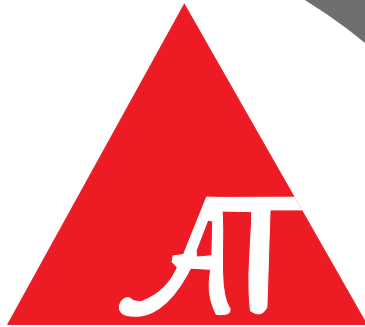


18th

ANNUAL REPORT
2012-2013



AISHWARYA TECHNOLOGIES AND TELECOM LIMITED
(Formerly known as AISHWARYA TELECOM LIMITED)

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(Formerly known as Aishwarya Telecom Limited)

18th ANNUAL REPORT

2012-2013

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CORPORATE INFORMATION**Board of Directors:**

1. Mr. G. Rama Krishna Reddy	—	Chairman
2. Mr. G. Rama Manohar Reddy	—	Managing Director
3. Mrs. G. Amulya Reddy	—	Whole time Director
4. Mr. D. Venkata Subbiah	—	Independent Director
5. Mr. Harish K Jain	—	Independent Director
6. Mr. M. Madhusudhana Reddy	—	Independent Director

Registered Office:

1-3-1026 & 1027, Singadikunta,
Kawadiguda, Hyderabad-500080,
Andhra Pradesh.
Ph.Nos:040- 27531324/25/26
Fax: 040-27535423
Email: sales@aishwaryatechtele.com

Auditors:

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

Audit Committee:

- 1) Mr. D. Venkata Subbiah
- 2) Mr. G. Rama Krishna Reddy
- 3) Mr. M. Madhusudhana Reddy

Remuneration Committee:

- 1) Mr. Madhusudhana Reddy
- 2) Mr. G. Rama Manohar Reddy
- 3) Mr. D. Venkata Subbiah

Investor Grievance Committee:

- 1) Mr. D. Venkata Subbiah
- 2) Mr. G. Rama Krishna Reddy
- 3) Mr. Harish K Jain

Bankers:

State Bank of Hyderabad
Commercial Branch
Surya Towers, SP Road
Secunderabad- 500 003, Andhra Pradesh.

Listing:

BSE Limited

Registrar & Share Transfer Agents:

Bigshare Services Pvt. Ltd.
E-2/3, Ansa Industrial Estate,
Sakivihar Road, Saki Naka,
Andheri (E), Mumbai-400072
Telephone: +91-022-28470652
Fax: +91-022-28475207
URL:www.bigshareonline.com
E- mail: info@bigshareonline.com

NOTICE

NOTICE is hereby given that the 18th Annual General Meeting of the Shareholders of **AISHWARYA TECHNOLOGIES AND TELECOM LIMITED** will be held on Saturday, the 28th September, 2013 at 11.00 a.m. at 1-3-1026 & 1027, Singadikunta, Kawadiguda, Hyderabad - 500080, Andhra Pradesh to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2013, the Profit & Loss Account and Cash Flow Statement for the year ended on that date together with the Schedules and Notes attached thereto, along with the Reports of Auditors and Directors thereon.
2. To appoint a director in place of Mr. G. Rama Krishna Reddy who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Mrs. G. Amulya Reddy who retires by rotation and being eligible, offers herself for re-appointment.
4. To re-appoint M/s. Ramana Reddy & Associates, Chartered Accountants, Hyderabad as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS:

5. Mr. M. Madhusudhana Reddy, a Director due to retire by rotation at this Annual General Meeting, is not seeking re-election and accordingly it is "RESOLVED THAT the vacancy thereby caused be not filled up at this meeting or at any adjournment thereof."

**For and on behalf of the Board of
Aishwarya Technologies and Telecom Limited**

Place: Hyderabad

**G. Rama Krishna Reddy
Chairman**

**G. Rama Manohar Reddy
Managing Director**

Date: 14.08.2013

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF 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.
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Businesses to be transacted at the Annual General Meeting as set out in the Notice is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will be closed from 25.09.2013 to 28.09.2013 (Both days inclusive).
4. Members are requested to produce the Attendance Slip duly signed as per the Specimen Signature recorded with the Company/Depository Participant for admission to the meeting hall.
5. Members are requested to notify immediately any change in their address to the Share Transfer Agents and in case their shares are held in dematerialized form, this information should be passed on to their respective Depository Participants.
6. A Member desirous of receiving any information on the accounts or operations of the company is requested to forward his/her queries to the company at least 7 working days prior to the meeting, so that the required information can be made available at the meeting.
7. Members desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956, are requested to send the same to the office of the Registrar and Transfer Agent of the Company.

8. Corporate Members are requested to send to the Company's Registrar & Transfer Agent, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.
9. Members holding shares in physical form are requested to notify immediately any change in their address along with address proof, i.e., Electric /Telephone Bill, Driving License or a copy of passport and Bank particulars to the company or its Registrar & Share Transfer Agent and in case their shares are held in dematerialized form, this information should be passed on directly to their respective Depository Participants and not to the company/RTA without delay.
10. Members, who hold shares in de-materialized form, are requested to bring their Client ID and DP IDs for easier identification of attendance at the meeting.
11. It shall be mandatory for the transferee(s) to furnish copy of PAN Card to the Company/RTAs for registration of transfer of shares for securities market transactions and off market/private transaction involving transfer of shares in physical form of listed companies.
12. As a measure of austerity, copies of the annual report will not be distributed at the Annual General Meeting. Members are therefore, requested to bring their copies of the Annual Report to the Meeting.
13. Members holding shares in the same name under different ledger folios are requested to apply for Consolidation of such folios and send the relevant share certificates to M/s. Big share Services Pvt. Ltd., Share Transfer Agents of the Company for their doing the needful.
14. 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 on behalf of the Board of
Aishwarya Technologies and Telecom Limited**

Place: Hyderabad
Date: 14.08.2013

G. Rama Krishna Reddy
Chairman

G. Rama Manohar Reddy
Managing Director

EXPLANATORY STATEMENT

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

ITEM NO.5

Pursuant to the provisions of the Section 256 of the Companies Act, 1956, Mr. M. Madhusudhana Reddy who was appointed as Independent Director of the Company on 12.01.2010, is liable to retire by rotation at the ensuing Annual General Meeting. The Company has received information from him that due to his prior commitments; he does not offer himself for re-appointment.

The Company appreciates his contribution and support extended during his tenure as Director on the Board of the Company.

**For and on behalf of the Board of
Aishwarya Technologies and Telecom Limited**

**Place: Hyderabad
Date: 14.08.2013**

**G. Rama Krishna Reddy
Chairman**

**G. Rama Manohar Reddy
Managing Director**

DIRECTORS' REPORT

To
The Members of Aishwarya Technologies and Telecom Limited

We have pleasure in presenting the 18th Annual Report with Audited Statements of Accounts for the year ended 31st March 2013.

FINANCIAL RESULTS:**On standalone Basis**

(Rupees in Lakhs)

Particulars	2012-2013	2011-2012
Income	2529.32	3671.81
Expenditure	2515.51	3976.15
Profit for the year	13.81	(304.34)
Less: Tax	108.63	(17.82)
Add: Profit brought forward	1286.67	1608.83
Profit / (Loss) carried to Balance Sheet	1409.11	1286.67

On Consolidated Basis

(Rupees in Lakhs)

Particulars	2012-13	2011-12
Income	2529.32	3671.81
Expenditure	2515.71	3976.59
Profit for the year	13.61	(304.78)
Less: Tax	108.63	(17.82)
Add: Profit brought forward	1287.72	1610.32
Profit / (Loss) carried to Balance Sheet	1409.96	1287.72

PERFORMANCE REVIEW :**A.) STANDALONE BASIS :**

The Company has recorded a turnover of Rs.2529.32 Lakhs and the profit of Rs. 122.44 Lakhs in the current year against the turnover of Rs. 3671.81 Lakhs and loss of Rs. 322.16 Lakhs in the previous financial year ending 31.03.2012.

The Company has been continuously working on quality up gradation and austerity measures for achieving efficient running of the organization.

B.) CONSOLIDATED BASIS:

The Company has recorded a turnover of Rs. 2529.32 Lakhs and the profit of Rs. 122.24 Lakhs in the current year against the turnover of Rs. 3671.81 lakhs and loss of Rs. 322.60 Lakhs in the previous financial year ending 31.03.2012.

The Consolidated Financial Statements of your company for the financial year 2012-2013 have been prepared in compliance with applicable Accounting Standards and where applicable Listing Agreement as prescribed by the Securities and Exchange Board of India.

DIVIDEND:

Your Directors have decided not to recommend dividend for the year.

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.

LISTING:

The equity shares of your company are listed on the BSE Limited.

CAPITAL OF THE COMPANY:

The authorized capital of the company stands at Rs. 1,20,00,000/- divided in to 2,40,00,000 equity shares of Rs.5/- each. Issued, Subscribed & Paid up capital of the company stands at Rs. 10,78,19,710/- divided in to 2,15,63,942 equity shares of Rs.5/- each.

SUBSIDIARY COMPANY:

The Company has a subsidiary, Bhashwanth Power Projects Private Limited where no operations are carried out.

CHANGE OF NAME & OBJECTS:

The Company in order to diversify its business into Software Solutions, Information technology and e-commerce amended its main objects. Similarly, it also changed the name from M/s. Aishwarya Telecom Limited to M/s. Aishwarya Technologies and Telecom Limited to reflect the new business activities. The same was approved by the members by way of Postal Ballot for which results were declared on 26.12.2012.

MANAGEMENT DISCUSSION AND ANALYSIS:

A detailed review of operations, performance and future outlook of your Company and its businesses is given in the Management Discussion and Analysis, which forms part of this Report.

INSURANCE:

The company's properties have been adequately insured against major risks. All the insurable interests of your Company including inventories, buildings, plant and machinery, stock and liabilities under legislative enactments are adequately insured.

DIRECTORS:

In accordance with the Companies Act, 1956 read with Articles of Association of the company the Directors namely Mr. G. Rama Krishna Reddy, Mrs. G. Amulya Reddy and Mr. M. Madhusudhana Reddy retire by rotation and are eligible for re-appointment. However, the Board has received notice from Mr. M. Madhusudhana Reddy expressing his unwillingness to be re-appointed as Director on the Board of the Company. Hence, Your Board recommends the re-appointment of Mr. G. Rama Krishna Reddy and Mrs. G. Amulya Reddy in the best interests of the company.

Details of the Director appointed

Name of the Director	Mr. G. Rama Krishna Reddy	Mrs. G. Amulya Reddy
Date of Birth	17.02.1937	03.04.1972
Date of Appointment	31.08.2006	02.06.1995
Qualifications	Graduate in Economics and Politics	Graduate in Commerce
No. of Shares held in the Company	3,73,500	75,608
Directorships held in other companies (excluding private limited and foreign companies)	Nil	Nil
Positions held in mandatory committees of other companies	Nil	Nil

DIRECTORS' RESPONSIBILITY STATEMENT:

In pursuance of Section 217(2AA) of the Companies Amendment Act, 2000, your directors confirm:

- i) that the directors in the preparation of the annual accounts have followed the applicable accounting standards have been followed along with proper explanations relating to material departures.
- ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are 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.
- iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safe guarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv) that the directors had prepared the annual accounts on the going concern basis.

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

The required information as per Sec.217 (1) (e) of the Companies Act 1956 is provided hereunder:

A. Conservation of Energy:

Your Company's operations are not energy intensive. Adequate measures have been taken to conserve energy wherever possible by using energy efficient computers and purchase of energy efficient equipment.

B. Technology Absorption:

1. Research and Development (R&D)	:	NIL
2. Technology absorption, adoption and innovation	:	NIL

C. Foreign Exchange Earnings and Out Go:

Foreign Exchange Earnings	:	NIL
Foreign Exchange Outgo	:	Rs. 1560.88 Lakhs

PARTICULARS OF EMPLOYEES:

There is no employee who is falling under section 217 (2A). Therefore, the disclosures required to be made under section 217 (2A) of the Companies Act, 1956 and the rules made there under are not applicable.

CODE OF CONDUCT:

The Code of conduct 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 given in Annexure.

EMPLOYEES STOCK OPTION SCHEME:

Pursuant to ESOP-2008, the Company has granted 6,00,000 options of Rs. 5/- each to the eligible employees of the company, out of which, 2,40,000 were exercised during the financial year 2010-11 at a price of Rs. 5/- per option. Relevant disclosures were made in Annexure 'A'.

AUDITORS:

Your directors propose the appointment of M/s. Ramana Reddy & Associates, as statutory auditors to hold office until the conclusion of the next Annual General Meeting of the company.

CORPORATE GOVERNANCE:

As a listed company, necessary measures have been taken to comply with the listing agreements of Stock Exchanges. A report on Corporate Governance, along with a certificate of compliance from the Auditors forms part of this Report as Annexure.

ACKNOWLEDGEMENTS:

Your directors would like to express their grateful appreciation for assistance and co-operation received from clients, banks, investors, Government, other statutory authorities and all others associated with the company. Your directors also wish to place on record their deep sense of appreciation for the excellent contribution made by the employees at all levels, which enabled the company to achieve sustained growth in the operational performance during the year under review.

**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 senior management of the Company have exercised their authority and powers and 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
Aishwarya Technologies and Telecom Limited**

**Place: Hyderabad
Date: 14.08.2013**

**G. Rama Krishna Reddy
Chairman**

**G. Rama Manohar Reddy
Managing Director**

ANNEXURE-A

ANNEXURE TO THE DIRECTOR REPORT FOR THE YEAR ENDED 31ST MARCH 2013

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 ,	BSE 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

(Forming part of Directors' Report)

OVERVIEW OF FY 2012-13:

Aishwarya Telecom Limited has changed the name as Aishwarya Technologies and Telecom Limited. The company has taken several measures to get more business from Defence sector than telecom, and hence the name change is essential to emphasize the diversification of activities to Defence Sector also. The year under review saw Aishwarya Technologies and Telecom Limited (ATTL) entered into a new growth momentum in Defence sector and cable TV sector. ATL is confident of getting big orders from Defence and Telecom Sector, especially from new projects like NFS, NOFN, RIL Geo, Cable TV operators and Defence Research Labs, which may touch the Sales Turn over more than 70 Crores. The quotes for Electronic Markers & Locators worth of Rs.27 Crores given to the eligible bidders who are participating the Tender called by BSNL for NFS.

ATL has reported a sales turnover of Rs. 24.80 crores for Financial Year (FY) 2012-13. Net Profit of the Company is Rs. 13.81 lakhs.

HIGH END TECHNOLOGIES:

ATTL has received exclusive Distribution ship from Sumitomo Electric Industries, Japan for India, Bangladesh, Srilanka for entire range of splicing machines. There is an opportunity to get business worth Rs. 20 crores during the current financial year out of the splicing machines only. Due to digitization of cable TV, the demand for fiber optic testers is very good till the year 2018. ATTL has tied up with Rycom for Optic Cable locating systems and expecting to have Rs. 20 crore orders this year. ATTL is manufacturing DCDC converters for the defence labs and few samples are approved and confident of getting good business for these products also.

ATTL has tied up with a world leading company for the EMI/EMC chambers and bidding for defence labs to the tune of Rs.20 crores in 2013-14.

ATTL got exclusive distributorship from Wavetech, US for the wireless test equipments, also from Sage instruments, US for LTE testing, which has good demand with Reliance Industries, Videocon, Defence Labs.

ATTL is technically qualified from BDL for sub contracting manufacturing optical components and the value of the Tender is 250 Crores. ATTL is Manufacturing RF Power Meters, Data Testers, Fiber Optic Test Equipments & Cable Fault Locators.

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

INDUSTRY SCENARIO (Test & Measuring Instruments Sector):

The T&M Segment in Telecom Sector and in other sectors Like Defence, Research and Educational, has great potential as there are many pending network expansions in Telecom Sectors, Broadband services for 4,50,000 villages under BBNL, are under progress for finalization during this financial year. These projects have got 3 years span for installation and later the 10 years minimum for maintenance.

Modernization of Defence Labs, Railway Networks, and Educational Labs are under great pace. The T&M segment will have continues and steady market for another 10 years span with existing technologies in networks. There is huge expansions in 4G networks by the Public and Private Telecom Operators, which will have the requirement of Test & Measuring Instruments in coming years.

SWOT ANALYSIS:**STRENGTHS**

- We are the biggest company in manufacturing of test equipments in India having 30 TEC (Telecom Engineering Centre) approvals from DOT (Department of Telecommunications).
- As our 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 giving turnkey solutions for the defence sector; the response is very encouraging which has better margins.

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. Due to cancellation of telecom licences to several telecom operators like IDEA, UNINOR, MTS SYSTEMA, ETI SALAT business to all the vendors is affected including ATL.

OPPORTUNITIES

The coming 3-4 years the telecom sector will have again great opportunity, there is a tender from Bharat Broadband Nigam Limited to provide Broadband connectivity for 2,50,000 villages, which has 15000 crores project under National Optical Fiber Network (NOFN), we are anticipating an order of Rs.50 crores from this project. Further, BSNL is calling Tenders for worth Rs.10,000 crores for defence network project and we are confident of getting Rs.50 crore order from this project. All telecom operators are expanding their networks and demand for test equipments is increasing.

THREATS

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

MITIGATING FACTORS:

Foreign Exchange fluctuations badly affected our Company but also other companies as well and the selling prices of the products have not increased significantly as several Tenders were quoted in the first half of the financial year.

- 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.

CAUTIONARY STATEMENT:

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and international markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and other incidental factor.

REPORT ON CORPORATE GOVERNANCE

(Forming part of Directors' Report)

I. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

All the procedures, policies and practices followed by your Company are based on sound governance principles.

Comprehensive disclosures, structured accountability in exercise of powers, adhering to international standards and commitment in compliance with regulations and statutes in letter as well as spirit have enabled your Company to enhance shareholder value. In fact, this has become an integral part of the way business is done. The governance practices followed by your Company are continuously reviewed and the same are benchmarked to the best governed companies.

Your Company has complied with all the regulations stipulated by the Securities Exchange Board of India (SEBI) in the Listing Agreement.

II. BOARD OF DIRECTORS

The Board of Directors consists of 6 Members of whom 3 are Non-Executive Independent Directors. The Composition of the Board is in conformity with the listing requirements.

The details of the Directors being appointed/ re-appointed on retirement by rotation at the ensuing Annual General Meeting, as required pursuant to Clause 49(IV) (G) of the Listing Agreement, are mentioned in the Directors' Report, forming part of the Annual Report.

S.No	Name of the Directors	Category	Attendance Particulars			No. of other Directorships and Committee memberships/ chairmanships			No. of shares
			No. of Board meetings Held during tenure of the director			Other Directorships	Committee Memberships	Committee Chairmanships	
			Held	Attended	Last AGM				
1.	Mr. G. Rama Krishna Reddy	Non Executive Director	5	5	Yes	1	NIL	NIL	3,73,500
2.	Mr. G. Rama Manohar Reddy	Executive Director	5	5	Yes	1	NIL	NIL	51,48,257
3.	Mrs. G. Amulya Reddy	Whole time Director	5	5	Yes	NIL	NIL	NIL	75,608
4.	Mr. D. Venkata Subbiah	Non Executive & Independent Director	5	5	Yes	2	1	1	NIL
5.	Mr. Harish K Jain	Non Executive & Independent Director	5	NIL	NIL	NIL	NIL	NIL	NIL
6.	Mr. M. Madhusudhana Reddy	Non Executive & Independent Director	5	5	Yes	NIL	NIL	NIL	5,000

The Board of Directors met 5 times during the year on 14.05.2012, 14.08.2012, 31.08.2012, 14.11.2012 and 14.02.2013, and the maximum gap between any two meetings was less than four months, as stipulated under Clause 49.

The details of Composition of Board of Directors, directors' attendance at Board Meetings, AGM and details of other directorships, committee chairmanships/memberships held by the Directors during the year are as follows:

Board's Procedure:

Agenda papers along with explanatory statements were circulated to the directors in advance for each of these meetings. All relevant information as per Clause 49 of the Listing Agreement was placed before the Board from time to time.

Committees of the Board:

Currently, there are Three (3) Committees of the Board, namely: Audit Committee, Remuneration Committee, Shareholders/ Investors Grievance and Share Transfer Committee. The Board decides the terms of reference for these Committees. The minutes of the meetings of the Committees are placed before the Board for information. The details as to the composition, terms of reference, number of meetings and related attendance, etc., of these Committees are provided hereunder:

III. AUDIT COMMITTEE

- a) The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 292A of the Companies Act, 1956.
- b) The terms of reference of the Audit Committee include a review of;
- Overview of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
 - Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
 - Discussion with external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 - Reviewing the financial statements and draft audit report including quarterly / half yearly financial information.
 - Reviewing with management the annual financial statements before submission to the Board, focusing on:
 1. Any changes in accounting policies and practices;
 2. Qualification in draft audit report;
 3. Significant adjustments arising out of audit;
 4. The going concern concept;
 5. Compliance with accounting standards;
 6. Compliance with stock exchange and legal requirements concerning financial statements;
 7. Any related party transactions
 - Reviewing the company's financial and risk management's policies.
 - Disclosure of contingent liabilities.
 - Reviewing with management, external and internal auditors, the adequacy of internal control systems.
 - Reviewing the adequacy of internal audit function, including the audit character, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
 - Discussion with internal auditors of any significant findings and follow-up thereon.
 - Reviewing the findings of any internal investigations by the internal auditors into the 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.
 - Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
 - Reviewing compliances as regards the Company's Whistle Blower Policy.
- c) The previous Annual General Meeting of the Company was held on 28th September 2012 and Mr. D. Venkata Subbiah, Chairman of the Audit Committee, attended previous AGM.

The Company has complied with all the requirements of Clause 49 (II) (A) of the Listing Agreement relating to the composition of the Audit Committee. During the financial year 2012-2013, (4) four meetings of the Audit Committee were held on the 14.05.2012, 14.08.2012, 14.11.2012 and 14.02.2013.

The details of the composition of the Committee and attendance of the members at the meetings are given below:

Name	Designation	Category	No. of meetings attended
Mr. D. Venkata Subbiah	Chairman	INE	4
Mr. G. Rama Krishna Reddy	Member	NE	4
Mr. M. Madhusudhana Reddy	Member	INE	4

INE : Independent & Non Executive

NE : Non Executive

Terms of reference:

The terms of reference of the Committee, inter-alia covers all the matters specified under Clause 49 of the Listing Agreement with the Stock Exchange as well as those specified in Section 292 (A) of the Companies Act, 1956. Besides, in additions to other terms as may be referred by the Board of Directors, the Audit Committee has the power inter-alia, to investigate any activity within its terms of reference and to seek information from any employee of the Company and seek legal and professional advice.

IV. REMUNERATION COMMITTEE

The details of composition of the Committee are given below:

Name	Designation	Category
Mr. Madhusudhana Reddy	Chairman	INE
Mr. G. Rama Manohar Reddy	Member	ED
Mr. D. Venkata Subbiah	Member	INE

INE : Independent & Non Executive

ED : Executive Director

Terms of reference:

The main term of reference of the Committee is to approve the fixation/revision of remuneration of the Managing Director/ Whole Time Director/ other key employees of the Company and while approving:

- To take into account the financial position of the Company, trend in the industry, appointee's qualification, experience, past performance, past remuneration etc.
- To bring out objectivity in determining the remuneration package while striking a balance between the interest of the Company and the Shareholders.

Remuneration Policy:

The objectives of the remuneration policy are to motivate Directors to excel in their performance, recognize their contribution and retain talent in the organization and reward merit.

The remuneration levels are governed by industry pattern, qualifications and experience of the Directors, responsibilities shouldered, individual performance etc.

The details of remuneration paid to the Executive and Non - Executive Directors for the financial year 2012-13 are given below:

Name of the Director	Designation	Salary (Rs in Lakhs)	Commission (Rs in Lakhs)	Perquisites (Rs in Lakhs)	Retirement Benefits (Rs in Lakhs)
Mr. G. Rama Manohar Reddy	Managing Director	30.00	-	-	-
Mrs. G. Amulya Reddy	Whole time Director	21.00	-	-	-
Mr. G. Rama Krishna Reddy	Non Executive Director	-	-	-	-
Mr. D. Venkata Subbiah	Non Executive & Independent Director	-	-	-	-
Mr. Harish K Jain	Non Executive & Independent Director	-	-	-	-
Mr. M. Madhusudhana Reddy	Non Executive & Independent Director	-	-	-	-
	Total	51.00	-	-	-

V. SHAREHOLDERS / INVESTOR GRIEVANCE AND SHARE TRANSFER COMMITTEE**A). Composition, meetings and the attendance during the year:**

The Shareholders/Investors Grievance Committee was constituted to look into the redressing of Shareholders and Investors complaints concerning transfer of shares, non receipt of Annual Reports, and non receipt of Dividend and other allied complaints.

The Details of composition of the Committee and attendance of the members at the meetings are given below:

Name	Designation	Category
Mr. D. Venkata Subbiah	Chairman	INE
Mr. G. Rama Krishna Reddy	Member	NE
Mr. Harish K. Jain	Member	INE

INE: Independent & Non Executive

NE: Non Executive

B.) Powers :**The committee has been delegated with the following powers:**

- To redress shareholders and investor complaints relating to transfer of shares, dematerialization of shares, non-receipt of balance sheet, non-receipt of declared dividend etc.
- To approve, transfer, transmission, and issue of duplicate/ fresh share certificate(s).
- Consolidate and sub-division of share certificate etc.
- To redress, approve and dispose off any, other complaints, transactions and requests etc. received from any shareholder of the company and investor in general.

The Board has delegated the power to process the transfer and transmission of shares to the Registrar and share Transfer Agents, who process share transfers within a week of lodgment in the case of shares held in physical form.

The Board has designated Mr. G. Rama Manohar Reddy, Managing Director of the Company as the Compliance Officer.

The Company has designated an exclusive e-mail ID sales@aishwaryatechtele.com for redressal of shareholders' complaints/ grievances.

Complaints received and redressed by the Company during the financial year:

During the year no complaints were received.

S. No	Particulars	Remarks
1.	At the beginning of the year	NIL
2.	Received during the year	NIL
3.	At the end of the year	NIL

VI. GENERAL BODY MEETINGS :

Financial Year	Date	Time	Venue	Special Resolution
17th AGM 2011-12	28.09.2012	11.00 AM	1-3-1026 & 1027, Singadikunta, Kawadiguda, Hyderabad-500080, Andhra Pradesh.	Amendment of Articles to permit participation by the Directors and the Shareholders in the Meetings through Electronic mode including video conferencing.
16 th AGM 2010-2011	23.09.2011	11.30 AM	1-3-1026 & 1027, Singadikunta, Kawadiguda, Hyderabad-500080, Andhra Pradesh.	1) Employees Stock Option Scheme - 2011 2) Grant of options to the employees of subsidiary and step down subsidiary company under employee stock options scheme – 2011 3) Change in name of the Company 4) Revision in terms of remuneration of Mr. G. Rama Manohar Reddy 5) Revision in terms of Remuneration of Mrs. G. Amulya Reddy
15th AGM 2009-10	27.09.2010	11.00 AM	1-3-1026 & 1027, Singadikunta, Kawadiguda, Hyderabad-500080, Andhra Pradesh.	NIL

VII. OTHER DISCLOSURES

- There were no significant related party transactions that may have potential conflict with the interests of the Company at large.
- In the preparation of financial statements, no treatment materially different from that prescribed in Accounting Standards had been followed.
- There were no penalties or strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets at any time during the last 3 years.
- The Company has complied with the non-mandatory requirements relating to remuneration committee and Whistle Blower policy to the extent detailed above.
- Managing Director of the Company has furnished the requisite Certificates to the Board of Directors under Clause 49 of the Listing Agreement.

VIII. MEANS OF COMMUNICATION

The un-audited quarterly results and audited results for the year are generally published in one English newspaper and at one vernacular newspaper within the time prescribed shortly after its submission to the Stock Exchanges.

IX. GENERAL SHAREHOLDERS INFORMATIONa) 18th Annual General Meeting:**Date and Time** 28th September 2013 at 11.00 AM**Venue** 1-3-1026 & 1027, Singadikunta, Kawadiguda, Hyderabad-500080, Andhra Pradeshb) Book Closure Date : **25.09.2013 to 28.09.2013 (Both days inclusive)****c) Financial Year and Calendar (Tentative) 2013-14:**

The Company follows April to March as its Financial Year. The results of every quarter beginning from April are declared in the first month following each quarter as follows:

Financial Calendar

Financial Reporting for 2013-2014 (tentative)	On or before
The First Quarter results	Already declared on 14.08.2013
The Second quarter results	14.11.2013
The Third quarter results	14.02.2014
The Fourth quarter results	30.05.2014

- d) Listing on Stock Exchanges** : BSE Limited
e) Listing Fees : Listing fee for the year 2013-14 has been paid
f) Stock Code : For equity shares: **BSE: 532975**
g) ISIN No. : For equity shares: **INE778101024**
h) Stock Price Data : The monthly high / low prices of shares of the Company from April, 2012 to March, 2013 at BSE Limited

Month	High (Rs.)	Low (Rs.)
April, 2012	10.50	9.00
May, 2012	11.20	7.76
June, 2012	9.21	7.81
July, 2012	8.99	7.13
August, 2012	7.97	6.33
September, 2012	7.24	5.70
October, 2012	13.42	6.66
November, 2012	17.20	12.30
December, 2012	17.85	11.95
January, 2013	14.29	11.45
February, 2013	13.45	9.06
March, 2013	9.64	4.91

i) Registrar & Share Transfer Agents (for shares held in both physical and demat mode):

Bigshare Services Pvt. Ltd.
E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka,
Andheri (E), Mumbai-400072
Telephone: +91-022-28470652 Fax: +91-022-28475207
URL: www.bigshareonline.com
E- mail: info@bigshareonline.com

j) Share Transfer System:

The Physical shares transfers are processed and the share certificates are returned to the shareholders within a maximum period of 15 days from the date of receipt, subject to the document being valid and complete in all respects.

Any transferee who wishes to demat the shares may approach a Depository Participant along with a duly filled Demat Request Form, who shall, on the basis of the Share Certificate, generate a demat request and send the same to the Registrar and Share Transfer Agents (RTA). On receipt, the Depository Registrar confirms the request.

All the requests for Dematerialization of shares are processed and the confirmation is given to the respective Depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within 21 days on receipt.

k) Shareholding Pattern as on 31st March, 2013:

Particulars	Category	No. of shares held	Percentage of shareholding
A	Shareholding of Promoter and promoter group		
1.	Promoters & Persons acting in concert	6334313	29.37
	Sub- Total A	6334313	29.37
B	Public Shareholding		
1.	Institutions	NIL	NIL
2.	Non- Institutions		
a)	Bodies Corporate	4847841	22.48
b)	Indian public and others	10015942	46.45
c)	Any others		
	i) NRI's	190115	0.88
	ii) Employees	173861	0.81
	iii) Clearing Members	1870	0.01
	Sub Total B	15229629	70.63
	Grand Total (A+B)	21563942	100

l) Distribution of shareholding of the Company by number of shares held as on 31st March, 2013 is as follows:

Particulars	Shareholders		Shareholding	
	Number	%	Share Amount	% of Total
UPTO - 5000	5896	87.03	7240345	6.72
5001-10000	363	5.35	2893505	2.68
10001-20000	184	2.72	2745785	2.55
20001-30000	91	1.34	2312675	2.14
30001-40000	38	0.56	1354755	1.26
40001-50000	35	0.54	1656420	1.53
50001-100000	60	0.88	4497920	4.17
100001 & ABOVE	107	1.58	85118305	78.95
Total	6774	100	107819710	100

m) Dematerialization of Shares:

The Company's shares are dematerialized on National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited. The Company's ISIN is **INE778101024**. As on 31st March, 2013, 2,13,84,307 equity shares are dematerialized which is 99.17% of the paid up capital of the company and out of which 67,35,102 shares are in CDSL and 1,46,49,205 shares are in NSDL and the balance are in physical form

n) Address for Investors Correspondence:

The Shareholders may correspond with the Company for the redressal of their grievances, if any to the registered office of the company at :

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

Ph.Nos.040- 27531324/25/26

Fax: 040-27535423

Email: accounting@aishwaryatechtele.com

o) CEO/MD Certification:

As required by the clause 49 (V) of the Listing Agreement, the certificate is attached below here in the annual report.

p) Compliance Certificate of the Auditors:

The Statutory Auditor has certified that the company has complied with the conditions of the Corporate Governance as stipulated in clause 49 of the listing agreement and the same forms part of the Annual Report. The Certificate from the statutory auditor will be sent to the stock exchange along with the Annual Report of the Company.

DECLARATION

To
The Members of Aishwarya Technologies and Telecom Limited

This is to declare that the Code of Conduct envisaged by the Company for members of the Board and the Senior Management Personnel have been complied with by all the members of the Board and the Senior Management Personnel of the Company respectively.

Please find below the Managing Director certificate as per Clause 49(V) of the Listing Agreement:

MANAGING DIRECTOR CERTIFICATE

I, G. Rama Manohar Reddy, Managing Director of M/s Aishwarya Technologies and 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
Aishwarya Technologies and Telecom Limited**

**Place: Hyderabad
Date: 14.08.2013**

**G. Rama Manohar Reddy
Managing Director**

CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
AISHWARYA TECHNOLOGIES AND TELECOM LIMITED
(Formerly known as Aishwarya Telecom Limited)

We have examined the compliance of conditions of Corporate Governance by M/s AISHWARYA TECHNOLOGIES AND TELECOM LIMITED, for the period of 12 months ended on 31st March, 2013 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges of India.

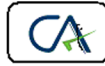
The compliance condition of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance. It is neither an audit nor 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, 2013 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.

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

Place: Hyderabad
Date: 14.08.2013

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

INDEPENDENT AUDITOR'S REPORT

To
The Members of
M/s. AISHWARYA TECHNOLOGIES AND TELECOM LIMITED
[Formerly known as AISHWARYA TELECOM LIMITED]

Report on the Financial Statements

We have audited the accompanying financial statements of **M/s.AISHWARYA TECHNOLOGIES AND TELECOM LIMITED [Formerly known as AISHWARYA TELECOM LIMITED]** ("the Company"), which comprise the Balance Sheet as at 31st March , 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required 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, 2013,
- (b) in the case of the Statement of Profit and Loss, of the Profit of the Company for the year ended on that date and
- (c) in the case of the Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we report that in the annexure on the matters specified in paragraphs 4 and 5 of the said order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) 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.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, Statement of Profit and Loss & Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss & Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

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

**PLACE : HYDERABAD
DATE : 25.05.2013**

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

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph (1) 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. During the year under report, the company has maintained cost records as prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956. We have broadly reviewed the accounts and records of the company. However, we have not made a detailed examination of the same.
9. (a) The company is 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, 2013 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess, which have not been deposited on account of any dispute except for the following dues outstanding of sales-tax on account of disputes:

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

10. The company has no accumulated losses as on 31.03.2013. However, the company has not incurred any cash losses during the financial year ended on that date and has incurred cash loss of Rs.2,09,02,141/- 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, the term loans have been availed for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.

18. According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act, 1956.
19. According to the information and explanations given to us, during the period covered by our audit report, the company has not issued any debentures.
20. The company has not raised any money by public issue during the year.
21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

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

PLACE : HYDERABAD
DATE : 25.05.2013

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

BALANCE SHEET AS AT 31ST MARCH, 2013

Particulars	Note No.	As at 31.03.13	As at 31.03.12
1	2	3	4
		Rs.	Rs.
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	2	107819710	107819710
(b) Reserves & Surplus	3	270845626	258602117
(2) Non-Current Liabilities			
(a) Long Term Borrowings	4	3203715	8393095
(b) Deferred Tax Liability (Net)		0	3117208
(3) Current Liabilities			
(a) Short Term Borrowings	5	67852682	32245847
(b) Trade Payables	6	41002520	91505538
(c) Other Current Liabilities	7	18885954	9406396
(d) Short Term Provisions	8	2237324	1899115
TOTAL		<u>511847531</u>	<u>512989026</u>
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	9	80115692	90137096
(ii) Intangible Assets	10	2694805	4491341
(b) Non-Current Investments	11	1500000	1500000
(c) Deferred Tax Asset		8357525	0
(2) Current Assets			
(a) Inventories	12	61983858	82235552
(b) Trade Receivables	13	289465382	237986738
(c) Cash and Cash Equivalents	14	13404798	46443172
(d) Other Current Assets	15	54325471	50195127
TOTAL		<u>511847531</u>	<u>512989026</u>

Notes forming part of the financial statements 1 - 35

VIDE OUR REPORT OF EVEN DATEFor RAMANA REDDY & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn. No. 003246S(CA. RAMANA REDDY A.V.)
PARTNER
Membership No.024329PLACE : HYDERABAD
DATE : 25.05.2013**FOR AND ON BEHALF OF THE BOARD**(G.RAMA KRISHNA REDDY)
CHAIRMAN(G. RAMA MANOHAR REDDY)
MANAGING DIRECTOR

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars	Note No.	Current Year	Previous Year
1	2	3	4
		Rs.	Rs.
I. Revenue from operations	16	247959917	361395842
II. Other Income	17	4972245	5784845
III. Total Revenue (I +II)		252932162	367180687
IV. <i>Expenses:</i>			
Material Consumed	18	19416918	35027336
Changes in Inventories of finished goods, work-in-progress and stock-in-trade	19	13686854	9456947
Operation and Other Expenses	20	182351379	320923905
Employee Benefit Expenses	21	11877301	14198219
Finance Costs	22	12506007	8476421
Depreciation and amortization expenses	9 & 10	11712512	9532173
TOTAL		251550971	397615001
V. Profit / Loss before exceptional and extraordinary items and tax (III + IV)		1381191	-30434314
VI. Exceptional Items		0	0
VII. Profit / Loss before extraordinary items and tax (V - VI)		1381191	-30434314
VIII. Extraordinary Items		0	0
IX. Profit / Loss before tax (VII - VIII)		1381191	-30434314
X. Tax expenses:			
- Income Tax		612415	0
- Deferred Tax		-11474733	1781484
XI. Profit / Loss for the year from continuing operations (IX - X)		12243509	-32215798
XII. Profit / Loss from discontinuing operations		0	0
XIII. Tax expense of discontinuing operations		0	0
XIV. Profit / Loss from discontinuing operations (XII - XIII)		0	0
XV. Profit / Loss for the year (XI + XIV)		12243509	-32215798
XVI. Earning per equity share:			
(1) Basic		0.57	-1.49
(2) Diluted		0.57	-1.49
Notes forming part of the financial statements	1 - 35		

VIDE OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

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

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

PLACE : HYDERABAD
DATE : 25.05.2013

(G.RAMA KRISHNA REDDY)
CHAIRMAN

(G. RAMA MANOHAR REDDY)
MANAGING DIRECTOR

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars	Current Year Rs.	Previous Year Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit (+/-)	1381191	-30434314
Add: Adjustments for:		
Depreciation	11712512	9532173
Loss on Sale of Fixed Assets	213759	0
Operating Profit before Working Capital	<u>13307462</u>	<u>-20902141</u>
Adjustments for working capital charges:		
Inventories	20251694	6718169
Trade Receivables	(51478643)	1440184
Other Current Assets	(4130344)	3202679
Current Liabilities	(41023460)	32771996
Provisions	(274206)	51853
Cash generated from Operations Before Extra-Ordinary items	<u>(63347497)</u>	<u>23282740</u>
Taxes Paid	0	(5505243)
Net cash flow from operating activities (A)	<u><u>(63347497)</u></u>	<u><u>17777497</u></u>
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(153332)	(29184241)
Sale of Fixed Assets	45000	0
Net Cash Flow from investing Activities (B)	<u>(108332)</u>	<u>(29184241)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Increase in Share Capital	0	0
Long Term Borrowings	(5189380)	8199050
Short Term Borrowings	35606835	14631503
Dividend Paid	0	(2156394)
Net Cash Flow from Financing Activities (C)	<u>30417455</u>	<u>20674159</u>
Net Increase in Cash and Cash Equivalents (A+B+C)	(33038374)	9267415
Cash & Cash Equivalents at the beginning of the year	46443172	37175757
Cash & Cash Equivalents at the end of the year	13404798	46443172

VIDE OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

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

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

PLACE : HYDERABAD
DATE : 25.05.2013

(G.RAMA KRISHNA REDDY)
CHAIRMAN

(G. RAMA MANOHAR REDDY)
MANAGING DIRECTOR

NOTES FORMING PART OF THE FINANCIAL STATEMENTS**NOTE NO. 1****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.

NOTE NO. 2

	As at 31.03.13 Rs.	As at 31.03.12 Rs.
SHARE CAPITAL		
Equity Share Capital		
- Authorised Capital 2,40,00,000 Equity Shares of Rs. 5/- each	<u>120000000</u>	<u>120000000</u>
- Issued, Subscribed & Fully paid share capital 2,15,63,942 Equity Shares of Rs.5/- each fully paid up	<u>107819710</u>	<u>107819710</u>
TOTAL	<u>107819710</u>	<u>107819710</u>

List of Shareholders holding more than 5% Name of the Shareholder	No. of Shares	% of holding	No. of Shares	% of holding
G.Rama Manohar Reddy	5256221	24.38%	8916142	41.35%

NOTE NO. 3

	Rs.	As at 31.03.13 Rs.	Rs.	As at 31.03.12 Rs.
RESERVES & SURPLUS				
General Reserve				
- Opening Balance	11326000		11326000	
- Transferred during the year	<u>0</u>		<u>0</u>	
		11326000		11326000
Surplus in the Profit & Loss Statement				
- Opening Balance	128667347		160883145	
Add: Surplus for the year	<u>12243509</u>		<u>-32215798</u>	
	<u>140910856</u>		<u>128667347</u>	
- Securities Premium A/c		140910856		128667347
		118608770		118608770
TOTAL		<u>270845626</u>		<u>258602117</u>

NOTE NO. 4**LONG TERM BORROWINGS****Secured**

- Term Loan from SBH	3203715	8332000
- Hire Purchase Loan	<u>0</u>	<u>61095</u>
TOTAL	<u>3203715</u>	<u>8393095</u>

Term Loan from State Bank of Hyderabad is secured by Hypothecation of fixed assets and all current assets of the company and guaranteed by directors of the company in their personal capacities.

NOTE NO. 5

	As at 31.03.13 Rs.	As at 31.03.12 Rs.
SHORT TERM BORROWINGS		
Secured		
- Cash Credit from SBH	67852682	28142116
- Short Term working capital loans from Banks & Financial Institutions	0	4103731
TOTAL	<u>67852682</u>	<u>32245847</u>

Cash Credit from State Bank of Hyderabad is secured by Hypothecation of fixed assets and raw materials, semi-finished, finished goods and sundry debtors of the company and guaranteed by directors of the company in their personal capacities.

Short Term Working Capital Loans from Banks and Financial Institutions are not charged with any assets of the company but these loans are secured by the personal guarantees of directors.

NOTE NO. 6**TRADE PAYABLES****Sundry Creditors**

- Outstanding due of micro enterprises and small enterprises	0	0
- Outstanding due of other than micro enterprises and small enterprises	41002520	91505538
TOTAL	<u>41002520</u>	<u>91505538</u>

NOTE NO. 7**OTHER CURRENT LIABILITIES**

- Current Maturities of Long Term Debt	4168000	4168000
- Current Maturities of Finance Lease Obligation	1239060	132950
- Advances received from Customers	739935	752480
- Creditors for expenses	12738959	4352966
TOTAL	<u>18885954</u>	<u>9406396</u>

NOTE NO. 8**SHORT TERM PROVISIONS**

- For Taxation	612415	0
- For Gratuity	1624909	1899115
TOTAL	<u>2237324</u>	<u>1899115</u>

**NOTE NO. 9
TANGIBLE ASSETS**

Description of the Asset	Gross Carrying Amount				Depreciation Block			Net Carrying Amount	
	Cost as at 01.04.12	Additions During the year	Deletions During the year	Total As at 31.03.13	As at 01.04.12	For the year 31.03.13	Total As at	As at 31.03.13	As at 31.03.12
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
- Land	19714537	0	0	19714537	0	0	0	19714537	19714537
- Building	15110663	0	0	15110663	2108463	650110	2758573	12352090	13002200
- Computers	3860610	99850	90630	3869830	3228691	268211	3414736	455094	631919
- Furnitures & Fixtures	1563861	0	409462	1154399	953016	82944	779093	375306	610845
- Optical Test Equipment	53535785	0	0	53535785	13902250	6190758	20093008	33442777	39633535
- R & D Equipment	40766112	0	0	40766112	26259623	2265914	28525537	12240575	14506489
- Office Equipment	2173354	53482	290199	1936637	1206473	180837	1194812	741825	966881
- Vehicles	3119245	0	0	3119245	2048555	277202	2325757	793488	1070690
TOTAL	139844167	153332	790291	139207208	49707071	9915976	59091516	80115692	90137096

NOTE NO. 10**INTANGIBLE ASSETS**

Description of the Asset	Gross Carrying Amount			Amortisation Block			Net Carrying Amount		
	Cost as at 01.04.12	Additions During the year	Deletions During the year	Total As at 31.03.13	As at 01.04.12	For the year	Total As at 31.03.13	As at 31.03.13	As at 31.03.12
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
- Software	5755146	0	0	5755146	1263805	1796536	3060341	2694805	4491341
TOTAL	5755146	0	0	5755146	1263805	1796536	3060341	2694805	4491341

NOTE NO. 11	As at 31.03.13 Rs.	As at 31.03.12 Rs.
NON-CURRENT INVESTMENTS		
In Subsidiary Company :		
- Bhaswanth Power Projects Pvt. Ltd., (1,47,750 Equity Shares of Rs.10/- each)	1500000	1500000
TOTAL	<u>1500000</u>	<u>1500000</u>
NOTE NO. 12		
INVENTORIES		
- Raw Materials	10610958	17175798
- Finished Goods	51372900	65059754
TOTAL	<u>61983858</u>	<u>82235552</u>
NOTE NO. 13		
TRADE RECEIVABLES (Unsecured, Considered Good)		
- Debts Outstanding for a period exceeding 6 months	190236661	139566287
- Other debts	99228721	98420451
TOTAL	<u>289465382</u>	<u>237986738</u>
NOTE NO. 14		
CASH AND CASH EQUIVALENTS		
- Balance with Scheduled Banks in Current Accounts	1368699	16993023
in Margin Money Deposits	11695056	28940912
- Cash on Hand	341043	509237
TOTAL	<u>13404798</u>	<u>46443172</u>
NOTE NO. 15		
OTHER CURRENT ASSETS		
- Deposits	20352725	22084560
- Other Advances	1648352	6182738
- Advance to Suppliers	25270707	10592410
- Tax Deducted at Source	164628	299381
- Income Tax Paid Under Protest	0	4453660
- Interest Receivable	3304968	4203990
- Prepaid Expenses	1342227	435905
- IT Refund Receivable	2241864	1942483
TOTAL	<u>54325471</u>	<u>50195127</u>

NOTE NO. 16		Current Year Rs.	Previous Year Rs.
REVENUE FROM OPERATIONS			
- Sales		247959917	361395842
	TOTAL	<u>247959917</u>	<u>361395842</u>
NOTE NO. 17			
OTHER INCOME			
Commission Received		177574	418964
Interest Received		1176686	2205759
Other Income		3617985	3160122
	TOTAL	<u>4972245</u>	<u>5784845</u>
NOTE NO. 18			
MATERIAL CONSUMED			
- Opening Stock		17175798	14437020
Add: Purchases		12852078	37766114
		30027876	52203134
Less: Closing Stock		10610958	17175798
	TOTAL	<u>19416918</u>	<u>35027336</u>
NOTE NO. 19			
Changes in Inventories of finished goods, work-in-progress and stock-in-trade			
- Opening Stock			
Finished Goods		65059754	74516701
Less : Closing Stock			
Finished Goods		51372900	65059754
	TOTAL	<u>13686854</u>	<u>9456947</u>

NOTE NO. 20

	Current Year Rs.	Previous Year Rs.
OPERATION AND OTHER EXPENSES		
(a) OTHER MANUFACTURING EXPENSES		
- Trade Purchases	146391742	269909069
- Packing Material	136986	697953
- Testing & Calibration Expenses	546317	397080
(b) ADMINISTRATIVE & SELLING EXPENSES:		
- Rent	1211600	1174990
- Rates & Taxes	189095	216701
- Office Electricity & Maintenance	775132	636707
- Conveyance	840550	904863
- Subscription, Books & Periodicals	21348	64983
- Postage & Telegrams	263777	350150
- Printing & Stationery	551390	698472
- Regn. Licence & Filing Fees	532279	976648
- Professional & Consultancy Charges	671820	1856933
- Professional Tax	7500	7500
- Insurance	461894	515430
- Recruitment Charges	46563	77805
- Donations	0	15000
- Repairs & Maintenance	695823	767363
- Testing & Calibration Expenses	837766	1117735
- Telephone & Fax Expenses	739366	914546
- Directors Remuneration	5100000	5100000
- Directors Sitting Fee	25000	30000
- Tour & Travelling Expenses		
Directors	825834	773445
Others	2048342	4160560
- Auditors Remuneration	400000	400000
- Foreign Exchange Fluctuation Loss	4326722	8122310
- Misc. Expenses	2519	11462
- Advertisement Expenses	329708	705502
- Agency Commission	0	24900
- Tender Expenses	84428	123614
- Business Promotion Expenses	63948	139160
- Discount on Sales	2029959	5075331
- Carriage Outwards	640956	828771
- VAT and CST Payment	4642612	5951420
- Bad debts written off	3174156	4259433
- Income Tax & Interest on Income Tax	1721200	0
- Bank Charges	1801288	3918069
- Loss on Sale of Fixed Assets	213759	0
TOTAL	<u>182351379</u>	<u>320923905</u>

NOTE NO. 21

	Current Year Rs.	Previous Year Rs.
EMPLOYEE BENEFIT EXPENSES		
- Salaries, Wages & Other Benefits to employees	11370859	13767594
- Staff Welfare	506442	378772
- Gratuity	0	51853
TOTAL	<u>11877301</u>	<u>14198219</u>

NOTE NO. 22**FINANCE COSTS**

- Interest on Working Capital Loan	8744248	4192133
- Bank Interest on Short Term Loan	2094785	3118705
- Interest on Hire Purchase Loan	21899	36125
- Interest on Buyers credit and Other FLC Charges	1645075	0
- Loan Processing Fees	0	1129458
TOTAL	<u>12506007</u>	<u>8476421</u>

NOTE NO. 23**Contingent Liabilities not provided for:**

	Current Year Rs. Lakhs	Previous Year Rs. Lakhs
a. Bank Guarantees	211.79	518.65
b. Letter of Credit	192.68	777.13
c. Disputed Sales Tax Liability	19.06	19.06

NOTE NO. 24

Managerial Remuneration:

Particulars	2012-13 Rs.	2011-12 Rs.
Managing Director	3000000	3000000
Whole Time Director	2100000	2100000
TOTAL	5100000	5100000

NOTE NO. 25

Auditors' Remuneration:

Particulars	2012-13 Rs.	2011-12 Rs.
As Auditors	275000	275000
Tax Audit Fees	125000	125000
TOTAL	400000	400000

NOTE NO. 26

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.

NOTE NO. 27

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.

NOTE NO. 28

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.

NOTE NO. 29

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)	:	Nil
Key Management Personnel	:	Mr. G. Rama Krishna Reddy, Chairman Mr. G. Rama Manohar Reddy, Managing Director Mrs. G. Amulya Reddy, Whole Time Director

ii. Transactions with Related Parties

Remuneration to Directors	:	Rs. 51,00,000/-
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NOTE NO. 30**Earnings Per Share**

The numerators and denominators used for calculation of EPS

	Year ended 31-03-13	Year ended 31-03-12
a) Profit available to the Equity shareholders (Rs)	12243509	-32215798
b) No. of Equity shares	21563942	21563942
c) Weighted Avg. No. of Equity Shares	—	—
c) Nominal value of share (Rs)	05	05
d) Basic Earning per Share (Rs)	0.57	-1.49

NOTE NO. 31

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

Year ending march 31st	2013 Rs.	2012 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.	-	-

NOTE NO. 32

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. 1,14,74,733/- towards deferred tax asset in the year 2012-13. The major components of deferred tax assets and liabilities are arising on account of timing differences in depreciation and carried forward of losses.

NOTE NO. 33

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

NOTE NO. 34

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

NOTE NO. 35

Foreign Exchange Earnings & Out Go:

- Foreign Exchange Earnings – Rs. NIL
(Previous year Rs.NIL)
- Foreign Exchange Outgo – Rs.1560.88 lakhs
(Previous year – Rs. 1198.53 lakhs)

Notes to the financial statements and statement on accounting policies form an integral part of the balance sheet, profit and Loss Statement and cash flow statement.

SIGNATURES TO NOTES '1' TO '35'

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 : 25.05.2013

FOR AND ON BEHALF OF THE BOARD

(G.RAMA KRISHNA REDDY)
CHAIRMAN

(G. RAMA MANOHAR REDDY)
MANAGING DIRECTOR

**CONSOLIDATED FINANCIAL STATEMENTS
OF
AISHWARYA TECHNOLOGIES AND
TELECOM LIMITED
&
BHASHWANTH POWER PROJECTS
PRIVATE LIMITED
2012-2013**

Ramana Reddy & Associates[Formerly A.M.Reddy & Co.,]
Chartered Accountants10-5-6/B, My Home Plaza,
Off: 103, 2nd Floor, Masabtank,
Hyderabad - 500 028
Ph: 23316426/23316912**The Board of Directors of
M/s. Aishwarya Technologies and Telecom Limited
(formerly known as Aishwarya Telecom Limited)**
Hyderabad.

We have audited the accompanying consolidated financial statements of **M/s. Aishwarya Technologies and Telecom Limited (formerly known as Aishwarya Telecom Limited)**, ("the Company") and its subsidiary, Bashwanth Power Projects Pvt. Ltd., which comprise the consolidated balance sheet as at 31st March, 2013, the consolidated statement of profit and loss and the consolidated cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

We did not audit the financial statements of the subsidiary, Bashwanth Power Projects Pvt. Ltd., which have been reviewed by M/s CSV R & Associates, Chartered Accountants, Hyderabad. The report of the Chartered Accountant has been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiary, is based solely on the report of the Chartered Accountant. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements 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, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date, and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**For RAMANA REDDY & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn. No. 003246S****PLACE : HYDERABAD
DATE : 25.05.2013****(CA. RAMANA REDDY A.V.)
PARTNER
Membership No. 024329**

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013

Particulars	Note No.	As at 31.03.13	As at 31.03.12
1	2	3	4
		Rs.	Rs.
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	2	108312210	108312210
(b) Reserves & Surplus	3	270930739	258706766
(2) Non-Current Liabilities			
(a) Long Term Borrowings	4	3203715	8393095
(b) Deferred Tax Liability (Net)		0	3117208
(3) Current Liabilities			
(a) Short Term Borrowings	5	67852682	32245847
(b) Trade Payables	6	41002520	91505538
(c) Other Current Liabilities	7	18917190	9426396
(d) Short Term Provisions	8	2237324	1899115
TOTAL		<u>512456380</u>	<u>513606175</u>
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	9	80115692	90137096
(ii) Intangible Assets	10	2694805	4491341
(b) Deferred Tax Asset		8357525	0
(2) Current Assets			
(a) Inventories	11	61983858	82235552
(b) Trade Receivables	12	289992382	238513738
(c) Cash and Cash Equivalents	13	13453638	46500312
(d) Other Current Assets	14	55858480	51728136
TOTAL		<u>512456380</u>	<u>513606175</u>
Notes forming part of the financial statements 1 - 30			

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 KRISHNA REDDY)
CHAIRMAN(CA. RAMANA REDDY A.V.)
PARTNER
Membership No.024329(G. RAMA MANOHAR REDDY)
MANAGING DIRECTORPLACE : HYDERABAD
DATE : 25.05.2013

CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars	Note No.	As at 31.03.13	As at 31.03.12
1	2	3	4
		Rs.	Rs.
I. Revenue from operations	15	247959917	361395842
II. Other Income	16	4972245	5784845
III. Total Revenue (I +II)		252932162	367180687
IV. <i>Expenses:</i>			
Material Consumed	17	19416918	35027336
Changes in Inventories of finished goods, work-in-progress and stock-in-trade	18	13686854	9456947
Operation and Other Expenses	19	182370915	320967765
Employee Benefit Expenses	20	11877301	14198219
Finance Costs	21	12506007	8476421
Depreciation and amortization expenses	9 & 10	11712512	9532173
TOTAL		251570507	397658861
V. Profit / Loss before exceptional and extraordinary items and tax (III + IV)		1361655	-30478174
VI. Exceptional Items		0	0
VII. Profit / Loss before extraordinary items and tax (V - VI)		1361655	-30478174
VIII. Extraordinary Items		0	0
IX. Profit / Loss before tax (VII - VIII)		1361655	-30478174
X. Tax expenses:			
- Income Tax - Current year		612415	0
- Deferred Tax		-11474733	1781484
XI. Profit / Loss for the year from continuing operations (IX - X)		12223973	-32259658
XII. Profit / Loss from discontinuing operations		0	0
XIII. Tax expense of discontinuing operations		0	0
XIV. Profit / Loss from discontinuing operations (XII - XIII)		0	0
XV. Profit / Loss for the year (XI + XIV)		12223973	-32259658
XVI. Earning per equity share:			
(1) Basic		0.56	-1.50
(2) Diluted		0.56	-1.50
Notes forming part of the financial statements	1 - 30		

VIDE OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

For RAMANA REDDY & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn. No. 003246S(CA. RAMANA REDDY A.V.)
PARTNER

Membership No.024329

PLACE : HYDERABAD

DATE : 25.05.2013

(G.RAMA KRISHNA REDDY)
CHAIRMAN(G. RAMA MANOHAR REDDY)
MANAGING DIRECTOR

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars	Current Year Rs.	Previous Year Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit (+/-)	1361655	-30478174
Add: Adjustments for:		
Depreciation	11712512	9532173
Loss on Sale of Fixed Assets	213759	0
Operating Profit before Working Capital	<u>13287926</u>	<u>-20946001</u>
Adjustments for working capital charges:		
Inventories	20251694	6718169
Trade Receivables	(51478642)	1440184
Other Current Assets	(4130344)	3202679
Current Liabilities	(41012224)	32781996
Provisions	(274206)	51853
Cash generated from Operations Before Extra-Ordinary items	<u>(63355796)</u>	<u>23248880</u>
Taxes Paid	0	(5505243)
Net cash flow from operating activities (A)	<u><u>(63355796)</u></u>	<u><u>17743637</u></u>
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(153332)	(29184241)
Sale of Fixed Assets	45000	0
Net Cash Flow from investing Activities (B)	<u><u>(108332)</u></u>	<u><u>(29184241)</u></u>
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Increase in Share Capital	0	0
Long Term Borrowings	(5189380)	8199050
Short Term Borrowings	35606835	14631503
Dividend Paid	0	(2156394)
Net Cash Flow from Financing Activities (C)	<u><u>30417455</u></u>	<u><u>20674159</u></u>
Net Increase in Cash and Cash Equivalents (A+B+C)	(33046673)	9233555
Cash & Cash Equivalents at the beginning of the year	46500311	37266757
Cash & Cash Equivalents at the end of the year	13453638	46500311

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 KRISHNA REDDY)
CHAIRMAN(CA. RAMANA REDDY A.V.)
PARTNER
Membership No.024329(G. RAMA MANOHAR REDDY)
MANAGING DIRECTOR

PLACE : HYDERABAD

DATE : 25.05.2013

NOTES FORMING PART OF THE FINANCIAL STATEMENTS**NOTE NO. 1****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) Foreign Currency Transactions:

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

g) Retirement Benefits:

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

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

h) Earning per Share:

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

i) Taxes on Income:

The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the company. Deferred tax asset 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.

j) Provision, Contingent Liabilities and Contingent Assets:

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

NOTE NO. 2

	As at 31.03.13 Rs.	As at 31.03.12 Rs.
SHARE CAPITAL		
Equity Share Capital		
- Authorised Capital 2,40,00,000 Equity Shares of Rs. 5/- each and 2,20,000 Equity Shares of Rs.10/- of Bhashwarth Power Projects Pvt. Ltd.	<u>122200000</u>	<u>122200000</u>
- Issued, Subscribed & Fully paid share capital 2,15,63,942 Equity Shares of Rs.5/- each fully paid up	107819710	107819710
49,250 Equity Shares of Rs.10/- each of Bhashwanth Power Projects Pvt. Ltd.	492500	492500
TOTAL	<u>108312210</u>	<u>108312210</u>

List of Shareholders holding more than 5%

Holding Company: Name of the Shareholder	No. of Shares	% of holding	No. of Shares	% of holding
G.Rama Manohar Reddy	5305471	24.60%	8965392	41.58%

NOTE NO. 3

	As at 31.03.13 Rs.	As at 31.03.12 Rs.
RESERVES & SURPLUS		
General Reserve		
- Opening Balance	11326000	11326000
- Transferred during the year	<u>0</u>	<u>0</u>
	11326000	11326000
Surplus in the Profit & Loss Statement		
- Opening Balance	128771996	161031654
Add: Suplus for the year	<u>12223973</u>	<u>-32259658</u>
	140995969	128771996
- Securities Premium A/c	118608770	118608770
TOTAL	<u>270930739</u>	<u>258706766</u>

NOTE NO. 4	As at 31.03.13	As at 31.03.12
LONG TERM BORROWINGS	Rs.	Rs.
Secured		
- Term Loan from SBH	3203715	8332000
- Hire Purchase Loan	0	61095
TOTAL	<u>3203715</u>	<u>8393095</u>
Term Loan from State Bank of Hyderabad is secured by Hypothecation of fixed assets and all current assets of the company and guaranteed by directors of the company in their personal capacities.		
NOTE NO. 5		
SHORT TERM BORROWINGS		
- Cash Credit from SBH	67852682	28142116
- Short Term working capital loans from Banks & Financial Institutions	0	4103731
TOTAL	<u>67852682</u>	<u>32245847</u>
Cash Credit from State Bank of Hyderabad is secured by Hypothecation of fixed assets and raw materials, semi-finished, finished goods and sundry debtors of the company and guaranteed by directors of the company in their personal capacities. Short Term Working Capital Loans from Banks and Financial Institutions are not charged with any assets of the company but these loans are secured by the personal guarantees of directors.		
NOTE NO. 6		
TRADE PAYABLES		
Sundry Creditors		
- Outstanding due of micro enterprises and small enterprises	0	0
- Outstanding due of other than micro enterprises and small enterprises	41002520	91505538
TOTAL	<u>41002520</u>	<u>91505538</u>
NOTE NO. 7		
OTHER CURRENT LIABILITIES		
- Current Maturities of Long Term Debt	4168000	4168000
- Current Maturities of Finance Lease Obligation	1239060	132950
- Advances received from Customers	739935	752480
- Creditors for expenses	12770195	4372966
TOTAL	<u>18917190</u>	<u>9426396</u>
NOTE NO. 8		
SHORT TERM PROVISIONS		
- For Taxation	612415	0
- For Gratuity	1624909	1899115
TOTAL	<u>2237324</u>	<u>1899115</u>

NOTE NO. 9
TANGIBLE ASSETS

Description of the Asset	Gross Carrying Amount				Depreciation Block			Net Carrying Amount	
	Cost as at 1.4.12	Additions During the year	Deletions During the year	Total As at 31.03.13	As at 1.4.12	For the year	Total As at 31.03.13	As at 31.03.13	As at 31.03.12
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
- Land	19714537	0	0	19714537	0	0	0	19714537	19714537
- Building	15110663	0	0	15110663	2108463	650110	2758573	12352090	13002200
- Computers	3860610	99850	90630	3869830	3228691 -82166	268211	3414736	455094	631919
- Furnitures & Fixtures	1563861	0	409462	1154399	953016 -256867	82944	779093	375306	610845
- Optical Test Equipment	53535785	0	0	53535785	13902250	6190758	20093008	33442777	39633535
- R & D Equipment	40766112	0	0	40766112	26259623	2265914	28525537	12240575	14506489
- Office Equipment	2173354	53482	290199	1936637	1206473 -192498	180837	1194812	741825	966881
- Vehicles	3119245	0	0	3119245	2048555	277202	2325757	793488	1070690
TOTAL	139844167	153332	790291	139207208	49175540	9915976	59091516	80115692	90137096

NOTE NO. 10**INTANGIBLE ASSETS**

Description of the Asset	Gross Carrying Amount			Amortisation Block			Net Carrying Amount		
	Cost as at 1.4.12	Additions During the year	Deletions During the year	Total As at 31.03.13	As at 1.4.12	For the year	Total As at 31.03.13	As at 31.03.13	As at 31.03.12
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
- Software	5755146	0	0	5755146	1263805	1796536	3060341	2694805	4491341
TOTAL	5755146	0	0	5755146	1263805	1796536	3060341	2694805	4491341

NOTE NO. 11	As at 31.03.13	As at 31.03.12
INVENTORIES	Rs.	Rs.
- Raw Materials	10610958	17175798
- Finished Goods	51372900	65059754
TOTAL	<u>61983858</u>	<u>82235552</u>
NOTE NO. 12		
TRADE RECEIVABLES		
(Unsecured, Considered Good)		
- Debts Outstanding for a period exceeding 6 months	190763661	140093287
- Other debts	99228721	98420451
TOTAL	<u>289992382</u>	<u>238513738</u>
NOTE NO. 13		
CASH AND CASH EQUIVALENTS		
- Balance with Scheduled Banks in Current Accounts	1380355	17004979
in Margin Money Deposits	11695056	28940912
- Cash on Hand	378227	554421
TOTAL	<u>13453638</u>	<u>46500312</u>
NOTE NO. 14		
OTHER CURRENT ASSETS		
- Deposits	20352725	22084560
- Premium paid on Shares	22500	22500
- Other Advances	1743352	6277738
- Advance to Suppliers	25270707	10592410
- Tax Deducted at Source	164628	299381
- Income Tax paid Under Protest	0	4453660
- Interest Receivable	3304968	4203990
- Prepaid Expenses	1342227	435905
- IT Refund Receivable	2241864	1942483
- Preliminary expenses	8850	8850
- Preoperative Expenses	1406659	1406659
TOTAL	<u>55858480</u>	<u>51728136</u>

NOTE NO. 15	Current Year Rs.	Previous Year Rs.
REVENUE FROM OPERATIONS		
- Sales	247959917	361395842
TOTAL	<u>247959917</u>	<u>361395842</u>
NOTE NO. 16		
OTHER INCOME		
Commission Received	177574	418964
Interest Received	1176686	2205759
Other Income	3617985	3160122
TOTAL	<u>4972245</u>	<u>5784845</u>
NOTE NO. 17		
MATERIAL CONSUMED		
- Opening Stock	17175798	14437020
Add: Purchases	12852078	37766114
	<u>30027876</u>	<u>52203134</u>
Less: Closing Stock	10610958	17175798
TOTAL	<u>19416918</u>	<u>35027336</u>
NOTE NO. 18		
Changes in Inventories of finished goods, work-in-progress and stock-in-trade		
- Opening Stock		
Finished Goods	65059754	74516701
Less : Closing Stock		
Finished Goods	51372900	65059754
TOTAL	<u>13686854</u>	<u>9456947</u>

NOTE NO. 19	Current Year Rs.	Previous Year Rs.
OPERATION AND OTHER EXPENSES		
(a) OTHER MANUFACTURING EXPENSES		
- Trade Purchases	146391742	269909069
- Packing Material	136986	697953
- Testing & Calibration Expenses	546317	397080
(b) ADMINISTRATIVE & SELLING EXPENSES :		
- Rent	1211600	1174990
- Rates & Taxes	190331	216701
- Office Electricity & Maintenance	775132	636707
- Conveyance	840550	904863
- Subscription, Books & Periodicals	21348	64983
- Postage & Telegrams	263777	350150
- Printing & Stationery	551390	698472
- Regn. Licence & Filing Fees	538279	987848
- Professional & Consultancy Charges	673820	1870733
- Professional Tax	7500	7500
- Insurance	461894	515430
- Recruitment Charges	46563	77805
- Donations	0	15000
- Repairs & Maintenance	695823	767363
- Testing & Calibration Expenses	837766	1117735
- Telephone & Fax Expenses	739366	914546
- Directors Remuneration	5100000	5100000
- Directors Sitting Fee	25000	30000
- Tour & Travelling Expenses		
Directors	825834	773445
Others	2048342	4160560
- Auditors Remuneration	410000	410000
- Foreign Exchange Fluctuation Loss	4326722	8122310
- Misc. Expenses	2519	11462
- Advertisement Expenses	329708	705502
- Agency Commission	0	24900
- Tender Expenses	84428	123614
- Business Promotion Expenses	63948	139160
- Discount on Sales	2029959	5075331
- Carriage Outwards	640956	828771
- VAT and CST Payment	4642612	5951420
- Income Tax & Interest on Income Tax	1721200	8560
- Bad debts written off	3174156	4259433
- Bank Charges	1801588	3918369
- Loss on Sale of Fixed Assets	213759	0
TOTAL	<u>182370915</u>	<u>320967765</u>

NOTE NO. 20

	Current Year Rs.	Previous Year Rs.
EMPLOYEE BENEFIT EXPENSES		
- Salaries, Wages & Other Benefits to employees	11370859	13767594
- Staff Welfare	506442	378772
- Gratuity	0	51853
TOTAL	<u>11877301</u>	<u>14198219</u>

NOTE NO. 21**FINANCE COSTS**

- Interest on Working Capital Loan	8744248	4192133
- Bank Interest on Short Term Loan	2094785	3118705
- Interest on Hire Purchase Loan	21899	36125
- Interest on Buyers credit and Other FLC Charges	1645075	0
- Loan Processing Fees	0	1129458
TOTAL	<u>12506007</u>	<u>8476421</u>

NOTE NO. 22

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

NOTE NO. 23**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.

NOTE NO. 24**Contingent Liabilities not provided for:**

	2012-13	2011-12
	Rs. Lakhs	Rs. Lakhs
a. Bank Guarantees	211.79	518.65
b. Letter of Credit	192.68	777.13
c. Disputed Sales Tax Liability	19.06	19.06

NOTE NO. 25

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.

NOTE NO. 26

These financial statements have been prepared in the format prescribed by the Revised Schedule VI to the Companies Act, 1956. Previous year figures have been regrouped wherever if thought necessary in conformity with the current year groupings. Paise have been rounded off to the nearest rupee.

NOTE NO. 27

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.

NOTE NO. 28

Transactions with the Related Parties pursuant to Accounting Standard 18:

i. List of Related Parties

Subsidiary Company	:	
Associate Companies / Firms (including Companies / firms Controlled by key management Personnel / relatives who are sub- stantially interested)	:	Bhashwanth Power Projects Pvt. Ltd.,
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. 51,00,000/-

NOTE NO. 29**Earnings per Share**

The numerators and denominators used for calculation of EPS

	Year ended 31-03-13	Year ended 31-03-12
a) Profit available to the Equity shareholders	12223973	-32259658
b) No. of Equity shares	21613192	21613192
c) Weighted Avg. No. of Equity Shares	—	—
c) Nominal value of share	05	05
d) Basic Earning per Share	0.56	-1.49

NOTE NO. 30

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.1,14,74,733/- towards deferred tax asset in the year 2012-13. The major components of deferred tax assets and liabilities are arising on account of timing differences in depreciation.

Notes to the financial statements: Cash Flow statement and statement on accounting policies form an integral part of the balance sheet and profit and loss account.

SIGNATURES TO NOTES '1' TO '30'

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 KRISHNA REDDY)
CHAIRMAN**

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

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

**PLACE : HYDERABAD
DATE : 25.05.2013**

BHASHWANTH POWER PROJECTS PRIVATE LIMITED

SEVENTH ANNUAL REPORT

2012-2013

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

: M/s. CSVR & Associates
Chartered Accountants
Hyderabad.

NOTICE

NOTICE is hereby given that the Seventh Annual General Meeting of the members of the Company will be held on Monday the 19th day of August, 2013 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, 2013 together with the reports of the Directors' and Auditors' thereon.
2. To appoint auditors and fix their remuneration.

PLACE: HYDERABAD

DATE : 25.05.2013

BY ORDER OF THE BOARD

**(G.RAMA MANOHAR REDDY)
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 Seventh Annual Report of your Company along with the audited accounts for the year ended 31st March, 2013.

PROGRESS OF THE COMPANY:

Your company has obtained required licenses 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.0.20 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 2013, 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 judgments 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 2013 on a 'going concern' basis.

AUDITORS:

M/s. CSV & Associates., Chartered Accountants, 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 to the sincere and dedicated services rendered by the employees of the Company.

FOR AND ON BEHALF OF THE BOARD

Place: Hyderabad
Date : 25.05.2013

(G.RAMA MANOHAR REDDY)
DIRECTOR

(G.RAMA KRISHNA REDDY)
DIRECTOR

CSV & Associates

Chartered Accountants



10-5-6/B, My Home Plaza,
Off: 107, 4th Floor, Masabtank,
Hyderabad - 500 028
Ph: 23316426/23316912

INDEPENDENT AUDITOR'S REPORT

To,
The Members of M/s. Bhaswanth Power Projects Pvt. Ltd.,

Report on the Financial Statements

We have audited the accompanying financial statements of M/s. Bhaswanth Power Projects Pvt. Ltd., ("the Company"), which comprise the Balance Sheet as at 31st March , 2013 and the Statement of Profit and Loss for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required 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, 2013, and
- (b) in the case of the Statement of Profit and Loss, of the Loss of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) 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.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet and Statement of Profit and Loss dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet and Statement of Profit and Loss comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

**PLACE : HYDERABAD.
DATE : 25.05.2013**

**for CSVR & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn. No: 012121S**

**(CA.KISHORE KUMAR.K.)
PARTNER
Membership No.215459**

BALANCE SHEET AS AT 31ST MARCH, 2013

Particulars	Note No.	As at 31.03.2013	As at 31.03.2012
1	2	3	4
		Rs.	Rs.
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	1970000	1970000
(b) Reserves and Surplus	3	85113	104649
(2) Current Liabilities			
(a) Other current liabilities	4	31236	20000
Total		<u>2086349</u>	<u>2094649</u>
II. ASSETS			
(1) Current assets			
(a) Trade receivables	5	527000	527000
(b) Cash and cash equivalents	6	48840	57140
(c) Other current assets	7	103850	103850
(d) Preoperative Expenses	8	1406659	1406659
Total		<u>2086349</u>	<u>2094649</u>
Notes forming part of the financial statements	1 - 13		

VIDE OUR REPORT OF EVEN DATE

for CSV & ASSOCIATES
 CHARTERED ACCOUNTANTS
 Firm Regn.No. 012121S

(CA.KISHORE KUMAR.K.)
 PARTNER
 Membership No 215459

PLACE: HYDERABAD
 DATE : 25.05.2013

FOR AND ON BEHALF OF THE BOARD

(G.RAMA MANOHAR REDDY)
 DIRECTOR

(G.RAMA KRISHNA REDDY)
 DIRECTOR

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars	Note No.	As at 31.03.2013	As at 31.03.2012
1	2	3	4
		Rs.	Rs.
I. Revenue from operations		0	0
II. Other Income		0	0
III. Total Revenue (I +II)		<u>0</u>	<u>0</u>
IV. <i>Expenses:</i>			
Other expenses	9	19536	43860
Total Expenses		<u>19536</u>	<u>43860</u>
V. Loss before exceptional and extraordinary items and tax (III - IV)		-19536	-43860
VI. Exceptional Items		0	0
VII. Loss before extraordinary items and tax (V - VI)		<u>-19536</u>	<u>-43860</u>
VIII. Extraordinary Items		0	0
IX. Loss before tax (VII - VIII)		-19536	-43860
X. Tax expense:			
(1) Current tax		0	0
(2) Deferred tax		0	0
XI. Loss for the year from continuing operations (IX - X)		<u>-19536</u>	<u>-43860</u>
XII. Profit/(Loss) from discontinuing operations		0	0
XIII. Tax expense of discounting operations		0	0
XIV. Profit/(Loss) from discontinuing operations (XII - XIII)		0	0
XV. Loss for the year (XI + XIV)		-19536	-43860
XVI. Earning per equity share :			
(1) Basic		-0.10	-0.22
(2) Diluted		-0.10	-0.22
Notes forming part of the financial statements	1 - 13		

VIDE OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

for CSVR & ASSOCIATES
CHARTERED ACCOUNTANTS
 Firm Regn.No. 012121S

(G.RAMA MANOHAR REDDY)
 DIRECTOR

(CA.KISHORE KUMAR.K.)
 PARTNER
 Membership No 215459

(G.RAMA KRISHNA REDDY)
 DIRECTOR

PLACE: HYDERABAD
 DATE : 25.05.2013

NOTES FORMING PART OF THE FINANCIAL STATEMENTS**NOTE NO. 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.

NOTE NO. 2		As at 31.03.2013 Rs.	As at 31.03.2012 Rs.	
HARE CAPITAL				
Equity Share Capital				
Authorised Share capital				
- 2,20,000 Equity Shares of Rs.10/- each		<u>2200000</u>	<u>2200000</u>	
Issued, Subscribed & Fully paid share capital				
- 1,97,000 Equity Shares of Rs.10/- each fully paid up		<u>1970000</u>	<u>1970000</u>	
Total		<u>1970000</u>	<u>1970000</u>	
List of shareholders holding more than 5%				
Name of the Shareholder	No.of shares	% of Holding	No.of shares	% of Holding
G.Rama Manohar Reddy	49250	25.00%	49250	25.00%
Aishwarya Telecom Limited	147750	75.00%	147750	75.00%
NOTE NO. 3				
RESERVES AND SURPLUS				
Surplus in the Profit & Loss statement				
- Opening Balance		104649	148509	
Add: Surplus for the year		-19536	-43860	
Total		<u>85113</u>	<u>104649</u>	
NOTE NO. 4				
OTHER CURRENT LIABILITIES				
- Creditors for expenses		<u>31236</u>	<u>20000</u>	
Total		<u>31236</u>	<u>20000</u>	
NOTE NO. 5				
TRADE RECEIVABLES				
(Unsecured, Considered Good)				
- Debts outstanding for a period exceeding six months		527000	527000	
- Other Debts		<u>0</u>	<u>0</u>	
Total		<u>527000</u>	<u>527000</u>	
NOTE NO. 6				
CASH AND CASH EQUIVALENTS				
- Balances with banks		11656	11956	
- Cash on hand		<u>37184</u>	<u>45184</u>	
Total		<u>48840</u>	<u>57140</u>	

NOTE NO. 7	As at 31.03.2013	As at 31.03.2012
OTHER CURRENT ASSETS	Rs.	Rs.
- Loans & Advances	95000	95000
- Preliminary Expenses	8850	8850
Total	<u>103850</u>	<u>103850</u>
NOTE NO. 8		
PREOPERATIVE EXPENSES		
- Rates & Taxes	2878	2878
- Salaries & Wages	752150	752150
- Bank Charges	449	449
- Audit Fees	25000	25000
- Professional & Consultancy	343605	343605
- Office Expenses	282577	282577
Total	<u>1406659</u>	<u>1406659</u>
NOTE NO. 9		
OTHER EXPENSES		
- Bank Charges	300	300
- Rates & Taxes	1236	0
- Audit Fees	10000	10000
- Professional & Consultancy	2000	13800
- Interest on Income Tax	0	8560
- Registration, Licence & Filing fee	6000	11200
Total	<u>19536</u>	<u>43860</u>

NOTE NO. 10

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.

NOTE NO. 11**Foreign Exchange Earnings & Out Go:**

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

NOTE NO. 12**Auditors Remuneration:**

	2012-13 Rs.	2011-12 Rs.
- As Auditors	10000	10000

NOTE NO. 13

These financial statements have been prepared in the format prescribed by the Revised Schedule VI to the Companies Act, 1956. Previous year figures have been regrouped or rearranged wherever if thought necessary in conformity with the current year groupings. Paise have been rounded off to the nearest rupee.

Notes, Schedules and statement on accounting policies form an integral part of the balance sheet and profit and Loss Statement.

SIGNATURE TO NOTES '1' TO ' 13'

VIDE OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

for CSVR & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn.No. 012121S

(G.RAMA MANOHAR REDDY)
DIRECTOR

(CA.KISHORE KUMAR.K.)
PARTNER
Membership No 215459

(G.RAMA KRISHNA REDDY)
DIRECTOR

PLACE: HYDERABAD
DATE : 25.05.2013

AISHWARYA TECHNOLOGIES AND TELECOM LIMITED

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

PROXY FORM

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 18th Annual General Meeting of the Company to be held on Saturday, 28th day of September 2013 at 11.00 A.M at 1-3-1026 & 1027, Singadikunta, Kawadiguda, Hyderabad-500080 and at any adjourned meeting thereof.

As Witnessed Signed this _____ day of September 2013

Affix Re.1/- Revenue Stamp.

Signed by the said _____

Folio No. / Client ID _____

No. of shares held _____

Note:

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.

AISHWARYA TECHNOLOGIES AND TELECOM LIMITED

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

ATTENDANCE SLIP

(Please present this slip at the Meeting venue)

I hereby record my presence at the 18th Annual General Meeting of the members of the company to be held on Saturday, the 28th day of September, 2013 at 11.00 A.M at 1-3-1026 & 1027, Singadikunta, Kawadiguda, Hyderabad-500080.

Shareholders/Proxy's Signature _____

Shareholders/Proxy's full name _____
(In block letters)

Folio No. / Client ID _____

No. of shares held _____

Note:

Shareholders attending the meeting in person or by proxy are required to complete the attendance slip and hand it over at the entrance of the meeting hall.

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AISHWARYA TECHNOLOGIES AND TELECOM LTD.

(Formerly known as AISHWARYA TELECOM LIMITED)

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

Hyderabad - 500 080. A.P. India.

Phone : +91-40-275 1324, Fax : 2753 5423

E-mail : sales@aishwaryatechtele.com

Website : www.aishwaryatechtele.com

