- per share 2008-2009:5% i.e Rs. 0.50/- per share 2007-2008:5% i.e Rs.0.50/- per share 2006-2007:10% i.e Re.1/- per share
13.	Face value per share	Rs.5/- each
14.	Figures of equity for preceding 4 years	2009-2010:2,13,23,942 shares at Rs.5/- each i.e 10.66 Crores 2008-2009:1,06,61,971 shares at Rs.10/- each i.e 10.66 Crores 2007-2008:66,59,400 at Rs.10/-each i.e 6.65 Crores 2006-2007:53,30,400 at Rs.10/- each i.e 5.33 Crores

A. 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 annualised 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 trends 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 that the daily volatility of the Company's 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 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 want to buy a less volatile stock, for the probability of gaining is lesser in the latter case.

B. Risk free interest rate

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

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF FY 2010-11

The year under review saw Aishwarya Telecom Limited (ATL) acquiring a new growth momentum in Defence sector. Telecom Operators have reduced expenditure on capex and more sub-contracting work is coming up and ATL is focusing on contractor market and profitability has reduced. ATL has reported a sales turnover of Rs. 36.99 Crores for Financial Year (FY) 2010-11. Net profits of the Company are Rs. 2.02 crores.

HIGH END TECHNOLOGIES

ATL has received 12 crores orders from Defence sector for data lab in Army delhi and also at other places in the current financial year and expecting atleast 50% business from this sector in the coming years as this is a very promising sector which has good profitability and the company plans to make substantial investments in the Defence sector.

ATL is designing Electronic Marker Locating Systems for Indian Army and this product has good demand from other sectors like Water, Sewerage, Power and all over the world.

ATL is ISO 9001:2008 Certified Company manufacturing RF Power Meters, Data Testers, Fiber Optic Test Equipments & Cable Fault Locators and are planning to launch Wireless Testers for 2G & 3G Networks.

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 4G 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 focussing on mobile testers and hoping to get good orders in this FY from HUAWEI, NOKIA and ERICSSON for the same.

TEST AND MEASUREMENT INDUSTRY

The demand for testing has always been a requirement of all market segments. Regardless of the end market, all products have to be tested before being delivered to the end customer.

Hence going forward, with the exploding services and subscribers, the focus has finally fallen on Test and measurement (T & M) equipments. As the delivery of next generation services becomes highly dependent on End-user Quality of Experience (QoE), it also helps the service providers to manage their customer retention and thus the focus has shifted to T & M solutions. T & M solutions are expected to give a competitive edge to the service providers.

With new type of technology like 3G, broadband wireless access, WiMax, FTTX, LTE, all-IP network or convergence concepts, the test equipment industry is expected to witness a newer demand.

Market Dynamics

Ever since the evolution of telecom services, market demand for Test and Management (T & M) has been in place. Test and measurement plays a very important role right from design to development to deployment for the maintenance and optimization of any telecom network.

Test and measurement industry in India continues to chart the growth. The VOICE & DATA 100 survey estimates the Test and Management (T & M) market to have gone up by 10% in FY 2010-11 with the market size totaling to Rs. 861 crore, against the previous fiscal's Rs. 781 crore. (Source : VOICE & DATA 100 issue 06 June 2011)

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 manufacturing 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 High Precision Optical Variable Attenuator and approved by Department of Telecommunications 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.

OPPORTUNITIES

The telecom industry is again into the stream of growing, and has overcome all the hurdles faced during 2010-11. All operators are again in expansion of their networks in the current year. On the other side, network is also to be implemented by BSNL for Defence purpose this financial year. Government of India has planned to provide internet connectivity to all villages in India under Panchayat Raj Department. This network expansion is planned by Department of Telecom. This is another huge project coming up in India in coming years. The 3G is expanding with good pace. The subscriber base is increasing day by day.

Hence, the T & M segment is having excellent growth in coming years. The present networks and future networks require test & measuring instruments.

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.
- The biggest customer BSNL has gone into losses and the procurement from BSNL and MTNL may go down which will affect our business and payments are delayed from BSNL and MTNL to Aishwarya Telecom.

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

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

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

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

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

The Company complies with the norms for composition of the Board of Directors and has already set up an Audit Committee, Remuneration Committee and Shareholders' Grievance Committee. The Company has complied with SEBI Guidelines in respect of Corporate Governance specially with respect to broad basing of the Board, constituting the various committees as required. The details are 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 Madhusudana 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	1	NIL
Mr. G Rama Manohar Reddy Executive Director	1	NIL
Mrs. G Amulya Reddy Whole Time Director	NIL	NIL
Mr. D Venkata Subbiah Non Executive & Independent	1	NIL
Mr. Maligi Madhusudana Reddy Non Executive & Independent	Nil	NIL
Mr. Harish K Jain Non Executive & Independent	NIL	NIL

Number & Dates of the Meetings held during the year :

- During the Financial Year 2010-11, the Board has met nine times i.e. on 15.05.2010, 14.08.2010, 18.08.2010, 23.09.2010, 14.11.2010, 22.11.2010, 22.12.2010, 17.01.2011 and 12.02.2011.

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	9	Present	-
Mr. Maligi Madhusudana Reddy	9	8	Present	-
Mr. D Venkata Subbiah	9	8	Present	-
Mr. Harish K Jain	9	0	Absent	-

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. D Venkata Subbiah	Chairman	Independent Director
Mr. M. Madhusudana Reddy	Member	Independent Director
Mr. G Rama Krishna Reddy	Member	Non- Executive Director

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

The Audit committee meetings were held four times i.e on 15.05.2010, 14.08.2010, 14.11.2010 and 12.02.2011.

Name	No. of meetings held	Attendance
Mr D Venkata Subbiah	4	4
Mr G Rama Krishna Reddy	4	4
Mr. M. Madhusudana Reddy	4	4

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. Harish K Jain	- Chairman (Independent Director)
Mr. D Venkata Subbiah	- Member (Independent Director)
Mr. G Rama Krishna Reddy	- Member (Non-Executive Director)

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, experience of the employee responsibilities handled by him and 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 2010-2011.

Shareholder's Grievances Committee :

The Shareholder's Grievances 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.

Composition :

Mr. G Rama Krishna Reddy	- Chairman (Non-Executive Director)
Mr. D Venkata Subbiah	- Member (Independent Director)
Mr. Harish K Jain	- Member (Independent Director)

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. Harish K Jain	- Member (Independent Director)

INVESTOR INFORMATION

a) Annual General Meeting :

Date : 23.09.2011
 Time : 11:30 AM
 Venue: 1-3-1026 & 1027,
 Singadikunta,
 Kawadiguda,
 Hyderabad-500080
 Tel: 040-27531324
 Fax: 040-27535423

Information on General Body Meetings :

Year	Date	Time	Venue	Special resolutions passed
2009-2010	27.09.2010	11.00 AM	1-3-1026 & 1027, Singadikunta, Kawadiguda, Hyderabad-500080	Nil
2008-2009	19.09.2009	11.00 AM	1-3-1026 & 1027, Singadikunta, Kawadiguda, Hyderabad-500080	Nil
2007-2008	22.09.2008	11.30 AM	3C, Samrat Commercial Complex, Saifabad, Hyderabad- 04	Nil

During the year the Company has passed a resolution through postal ballot for the change of name of the Company from Aishwarya Telecom to Aishwarya Technologies.

b) Financial calendar for the year 2011-12(tentative) :

Financial Reporting for 2011-2012 (tentative)	
The first quarter results	08.08.2011
The second quarter results	30.10.2011
The third quarter results	31.01.2012
The fourth quarter results	30.04.2012

c) Book Closure : 20.09.2011 to 23.09.2011 (both days inclusive)

d) Dividend payment : The Board has recommended a dividend of Rs. 0.10ps per equity share for the financial year 2010-11.

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 2011-12.

f) Market Price Data :

Month	High (Rs.)	Low (Rs.)
April, 2010	26.75	18.20
May, 2010	30.50	21.15
June, 2010	31.00	26.30
July, 2010	35.70	27.20
August, 2010	35.00	27.50
September, 2010	40.00	31.30
October, 2010	37.20	30.80
November, 2010	43.10	18.55
December, 2010	17.50	8.35
January, 2011	17.71	11.57
February, 2011	12.79	10.16
March, 2011	10.90	9.75

g) Shareholding Pattern as on 31st March, 2011 :

Range (In Rs.)	Total Holders	% of Total Holders	Total Holding in Rupees	% of Total Capital
1-5000	6850	87.25	8839930	8.1988
5001-10000	454	5.78	3605610	3.3441
10001-20000	225	2.87	3312100	3.0719
20001-30000	91	1.16	2288495	2.1225
30001-40000	30	0.38	1089910	1.0109
40001-50000	44	0.56	2095095	1.9431
50001-100000	77	0.98	5516615	5.1165
100001-99999999	80	1.02	81071955	75.1921
Total	7851		107819710	100.0000

Particulars	Category	No. of Shares held	Percentage of shareholding
A	Shareholding of Promoter and Promoter group	10152695	47.08
	Sub Total A	10152695	47.08
B	Public Shareholding		
1.	Institutions	0	0.00
2.	Non Institutions		
	a. Bodies Corporate	2874143	13.33
	b. Indian Public and others	8095696	37.54
	c. Others	441408	2.05
	Sub Total B	11411247	52.92
	Grand Total (A+B)	21563942	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 2 times in a month. Physical transfers are effected within the statutory period of one month. Hence, in case of any grievances the shareholders are free to approach the Share Transfer Committee for due redressal of their grievances. The Company has created an exclusive E-mail Id for the benefit 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, 2011, 21200075 equity shares are dematerialised which is 98.31% of the total paid up equity shares of the Company and out of which 8121750 shares are in CDSL and 13078325 shares are in NSDL and the balance shares 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, 2011 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, 2011 there were no investor grievances remaining unattended/ pending for a period exceeding one month. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

Place : Hyderabad

Date : 22.08.2011.

S. Sarweswar Reddy

Practicing Company Secretary

C.P.No:-7478

Ramana Reddy & Associates

[Formerly A.M.Reddy & Co.,]
Chartered Accountants



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

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, 2011 and also the Profit and Loss Account and Cash flow statement 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 and Cash flow statement 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 and Cash flow statement 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, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 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 2011;
- (b) In the case of the Profit and Loss account, of the Profit for the year ended on that date and;
- (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 : 22.08.2011

**(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 with the appropriate authorities undisputed statutory dues including provident fund and employee's state insurance, 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, 2011 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
Income Tax Act, 1961	Income tax	178.15	2007-08	The Commissioner of Income Tax Appeals-II

10. The company has neither accumulated losses as on 31.03.2011 nor has it incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year.
11. According to the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
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. The company has maintained proper records of the transactions and contracts in respect of investments and timely entries have been made therein. All the investments have been held by the company in its own name.

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 : 22.08.2011

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

BALANCE SHEET AS AT 31ST MARCH, 2011					
Particulars	Sche- dules	As at 31.03.11		As at 31.03.10	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
SHARE HOLDERS FUNDS:					
- Share Capital	A		107819710		106619710
- Reserves & Surplus	B		290817915		271795736
LOAN FUNDS:					
- Secured Loans	C		12448024		28214136
- Unsecured Loans	D		5476040		52087
TOTAL			<u>416561689</u>		<u>406681669</u>
APPLICATION OF FUNDS:					
Fixed Assets:	E				
- Gross Block		116415072		109676149	
Less Depreciation Block		<u>41438703</u>		<u>33255692</u>	
Net Block			74976369		76420457
Investments	F		1500000		1500000
Current Assets, Loans & Advances	G				
- Inventories		88953721		74541077	
- Sundry Debtors		239426922		233673610	
- Cash & Bank Balances		8066981		7098117	
- Loans & Advances		<u>82506582</u>		<u>68312239</u>	
		<u>418954206</u>		<u>383625043</u>	
Less Current Liabilities & Provisions	H				
- Current Liabilities		68024263		31062447	
- Provisions		<u>9508899</u>		<u>20022757</u>	
		<u>77533162</u>		<u>51085204</u>	
Net Current Assets			341421044		332539839
Deferred Tax Liability (Net)			<u>-1335724</u>		<u>-3778627</u>
TOTAL			<u>416561689</u>		<u>406681669</u>
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 : 22.08.2011					

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011		
Particulars	Current Year Rs.	Previous Year Rs.
INCOME		
- Sales	360223373	429774637
- Increase in Stocks	I 8041492	29755481
- Other Income	9663033	16598971
TOTAL	<u>377927898</u>	<u>476129089</u>
EXPENDITURE		
- Trade Purchases	256904161	274852631
- Manufacturing Expenses	J 30380124	64828902
- Payments & Benefits to Employees	K 15606208	14048864
- Administrative Expenses	L 32202388	37079991
- Financial Charges	M 10411093	8512605
- Depreciation	8183011	7851604
TOTAL	<u>353686985</u>	<u>407174597</u>
Net Profit for the year	24240913	68954492
Add: Prior Period Adjustment	0	1307941
Net Profit for the year before Tax	24240913	70262433
Less: Provision for Taxation		
- Income Tax - Current Year	5147093	12654190
- Deferred Tax	<u>-2442903</u>	<u>-4502257</u>
	2704190	8151933
Profit After Tax	<u>21536723</u>	<u>62110500</u>
Add: Balance brought forward from previous year	142398966	88057862
Balance available for appropriation	<u>163935689</u>	<u>150168362</u>
Appropriation:		
- Transferred to General Reserve	538000	1553000
- Proposed Dividend	2156394	5330986
- Dividend Distribution Tax	358150	885410
- Balance carried to Balance Sheet	160883145	142398966
TOTAL	<u>163935689</u>	<u>150168362</u>
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 : 22.08.2011		

SCHEDULES TO ACCOUNTS:		As at	As at
		31.03.11	31.03.10
SCHEDULE - A	Rs.	Rs.	Rs.
SHARE CAPITAL:			
- Authorised 2,40,00,000 Equity Shares of Rs. 5/- each		<u>120000000</u>	<u>120000000</u>
- Issued, Subscribed & Paid-up 2,15,63,942 Equity Shares of Rs.5/- each fully paid up (Previously 2,13,23,942 Equity Shares of shares of Rs.5/-each fully paid up)		107819710	106619710
TOTAL		<u>107819710</u>	<u>106619710</u>
SCHEDULE - B			
RESERVES & SURPLUS:			
General Reserve			
- Opening Balance	10788000		9235000
- Transferred during the year	<u>538000</u>		<u>1553000</u>
		11326000	10788000
- Profit & Loss Account		160883145	142398966
- Securities Premium A/c	118608770		118538770
Add/Less: Misc. Expenditure (Public Issue Expenses)	<u>0</u>		<u>70000</u>
		118608770	118608770
TOTAL		<u>290817915</u>	<u>271795736</u>
SCHEDULE - C			
SECURED LOANS:			
- Cash Credit from SBH		12138304	27803772
- Hire Purchase Loan		<u>309720</u>	<u>410364</u>
TOTAL		<u>12448024</u>	<u>28214136</u>
SCHEDULE - D			
UNSECURED LOANS:			
- Short Term working capital loans from Banks & Financial Institutions		<u>5476040</u>	<u>52087</u>
TOTAL		<u>5476040</u>	<u>52087</u>

SCHEDULE - E
FIXED ASSETS :

Description of the Asset	GROSS BLOCK			DEPRECIATION BLOCK			NET BLOCK	
	Cost as at 1.4.10	Additions/Deletions During the year	Total As at 31.03.11	As at 31.03.10	For the year	Total As at 31.03.11	As at 31.03.11	As at 31.03.10
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
- Land	19714537	0	19714537	0	0	0	19714537	19714537
- Building	15110663	0	15110663	701716	720447	1422163	13688500	14408947
- Computers	3192543	492925	3685468	2524764	321631	2846395	839073	667779
- Furnitures & Fixtures	1267455	270406	1537861	701965	119619	821584	716277	565490
- Optical Test Equipment	27718329	3107703	30826032	6439466	3644301	10083767	20742265	21278863
- R & D Equipment	38608837	2157275	40766112	20742540	2822991	23565531	17200581	17866297
- Office Equipment	1671298	347856	2019154	807560	190675	998235	1020919	863738
- Vehicles	2392487	362758	2755245	1337681	363347	1701028	1054217	1054806
TOTAL	109676149	6738923	116415072	33255692	8183011	41438703	74976369	76420457

SCHEDULE - F		As at 31.03.11		As at 31.03.10
INVESTMENTS:	Rs.	Rs.	Rs.	Rs.
Equity Shares in Subsidiary Company				
- 1,47,750 Equity Shares of Bhashwanth Power Projects Pvt. Ltd.,		1500000		1500000
TOTAL		<u>1500000</u>		<u>1500000</u>
SCHEDULE - G				
CURRENT ASSETS, LOANS & ADVANCES:				
Inventories				
- Raw Materials	14437020		8065868	
- Finished Goods	<u>74516701</u>		<u>66475209</u>	
		88953721		74541077
Sundry Debtors (Unsecured, Considered Good)				
- Outstanding more than 6 months	143318042		78931571	
- Others	<u>96108880</u>		<u>154742039</u>	
		239426922		233673610
Cash & Bank Balances				
- Cash on Hand	471276		862187	
- Balance with Scheduled Bank in Current Accounts	<u>7595705</u>		<u>6235930</u>	
		8066981		7098117
Loans & Advances:				
- Margin Money	29108776		15637776	
- Deposits	24407701		34476135	
- Other Advances	4634870		5894726	
- Advance for Capital Asset	0		518848	
- Advance for Supplies	12683104		5025000	
- Tax Deducted at Source	1155518		561955	
- Prepaid Expenses	342019		314704	
- Interest Receivable	3778451		2440612	
- Advance Income Tax	0		1500000	
- Income Tax Refund receivable	1942483		1942483	
- Income Tax (AY 08-09)	<u>4453660</u>		<u>0</u>	
TOTAL		<u>82506582</u>		<u>68312239</u>
		<u>418954206</u>		<u>383625043</u>

SCHEDULE - H			
CURRENT LAIBILITIES & PROVISIONS:		31.03.11	31.03.10
	Rs.	Rs.	Rs.
Current Liabilities:			
- Outstanding dues of creditors other than micro enterprises and small enterprises	62547965		24717173
- Creditors for expenses	5356054		5099952
- Advances from Customers	<u>120244</u>		<u>1245322</u>
		68024263	31062447
Provisions:			
- For Taxation	5147093		12654190
- For Gratuity	1847262		1152171
- For Dividend	2156394		5330986
- For Tax on Distributed Profits	<u>358150</u>		<u>885410</u>
		<u>9508899</u>	<u>20022757</u>
		<u>77533162</u>	<u>51085204</u>
SCHEDULE - I		Current	Previous
INCREASE/(DECREASE) IN STOCKS:		Year	Year
	Rs.	Rs.	Rs.
- Closing Stock			
Finished Goods		74516701	66475209
Less : Opening Stock			
- Finished Goods		<u>66475209</u>	<u>36719728</u>
	TOTAL	<u>8041492</u>	<u>29755481</u>
SCHEDULE - J			
MANUFACTURING EXPENSES:			
Raw Materials:			
- Opening Stock	8065868		10110481
Add: Purchases	<u>35456933</u>		<u>61928110</u>
	43522801		72038591
Less: Closing Stock	<u>14437020</u>		<u>8065868</u>
		29085781	63972723
- Packing Material		888095	433175
- Testing & Caliberation Expenses		<u>406248</u>	<u>423004</u>
	TOTAL	<u>30380124</u>	<u>64828902</u>
SCHEDULE - K			
PAYMENT & BENIFITS TO EMPLOYEES:			
- Salaries, Wages & Other Benefits to employees		14401081	13496305
- Staff Welfare		450844	304020
- Gratuity		<u>754283</u>	<u>248539</u>
	TOTAL	<u>15606208</u>	<u>14048864</u>

SCHEDULE - L	Current Year Rs.	Previous Year Rs.
ADMINISTRATIVE & SELLING EXPENSES:		
- Rent	1560347	1115864
- Rates & Taxes	140503	96557
- Office Electricity & Maintenance	1022050	559651
- Conveyance	1174942	890088
- Subscription, Books & Periodicals	29327	29046
- Postage & Telegrams	422422	398916
- Printing & Stationery	872460	928093
- Regn. Licence & Filing Fees	353095	261501
- Professional & Consultancy Charges	1273960	1607386
- Professional Tax	7500	7500
- Insurance	479532	458882
- Recruitment Charges	55265	15900
- Donations	94001	2251
- Repairs & Maintenance	627957	456459
- Testing & Calibration Expenses	1297207	1321087
- Telephone & Internet Expenses	919706	984979
- Directors Remuneration	3700000	3000000
- Directors sitting fees	42500	30000
- Travelling Expenses:		
Directors	631750	576911
Others	3012735	3969071
- Auditors Remuneration	350000	300000
- Foreign Exchange Fluctuation Loss	2472599	0
- Misc. Expenses	15121	8759
- Royalty	470000	388410
- Advertisement	525010	1064019
- Agency Commission	4928	16148
- Tender Expenses	134401	111598
- Electrification Project Expenses	0	571481
- Business Promotion	122227	53090
- Discount on Sales	1474388	6288321
- Carriage Outwards	786452	1053417
- Sales Tax	3834637	6661296
- Advance/Bad debts written off	4295366	3850929
- Loss on sale of Fixed Asset	0	2381
TOTAL	<u>32202388</u>	<u>37079991</u>
SCHEDULE - M		
FINANCIAL CHARGES:		
- Bank Interest on W.C.Loan	3438009	2868330
- Bank Interest on Short Term Loans	1486943	2303275
- Interest on Hire Purchase Loan	51156	52514
- Bank Charges	4146125	2300486
- Loan Processing Fees	1288860	988000
TOTAL	<u>10411093</u>	<u>8512605</u>

SCHEDULE - N**NOTES ON ACCOUNTS****1. Contingent Liabilities not provided for:**

	Current Year Rs. Lakhs	Previous Year Rs. Lakhs
a. Bank Guarantees	385.00	386.00
b. Letter of Credit	556.58	378.93
c. Disputed Income Tax Liability	178.15	----
d. Disputed Sales Tax Liability	19.06	19.06

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 under Section 80IB and Dehradun State of Uttarakhand under Section 80IC 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 80IB & IC.
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. Managerial Remuneration:

	2010-11 Rs.	2009-10 Rs.
Managing Director	2200000	1800000
Whole Time Director	1500000	1200000
TOTAL	3700000	3000000

7. Auditors' Remuneration:

	2010-11 Rs.	2009-10 Rs.
As Auditors	250000	225000
Tax Audit Fees	100000	75000
TOTAL	350000	300000

8. Particulars of employees required under section 217(2A) of the companies Act, 1956 and the rules framed there under is not applicable as none of the employees are in receipt of gross remuneration as per the details prescribed in these rules.
9. Paise have been rounded off to the nearest rupee. Previous year figures have been regrouped wherever if thought necessary in conformity with the Current year groupings.
10. 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 : Bhashwanth Power Projects Pvt. Ltd.,
Associate Companies/Firms
(including Companies/firms
Controlled by key management
Personnel/relatives who are sub-
stantially interested)

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. 37,00,000/-

12. Earning Per Share

The numerators and denominators used for calculation of EPS

	Year ended 31-03-11 Rs	Year ended 31-03-10 Rs
a) Profit available to the Equity shareholders	21536723	62110500
b) No. of Equity shares	21563942	21323942
c) Weighted Avg. No. of Equity Shares	--	--
c) Nominal value of share	05	05
d) Basic Earning per Share	1.00	2.91
e) Diluted Earning per Share	1.00	2.91

13. 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 31 st	2011 Rs.	2010 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.	-	-

14. 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 recognized Rs.24,42,903/- towards deferred tax asset in the year 2010-11. The major components of deferred tax assets and liabilities arising on account of timing differences in depreciation.
15. Cash Flow statement has been prepared under indirect method as per the Accounting Standard - 3" Cash Flow Statements".
16. Sundry Debtors, Sundry Creditors, Advance for Supplies and Deposits are subject to confirmation with the respective parties / authorities.
17. Foreign Exchange Earnings & Outgo:
- Foreign Exchange Earnings - Rs. NIL
(Previous year Rs.47.57 lakhs)
 - Foreign Exchange Outgo - Rs.699.73 lakhs
(Previous year - Rs. 2225.50 lakhs)
18. Additional information in pursuant to provisions required under Para 4 of Part II of Schedule VI of the companies Act, 1956.

Details of Raw Material Consumed

Particulars	2010-11		2009-10	
	Qty Nos.	Value Rs. Lakhs	Qty Nos.	Value Rs. Lakhs
IC	9872	118.46	16042	192.50
E. Prom	7599	22.80	21937	65.81
IC-74373	9630	58.01	16867	101.60
IC - 2864	9560	56.78	26699	158.57
Transformers	7899	2.48	24640	7.74
Micro Processors	8964	4.93	33909	18.65
PCB's	9862	6.15	35196	21.95
Batteries	4595	33.08	10129	72.91
		302.68		639.73

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

Particulars	2010-11		2009-10	
	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 Toolkit	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
High Speed Data Circuit Tester	0	0.00	0	0.00
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

Production:

Particulars	2010-11		2009-10	
	Qty Nos.	Value Rs. Lakhs.	Qty Nos.	Value Rs. Lakhs.
Portable Cable Fault Locator	74	--	15	--
Digital Cable Fault Locator (FM111)	103	--	497	--
MSC/BSC Tool Kit	0	--	324	--
Power Meter	73	--	11	--
Light Source (1310/1550/1315mm)	53	--	70	--
Optical Variable Attenuator	0	--	52	--
High Speed Data Circuit Tester	64	--	285	--
Optical Time Domain Reflectometer	181	--	48	--
Digital Communication Analyzer	0	--	28	--
Electronic Markers	1809	--	21233	--

Sales:

Particulars	2010-11		2009-10	
	Qty Nos.	Value Rs. Lakhs	Qty Nos.	Value Rs. Lakhs
Portable Cable Fault Locator	87	56.08	8	2.55
Digital Cable Fault Locator (FM111)	155	93.98	464	297.98
MSC/BSC Tool Kit	0	0.00	324	319.40
Power Meter	71	28.58	11	47.03
Light Source (1310/1550/1315mm)	73	62.00	51	86.64
Optical Variable Attenuator	3	1.80	60	74.16
High Speed Data Circuit Tester	64	61.91	285	257.12
Optical Time Domain Reflectometer	157	267.93	47	75.66
Digital Communication Analyzer	20	11.00	29	25.06
Electronic Markers	1820	7.22	21803	94.42
		590.50*		1280.02

*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	2010-11		2009-10	
	Qty Nos.	Value Rs. Lakhs	Qty Nos.	Value Rs. Lakhs
Portable Cable Fault Locator	14	5.08	27	9.79
Digital Cable Fault Locator (FM111)	3	0.45	55	8.25
MSC/BSC Tool Kit	0	0.00	0	0.00
Power Meter	12	4.80	10	4.00
Light Source (1310/1550/1315mm)	26	4.60	46	8.13
Optical Variable Attenuator	4	2.60	7	4.55
Optical Time Domain Reflectometer	28	49.00	4	7.00
Digital Communication Analyzer	12	7.20	32	19.20
Electronic Markers	540	2.16	551	2.20
		75.88		63.12

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

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 : 22.08.2011

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, 2011

Particulars	Current Year Rs.	Previous Year Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit (+/-)	24240913	70262433
Add: Adjustments for:		
Depreciation	8183011	7851604
Loss on Sale of vehicle	0	2381
Operating Profit before Working Capital	32423924	78116418
Adjustments for working capital charges:		
Investments with Unlisted Company	0	(1500000)
Inventories	(14412644)	(27710868)
Sundry Debtors	(5753312)	(44123221)
Loans & Advances	(14194343)	109153057
Current Liabilities	36961816	(59590720)
Provisions	695091	221135
Cash generated from Operations Before Extra-Ordinary items	35720532	54565801
Extraordinary items	0	0
Taxes Paid	(13539600)	(3079296)
Net cash flow from operating activities (A)	22180932	51486505
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(6738923)	(43742586)
Sale of Fixed Assets	0	20500
Net Cash Flow from investing Activities (B)	(6738923)	(43722086)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Increase in Share Capital	1200000	0
Securities Premium	0	70000
Secured Loans	(15766113)	4174579
Un-secured Loans	5423953	(4457521)
Dividend Paid	(5330986)	(5330986)
Net Cash Flow from Financing Activities (C)	(14473146)	(5543928)
Net Increase in Cash and Cash Equivalents		
(A+B+C)	968864	2220491
Cash & Cash Equivalents at the beginning of the year	7098117	4877626
Cash & Cash Equivalents at the end of the year	8066981	7098117

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 : 22.08.2011

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 : 31.03.2011

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	416562	Total Assets	416562
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Sources of Funds:

Paid-up Capital	107820	Reserves & Surplus	290818
Secured Loans	12448	Unsecured Loans	5476

Application of Funds:

Net Fixed Assets	74976	Investments	1500
Net Current Assets	341421	Misc.Expenditure	Nil
Accumulated Losses	Nil		

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

Turnover & Other Income	377928	Total Expenditure	353687
Profit/Loss Before Tax	24241	Profit/Loss after Tax	21537

Earning per Share in Rs.	1.00	Dividend	2156	Rate	2%
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V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)

Product Description	Manufacturers and Traders of Telecom & Testing Equipment
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FOR AND ON BEHALF OF THE BOARD

**(G.RAMA MANOHAR REDDY)
MANAGING DIRECTOR**

**PLACE: HYDERABAD
DATE : 22.08.2011**

**(G. RAMA KRISHNA REDDY)
CHAIRMAN**



**CONSOLIDATED FINANCIAL STATEMENTS
OF
AISHWARYA TELECOM LIMITED**

&

**BHASHWANTH POWER PROJECTS
PRIVATE LIMITED**

2010-2011

Ramana Reddy & Associates

[Formerly A.M.Reddy & Co.,]
Chartered Accountants



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

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, 2011 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 did not audit the financial statements of the company's subsidiary viz., Bhashwanth Power Projects Private Limited whose financial statements reflect total assets of Rs.21.19 Lacs as at 31st March, 2011 and total revenues of Rs.Nil for the year ended on that date. These financial statements have been audited by the other auditors' whose reports have been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of the subsidiary company is based solely on the report of the other auditors.
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, 2011.
 - 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) the Consolidated Cash Flow Statement gives a true and fair view of the consolidated Cash Flows of the company and its subsidiary for the year ended on that date.

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

Place: Hyderabad

Date : 22.08.2011

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

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

Particulars	Sche- dules	As at			
		31.03.11	As at 31.03.10		
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
SHARE HOLDERS FUNDS:					
- Share Capital	A		108312210		107112210
- Reserves & Surplus	B		290966424		272034603
LOAN FUNDS:					
- Secured Loans	C		12448024		28214136
- Unsecured Loans	D		5476040		52087
TOTAL			<u>417202698</u>		<u>407413036</u>
APPLICATION OF FUNDS:					
Fixed Assets:	E				
- Gross Block		116415072		109676149	
Less Depreciation Block		<u>41438703</u>		<u>33255692</u>	
Net Block			74976369		76420457
Current Assets, Loans & Advances	F				
- Inventories		88953721		74541077	
- Sundry Debtors		239953922		234200610	
- Cash & Bank Balances		8157981		7308383	
- Loans & Advances		<u>82624082</u>		<u>68429739</u>	
		<u>419689706</u>		<u>384479809</u>	
Less Current Liabilities & Provisions	G				
- Current Liabilities		68034263		31101355	
- Provisions		<u>9508899</u>		<u>20022757</u>	
		<u>77543162</u>		<u>51124112</u>	
Net Current Assets			342146544		333355697
Miscellaneous Expenditure (To the extent not written off or adjusted)					
- Preliminary Expenses			8850		8850
- Pre-operative Expenses			1406659		1406659
Deferred Tax Liability (Net)			<u>-1335724</u>		<u>-3778627</u>
TOTAL			<u>417202698</u>		<u>407413036</u>

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

FOR AND ON BEHALF OF THE BOARD

(G.RAMA MANOHAR REDDY)
MANAGING DIRECTOR

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

(G. RAMA KRISHNA REDDY)
CHAIRMAN

PLACE : HYDERABAD

DATE : 22.08.2011

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

Particulars		Current Year Rs.	Previous Year Rs.
INCOME			
- Sales		360223373	435455637
- Increase in Stocks	H	8041492	29755481
- Other Income		9663033	16480760
	TOTAL	<u>377927898</u>	<u>481691878</u>
EXPENDITURE			
- Trade Purchases		256904161	279873660
- Manufacturing Expenses	I	30380124	64828902
- Payments & Benefits to Employees	J	15606208	14186480
- Administrative Expenses	K	32218388	37244539
- Financial Charges	L	10411640	8513334
- Depreciation		8183011	7851604
	TOTAL	<u>353703532</u>	<u>412498519</u>
Net Profit for the year		24224366	69193359
Add: Prior Period Adjustment		0	1307941
Net Profit for the year before Tax		24224366	70501300
Less: Provision for Taxation			
- Income Tax - Current Year		5147093	12654190
- Previous year		73811	0
- Deferred Tax		<u>-2442903</u>	<u>-4502257</u>
		2778001	8151933
Profit After Tax		21446365	62349367
Add: Balance brought forward from previous year		142637833	88057862
Balance available for appropriation		<u>164084198</u>	<u>150407229</u>
Appropriation:			
- Transferred to General Reserve		538000	1553000
- Proposed Dividend		2156394	5330986
- Dividend Distribution Tax		358150	885410
- Balance carried to Balance Sheet		161031654	142637833
	TOTAL	<u>164084198</u>	<u>150407229</u>

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 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 : 22.08.2011

SCHEDULES TO ACCOUNTS:		As at	
		31.03.11	31.03.10
	Rs.	Rs.	Rs.
SCHEDULE - A			
SHARE CAPITAL:			
- Authorised			
2,40,00,000 Equity Shares of Rs. 5/- each and 2,20,000			
Equity Shares of Rs.10/- each of Bhashwanth Power		122200000	122200000
Projects Pvt. Ltd.,		<u>122200000</u>	<u>122200000</u>
- Issued, Subscribed & Paid-up			
2,15,63,942 Equity Shares of Rs.5/- each fully paid up			
(Previous year 2,13,23,942 of Rs.5/- each) and 1,97,000		108312210	107112210
Equity Shares of Rs.10/- each of Bhashwanth Power			
Projects Pvt. Ltd., fully paid up		<u>108312210</u>	<u>107112210</u>
TOTAL		<u>108312210</u>	<u>107112210</u>
SCHEDULE - B			
RESERVES & SURPLUS:			
General Reserve			
- Opening Balance	10788000		9235000
- Transferred during the year	<u>538000</u>		<u>1553000</u>
		11326000	10788000
- Profit & Loss Account		161031654	142637833
- Securities Premium A/c	118608770		118538770
Add: Misc. Expenditure	<u>0</u>		<u>70000</u>
(Public Issue Expenses)		118608770	118608770
TOTAL		<u>290966424</u>	<u>272034603</u>
SCHEDULE - C			
SECURED LOANS:			
- Cash Credit from SBH		12138304	27803772
- Hire Purchase Loan		<u>309720</u>	<u>410364</u>
TOTAL		<u>12448024</u>	<u>28214136</u>
SCHEDULE - D			
UNSECURED LOANS:			
- Short Term working capital loans from			
Banks & Financial Institutions		<u>5476040</u>	<u>52087</u>
TOTAL		<u>5476040</u>	<u>52087</u>

SCHEDULE - E
FIXED ASSETS :

Description of the Asset	GROSS BLOCK			DEPRECIATION BLOCK			NET BLOCK	
	Cost as at 1.4.10	Additions/ Deletions During the year	Total As at 31.03.11	As at 31.03.10	For the year	Total As at 31.03.11	As at 31.03.11	As at 31.03.10
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
- Land	19714537	0	19714537	0	0	0	19714537	19714537
- Building	15110663	0	15110663	701716	720447	1422163	13688500	14408947
- Computers	3192543	492925	3685468	2524764	321631	2846395	839073	667779
- Furnitures & Fixtures	1267455	270406	1537861	701965	119619	821584	716277	565490
- Optical Test Equipment	27718329	3107703	30826032	6439466	3644301	10083767	20742265	21278863
- R & D Equipment	38608837	2157275	40766112	20742540	2822991	23565531	17200581	17866297
- Office Equipment	1671298	347856	2019154	807560	190675	998235	1020919	863738
- Vehicles	2392487	362758	2755245	1337681	363347	1701028	1054217	1054806
TOTAL	109676149	6738923	116415072	33255692	8183011	41438703	74976369	76420457

SCHEDULE - F		As at 31.03.11	As at 31.03.10
CURRENT ASSETS, LOANS & ADVANCES:	Rs.	Rs.	Rs.
Inventories			
- Raw Materials	14437020		8065868
- Finished Goods	<u>74516701</u>		<u>66475209</u>
		88953721	74541077
Sundry Debtors (Unsecured, Considered Good)			
- Outstanding more than 6 months	143845042		78931571
- Others	<u>96108880</u>		<u>155269039</u>
		239953922	234200610
Cash & Bank Balances			
- Cash on Hand	541460		1044371
- Balance with Scheduled Bank in Current Accounts	<u>7616521</u>		<u>6264012</u>
		8157981	7308383
Loans & Advances:			
- Margin Money	29108776		15637776
- Premium paid on Shares	22500		22500
- Deposits	24407701		34476135
- Other Advances	4729870		5989726
- Advance for Capital Asset	0		518848
- Advance for Supplies	12683104		5025000
- Tax Deducted at Source	1155518		561955
- Prepaid Expenses	342019		314704
- Interest Receivable	3778451		2440612
- Advance Income Tax	0		1500000
- Income Tax Refund receivable	1942483		1942483
- Income Tax (AY 08-09)	<u>4453660</u>		<u>0</u>
		82624082	68429739
TOTAL		<u><u>419689706</u></u>	<u><u>384479809</u></u>
SCHEDULE - G			
CURRENT LAIBILITIES & PROVISIONS:			
Current Liabilities:			
- Outstanding dues of creditors other than micro enterprises and small enterprises	62547965		24717173
- Creditors for expenses	5366054		5138860
- Advances from Customers	<u>120244</u>		<u>1245322</u>
		68034263	31101355
Provisions:			
- For Taxation	5147093		12654190
- For Gratuity	1847262		1152171
- For Dividend	2156394		5330986
- For Tax on Distributed Profits	<u>358150</u>		<u>885410</u>
		9508899	20022757
		<u><u>77543162</u></u>	<u><u>51124112</u></u>

SCHEDULE - H		Current	Previous
		Year	Year
INCREASE/(DECREASE) IN STOCKS:	Rs.	Rs.	Rs.
- Closing Stock			
Finished Goods		74516701	66475209
Less : Opening Stock			
- Finished Goods		66475209	36719728
TOTAL		<u>8041492</u>	<u>29755481</u>
SCHEDULE - I			
MANUFACTURING EXPENSES:			
Raw Materials:			
- Opening Stock	8065868	10110481	
Add: Purchases	35456933	61928110	
	<u>43522801</u>	<u>72038591</u>	
Less: Closing Stock	14437020	8065868	
		29085781	63972723
- Packing Material		888095	433175
- Testing & Caliberation Expenses		406248	423004
TOTAL		<u>30380124</u>	<u>64828902</u>
SCHEDULE - J			
PAYMENT & BENIFITS TO EMPLOYEES:			
- Salaries, Wages & Other Benefits		14401081	13621505
to employees			
- Staff Welfare		450844	316436
- Gratuity		754283	248539
TOTAL		<u>15606208</u>	<u>14186480</u>

SCHEDULE - K	Current	Previous
	Year	Year
	Rs.	Rs.
ADMINISTRATIVE & SELLING EXPENSES:		
- Rent	1560347	1115864
- Rates & Taxes	140503	97587
- Office Electricity & Maintenance	1022050	574711
- Conveyance	1174942	922288
- Subscription, Books & Periodicals	29327	29046
- Postage & Telegrams	422422	398916
- Printing & Stationery	872460	928093
- Regn. Licence & Filing Fees	359095	314976
- Professional & Consultancy Charges	1273960	1654886
- Professional Tax	7500	7500
- Insurance	479532	458882
- Recruitment Charges	55265	15900
- Donations	94001	2251
- Repairs & Maintenance	627957	456459
- Testing & Calibration Expenses	1297207	1321087
- Telephone & Internet Expenses	919706	990262
- Directors Remuneration	3700000	3000000
- Directors sitting fees	42500	30000
- Travelling Expenses:		
Directors	631750	576911
Others	3012735	3969071
- Auditors Remuneration	360000	310000
- Foreign Exchange Fluctuation Loss	2472599	0
- Misc. Expenses	15121	8759
- Royalty	470000	388410
- Advertisement Expenses	525010	1064019
- Agency Commission	4928	16148
- Tender Expenses	134401	111598
- Electrification Project Expenses	0	571481
- Business Promotion Expenses	122227	53090
- Discount on Sales	1474388	6288321
- Carriage Outwards	786452	1053417
- Sales Tax	3834637	6661296
- Advance/Bad debts written off	4295366	3850929
- Loss on sale of Fixed Asset	0	2381
TOTAL	<u>32218388</u>	<u>37244539</u>
SCHEDULE - L		
FINANCIAL CHARGES:		
- Bank Interest on W.C.Loan	3438009	2868330
- Bank Interest on Short Term Loans	1486943	2303275
- Interest on Hire Purchase Loan	51156	52514
- Bank Charges	4146672	2301215
- Loan Processing Fees	1288860	988000
TOTAL	<u>10411640</u>	<u>8513334</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

Particulars	Current Year Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES	
Net Profit (+/-)	24224366
Add: Adjustments for:	
Depreciation	8183011
Operating Profit before Working Capital	32407377
Adjustments for working capital charges:	
Increase / Decrease in Inventories	(14412644)
Sundry Debtors	(5753312)
Loans & Advances	(14194343)
Current Liabilities	36932908
Provisions	695091
Cash generated from Operations Before Extra-Ordinary items	35675077
Extraordinary items	
Taxes Paid	(13613411)
Net cash flow from operating activities (A)	22061666
B. CASH FLOW FROM INVESTING ACTIVITIES:	
Purchase of Fixed Assets	(6738923)
Net Cash Flow from investing Activities (B)	(6738923)
C. CASH FLOW FROM FINANCING ACTIVITIES:	
Increase in Share Capital	1200000
Secured Loans	-15766112
Un-secured Loans	5423953
Dividend Paid	(5330986)
Net Cash Flow from Financing Activities (C)	(14473145)
Net Increase in Cash and Cash Equivalents	
(A+B+C)	849598
Cash & Cash Equivalents at the beginning of the year	7308383
Cash & Cash Equivalents at the end of the year	8157981

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 : 22.08.2011

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 :**

	2010-11	2009-10
	Rs. Lakhs	Rs. Lakhs
a. Bank Guarantees	385.00	386.00
b. Letter of Credit	556.58	378.93
c. Disputed Income Tax Liability	178.15	---
d. Disputed Sales Tax Liability	19.06	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 Value method at the rates specified in Schedule XIV of the Companies Act, 1956.

e) Inventories :

Raw materials are valued at cost on FIFO basis. Finished Goods are valued at cost or net realizable value whichever is lower.

f) R & D Expenditure :

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

g) Foreign Currency Transactions :

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

h) Retirement Benefits :

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

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

i) Earning per Share :

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

j) Taxes on Income :

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

k) Provision, Contingent Liabilities and Contingent Assets :

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

5. The company has set up an industrial undertaking at Yanam, State of Pondicherry under Section 80IB and Dehradun State of Uttarakhand under Section 80IC 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 80IB & IC.
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. Paise have been rounded off to the nearest rupee. Previous year figures have been regrouped wherever if thought necessary in conformity with the Current year groupings.
10. 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	:	Bhashwanth Power Projects Pvt. Ltd.,
Associate Companies/Firms (including Companies/firms Controlled by key management Personnel/relatives who are sub- stantially interested)		
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. 37,00,000/-
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12. Earning per Share

The numerators and denominators used for calculation of EPS

	Year ended 31-03-11 Rs	Year ended 31-03-10 Rs
a) Profit available to the Equity shareholders	21446365	62349367
b) No. of Equity shares	21563942	21323942
c) Weighted Avg. No. of Equity Shares	--	--
c) Nominal value of share	5	5
d) Basic Earning per Share	0.99	2.92
e) Diluted Earning per Share	0.99	2.92

13. 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 recognized Rs.24,42,903/- towards deferred tax asset in the year 2010-11. The major components of deferred tax assets and liabilities arising on account of timing differences in depreciation.

Notes : Schedules, Cash Flow statement 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 : 22.08.2011

FOR AND ON BEHALF OF THE BOARD

(G. RAMA MANOHAR REDDY)
MANAGING DIRECTOR

(G.RAMA KRISHNA REDDY)
CHAIRMAN

BHASHWANTH POWER PROJECTS PRIVATE LIMITED

FIFTH ANNUAL REPORT

2010 - 2011

BOARD OF DIRECTORS	:	G.Rama Manohar Reddy Director G.Rama Krishna Reddy Director
REGISTERED OFFICE	:	1-3-1026 & 1027 Singadikunta, Kawadiguda Hyderabad - 500 080
BANKERS	:	State Bank of Hyderabad Raj Bhavan Road Branch Hyderabad.
AUDITORS	:	CA.Venkata Ramana Reddy N. Chartered Accountant Hyderabad

N O T I C E

NOTICE is hereby given that the Fifth Annual General Meeting of the members of the Company will be held on Monday the 5th day of September, 2011 at the Registered office of the Company at 11.30 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited accounts for the year ended 31st March, 2011 together with the reports of the Directors' and Auditors' thereon.
2. To appoint auditors and fix their remuneration.

BY ORDER OF THE BOARD

PLACE : HYDERABAD

(G.RAMA MANOHAR REDDY)

DATE : 08.08.2011

DIRECTOR

- NOTE :**
1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the company.
 2. The proxy form duly filled and signed should be deposited at the registered office of the Company atleast 48 hours before the commencement of the meeting.

DIRECTORS' REPORT

The Members of the Company.

Your Directors have pleasure in presenting the Fifth Annual Report of your Company along with the audited accounts for the year ended 31st March, 2011.

PROGRESS OF THE COMPANY :

Your company has obtained required licences and permissions for generation of power from the concerned authorities. However, your company has not started any commercial operations during the year. Your company has incurred a net loss of Rs.0.17 lakhs due to administrative overheads.

DEPOSITS :

Your Company has not accepted any deposits from the public.

PARTICULARS REGARDING ENERGY CONSERVATION ETC :

The information regarding energy conservation and technology absorption required to be disclosed under section 217(1)(e) of the Companies Act, 1956 read with companies (Disclosure of particulars in the report of the Directors) Rules 1988 is not applicable to your company.

PARTICULARS OF EMPLOYEES :

Particulars of employees required pursuant to the provisions of Sec.217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 - Nil.

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

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

- (i) That in the preparation of the accounts for the financial year ended 31st March 2011, 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 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 2011 on a 'going concern' basis.

AUDITORS :

CA.Venkata Ramana Reddy N., Chartered Accountant the present auditor of the Company retires at the ensuing Annual General Meeting and is eligible for re-appointment.

ACKNOWLEDGEMENTS :

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

FOR AND ON BEHALF OF THE BOARD

Place: Hyderabad

Date : 08.08.2011

**(G.RAMA MANOHAR REDDY)
DIRECTOR**

**(G.RAMA KRISHNA REDDY)
DIRECTOR**

Venkata Ramana Reddy N.

Chartered Accountants



147/B, Road No.5,

Venkatrao Nagar, Kukatpally,
Hyderabad - 500 072

AUDITORS' REPORT

The Members of

BHASHWANTH POWER PROJECTS PRIVATE LIMITED,

HYDERABAD.

1. I have audited the attached Balance Sheet of M/s.BHASHWANTH POWER PROJECTS PRIVATE LIMITED as at 31st March, 2011 and the Profit & Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.
2. I conducted my audit in accordance with auditing standards generally accepted in India. Those Standards require that I 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. I believe that my audit provides a reasonable basis for my 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 I considered appropriate and according to the information and explanations given to me, I report that the annexure on the matters specified in paragraphs 4 and 5 of the said order is not applicable to this company.
4. Further, I report that:
 - (i) I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purpose of my audit;
 - (ii) In my opinion, proper books of account as required by law have been kept by the company so far as appears from my examination of those books;
 - (iii) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account;
 - (iv) In my opinion, the Balance sheet and Profit & 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, 2011, and taken on record by the Board of Directors, I report that none of the directors is disqualified as on 31st March 2011 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 my opinion to the best of my information and according to the explanations given to me, 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 2011;
- (b) in the case of Profit & Loss Account, of the Loss for the year ended on that date.

PLACE : HYDERABAD

DATE : 08.08.2011

(CA. VENKATA RAMANA REDDY N.)

PROPRIETOR

Membership No. 223487

BALANCE SHEET AS AT 31ST MARCH, 2011

Particulars	Sche- dules	As at			
		31.03.11	31.03.10		
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS:					
SHAREHOLDERS FUNDS					
- Share Capital	A		1970000		1970000
- Reserves & Surplus Profit & Loss Account			148509		165056
TOTAL			<u>2118509</u>		<u>2135056</u>
APPLICATION OF FUNDS:					
- Current Assets, Loans & Advances	B	713000		832266	
Less: Current Liabilities & Provisions	C	<u>10000</u>		<u>112719</u>	
Net Current Assets			703000		719547
- Miscellaneous Expenditure: (To the extent not written off or adjusted)					
Preliminary expenses			8850		8850
Pre-operative expenses			<u>1406659</u>		<u>1406659</u>
TOTAL			<u>2118509</u>		<u>2135056</u>

NOTES ON ACCOUNTS

E

VIDE MY REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

(CA.VENKATA RAMANA REDDY N.)
PROPRIETOR
Membership No.223487

(G. RAMA MANOHAR REDDY)
DIRECTOR

PLACE : HYDERABAD
DATE : 08.08.2011

(G. RAMA KRISHNA REDDY)
DIRECTOR

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

Particulars	Sche- dules	Curent Year Rs.	Previous Year Rs.
INCOME:			
- Trade Sales		0	5681000
TOTAL		0	5681000
EXPENDITURE:			
- Trade Purchases		0	5017764
- Administrative Expenses	D	16547	424369
TOTAL		16547	5442133
Net Loss / Profit for the year		-16547	238867
Less: Provision for Taxation			
- Current Tax		0	73811
		-16547	165056
Add: Balance brought forward from previous year		165056	0
Balance Carried to Balance Sheet		148509	165056

NOTES ON ACCOUNTS

E

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

(CA.VENKATA RAMANA REDDY N.)
PROPRIETOR
Membership No.223487

(G. RAMA MANOHAR REDDY)
DIRECTOR

PLACE : HYDERABAD
DATE : 08.08.2011

(G. RAMA KRISHNA REDDY)
DIRECTOR

SCHEDULE - A	As at 31.03.11 Rs.	As at 31.03.10 Rs.
SHARE CAPITAL		
- Authorised: 2,20,000 Equity Shares of Rs.10/- each	<u>2200000</u>	<u>2200000</u>
- Issued, Subscribed & Paid up: 1,97,000 Equity Shares of Rs.10/- each fully paid up	<u>1970000</u>	<u>1970000</u>
TOTAL	<u><u>1970000</u></u>	<u><u>1970000</u></u>
SCHEDULE - B		
CURRENT ASSETS, LOANS & ADVANCES		
- Sundry Debtors (Unsecured, Considered Good) Debts outstanding exceeding more than six months	527000	0
Others	0	527000
- Cash in Hand	70184	182184
- Balance with scheduled banks in current accounts	20816	28082
- Loans & Advances	<u>95000</u>	<u>95000</u>
TOTAL	<u><u>713000</u></u>	<u><u>832266</u></u>
SCHEDULE - C		
CURRENT LIABILITIES & PROVISIONS		
- Creditors for Expenses	10000	38908
- Provision for Tax	<u>0</u>	<u>73811</u>
TOTAL	<u><u>10000</u></u>	<u><u>112719</u></u>
SCHEDULE - D	Current	Previous
ADMINISTRATIVE EXPENSES	Rs.	Rs.
- Rates & Taxes	0	1030
- Salaries & Wages	0	125200
- Staff Welfare	0	12416
- Conveyance	0	32200
- Bank Charges	547	729
- Audit Fees	10000	10000
- Telephone Charges	0	5283
- Professional & Consultancy	0	47500
- Office Expenses	0	15060
- Regn., Licence & Filing Fees	6000	53475
- Carriage Inwards	0	3265
- Foreign Exchange Loss	<u>0</u>	<u>118211</u>
TOTAL	<u><u>16547</u></u>	<u><u>424369</u></u>

SCHEDULE - E**NOTES ON ACCOUNTS****1. Disclosure of Accounting Policies :**

a) **General** : The financial statements are prepared under the historical cost convention and comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountant of India and the relevant provisions of the Companies Act, 1956 and the same is prepared as a going concern basis.

b) Revenue recognition

All revenue income and expenditure are recognized on accrual concept of accounting.

2. Particulars of Employees required in pursuant to the provisions of Sec. 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules 1975 - Nil.

3. Foreign Exchange Earnings & Out Go :

- Foreign Exchange Earnings - Rs. Nil
- Foreign Exchange Outgo - Rs. Nil

4. Auditors Remuneration :

	2010-11 Rs.	2009-10 Rs.
- As Auditors	10000	10000

5. Paise have been rounded off to the nearest rupee. Previous year figures have been regrouped or rearranged wherever if thought necessary in conformity with the current year groupings.

6. Additional information pursuant to paragraph 4(c) and 4(d) of Part-II of Schedule VI to the Companies Act, 1956 is not applicable to this company since the company has not started any commercial activity.

Notes, Schedules and statement on accounting policies form an integral part of the Balance Sheet and Profit & Loss Account.

SIGNATURE TO SCHEDULES "A" TO "E"**VIDE MY REPORT OF EVEN DATE****FOR AND ON BEHALF OF THE BOARD****(CA.VENKATA RAMANA REDDY N.)****(G.RAMA MANOHAR REDDY)****PROPRIETOR****DIRECTOR****Membership No. 223487****PLACE : HYDERABAD****(G.RAMA KRISHNA REDDY)****DATE : 08.08.2011****DIRECTOR**

**BALANCE SHEET ABSTRACT AND COMPANY'S
GENERAL BUSINESS PROFILE**

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

I. Registration Details

Regn. No.U40109AP2006PTC051674	State Code:	01
Balance Sheet		
Date : 31.03.2011		

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

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	0

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

Total Liabilities	2119	Total Assets	2119
-------------------	------	--------------	------

Sources of Funds:

Paid-up Capital	1970	Reserves & Surplus	Nil
Secured Loans	Nil	Unsecured Loans	Nil

Application of Funds:

Net Fixed Assets	Nil	Investments	Nil
Net Current Assets	703	Misc.Expenditure	1416
Accumulated Losses	Nil		

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

Turnover & Other Income	Nil	Total Expenditure	17
Profit/Loss Before Tax	-17	Profit/Loss after Tax	-17
Earning per Share in Rs.	-0.08	Dividend Nil	Rate Nil

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

Item Code No. (ITC Code)

Product Description

Generation & Distribution of Power

FOR AND ON BEHALF OF THE BOARD

**(G. RAMA MANOHAR REDDY)
DIRECTOR**

**PLACE: HYDERABAD
DATE : 08.08.2011**

**(G. RAMA KRISHNA REDDY)
DIRECTOR**

AISHWARYA TELECOM LIMITED

1-3-1026 &1027, Singadikunta, Kawadiguda, Hyderabad-500080

ATTENDANCE SLIP

**PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE
ENTRANCE OF THE MEETING HALL
(Please present this slip at the Meeting venue)**

DP ID*	
Client ID*	

Master Folio No.	
No. of Share Held*	

Name and address of the shareholder

I hereby record my presence at the 16th Annual General Meeting of the members of the company to be held on Friday, 23rd day of September, 2011 at 11:30 A.M at 1-3-1026 &1027, Singadikunta, Kawadiguda, Hyderabad-500080.

* Applicable for Investors holding shares in electronic form

Signature of Shareholders/Proxy

AISHWARYA TELECOM LIMITED

1-3-1026 &1027, Singadikunta, Kawadiguda, Hyderabad-500080.

PROXY FORM

DP ID*	
Client ID*	

Master Folio No.	
No. of Share Held*	

I/We _____ of _____ being a Member(s) of above named company, hereby appoint _____ of _____ or failing him/her _____ of _____ as my/our proxy to attend and vote for me/us, on my/our behalf at the 16th Annual General Meeting of the Company to be held on Friday, 23rd day of September 2011 at 11:30 A.M at 1-3-1026 &1027, Singadikunta, Kawadiguda, Hyderabad-500080, and at any adjourned meeting thereof.

As Witnessed Signed this _____ day of September 2011

A ffix R e .1 /- R e v e n u e S t a m p

* Applicable for Investors holding shares in electronic form

Signature

- Note :**
1. Proxy Need not be Member.
 2. The proxy in order to be effective should be duly stamped, completed, signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.