



Annual Report 2008-09



Astra Microwave Products Ltd

Astra Microwave designs, develops, and manufactures components and sub-systems for RF and microwave systems used in defense, space, meteorology, and telecommunication.

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Disclaimer: The information and opinions contained in this document do not constitute an offer to buy any of Astra Microwave Products Limited's securities, businesses, products, or services. The document might contain forward-looking statements qualified by words such as 'expect', 'plan', 'estimate', 'believe', 'project', 'intends', 'exploit', and 'anticipates', that we believe to be true at the time of the preparation of the document. The actual events may differ from those anticipated in these statements because of risk, and uncertainty of the validity of our assumptions. Astra Microwave Products Limited does not take on any obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.



Key financials

(standalone, INR million)

| Year to 31 March | <u>2008-09</u> | <u>2007-08</u> |
|---|----------------|----------------|
| Revenue | <u>1168.2</u> | <u>1238.9</u> |
| Profit before interest, depreciation, tax | <u>310.3</u> | <u>427.0</u> |
| Less: Interest | <u>30.6</u> | <u>42.4</u> |
| Less: Depreciation | <u>84.7</u> | <u>73.8</u> |
| Less: Provision for tax | <u>50.0</u> | <u>102.0</u> |
| Profit after tax | <u>145.0</u> | <u>208.8</u> |
| Equity share capital | <u>108.1</u> | <u>107.5</u> |
| Reserves and surplus | <u>1126.2</u> | <u>1029.7</u> |
| Net worth | <u>1234.3</u> | <u>1137.2</u> |
| Gross fixed assets | <u>1249.2</u> | <u>949.2</u> |
| Net fixed assets | <u>814.2</u> | <u>614.5</u> |



Dear shareholder

For the record, fiscal 2008-09 was only the second in Astra Microwave's 18 years that revenue and profit were lower than in the previous year.

The primary reason was, as I have explained on many occasions, the lumpy nature of our order flows. Given that most of our business comes from projects that are initiated, designed, developed and driven by our government and its policies and priorities, our revenues do not flow smoothly. The first two quarters in 2008-09 were good because many orders got lumped together; in contrast, some orders that were expected in the third and fourth quarters spilled into the current 2009-10 fiscal.

Our financials might have disappointed on paper; our order book—we believe it's the true indicator of business potential—remains strong.



Secondly, we spent considerable effort and resources to put firmly in place the many components that will drive Astra Microwave's future growth engine:

- new products;
- new opportunities;
- new segments.

Among the new products, we developed T/R (transmit/receive) modules that work in the L, S, C, X and Ku bands. These modules are critical for phased array radars of various applications. In 2008-09, we received an order of USD 11 million from Israel's ELTA for the manufacture of T/R modules. The order is special—the very first under the offset obligations clause of India's Defence Procurement Policy. The policy mandates that 30% of all defense contracts worth INR 3 billion and above must be invested in the Indian defense industry by way of sourcing components, sharing technology, setting up training facilities, or using IT services.

We have created an in-house capability—Astra Microwave's very own—for the design and development of Monolithic Microwave Integrated Circuits (MMICs), up to Ka band frequencies. MMICs are critical devices used in T/R modules; typical functions include microwave mixing, power amplification, low noise amplification, digital attenuation, digital phase shifting, and signal path switching.

Our T/R modules will now be powered by our own MMICs, which will provide us with an assured supply chain and better control over cost, performance, and quality. We expect that our MMIC facility will appeal to global defense electronics manufacturers seeking top capability and competitive costing.

Global OEMs in cellular telecom have recently begun manufacturing base stations and point-to-point microwave radios out of India. We have developed antennas for point-to-point microwave radios and are now developing base station filters, a significant addition to our current portfolio of repeaters, jammers, and interference-killing filters.

Meteorology was created as a separate marketing segment two year ago. We now have large orders from the Indian Meteorological Department and Antrix, the commercial arm of India's Department of Space, for unmanned automatic weather stations. Featuring sensors for multiple weather variables, the stations will bring bleeding-edge capability to India's short-term weather forecasting at the local, regional, and national level.

Our strategy of diversifying our market segments has worked: in 2007-08, 89% of our revenue came from the defense (61%) and space (28%) segments; in 2008-09, our revenue mix is a healthier balance—51% comes from defense; 23% from space; 20% from meteorology.

Right from its inception, Astra Microwave has stayed true to its unique mission of creating cutting-edge microwave technologies for critical applications. With a healthy order book, and active customers and partnerships with the most active players in defense, space, and telecom across India and globally, we believe we are on the sure road to larger successes ahead.

A handwritten signature in black ink, reading 'B Malla Reddy', is positioned above the printed name.

B Malla Reddy
Managing Director

Overview

Quick information

| | |
|--|--|
| Primary business | Design, development, and manufacture of RF and microwave components and sub-systems for defense, space, meteorological and telecom applications |
| Incorporation | 1991 |
| Initial public offering | 1994 |
| Annual revenue (consolidated) | INR 1.18 billion |
| Net profit (consolidated) | 157.11 million |
| Number of shares issued | 54.04 million (of INR 2.00 face value each) |
| Listing | National Stock Exchange of India Ltd (ASTRAMICRO) Bombay Stock Exchange Ltd (532493) |
| Registered office and corporate office | Astra Towers Survey 12(P) Kothaguda Post Kondapur Hitech City Hyderabad 500084 |
| Bankers | Canara Bank, Prime Corporate Branch, Secunderabad HDFC Bank, Lakdi-ka-pul, Hyderabad State Bank of India, Saifabad (SIB) Branch, Hyderabad |
| Auditors | M/s Amar & Raju Chartered Accountants Road 3 Banjara Hills Hyderabad 500032 |

Board

B Malla Reddy - Managing Director

In charge of overall business and strategy at Astra Microwave, B Malla Reddy is among Astra Microwave's core founders. Mr Malla Reddy worked for over two decades the Systems Division, Indian Space Research Organisation, Bangalore, and with Defence Research and Development Laboratory, Hyderabad, before taking charge of software development and R&D at OMC Computers Ltd, Hyderabad. Mr Malla Reddy holds a Master's in Engineering (Automation) from the Indian Institute of Science, Bangalore.

PA Chitrakar - Director and COO

Head of operations at Astra Microwave, PA Chitrakar had been with the Defence Electronics Laboratory, Hyderabad, as a scientist for over 20 years before co-founding Astra Microwave. An MSc (Physics) from Mysore University and an MTech (Advanced Electronics) from JNTU, Hyderabad, Mr Chitrakar is an expert in, among others, the design of microwave components.

C Prameelamma - Director (Technical)

Among Astra Microwave founders, C Prameelamma has had a distinguished career with the Electronics Research and Development Establishment, Bangalore, and the Defence Electronics Research Laboratory, Hyderabad. An expert in the manufacture and testing of microwave components and computer-aided design, Ms Prameelamma is a Master's in Engineering (Instrumentation & Control Systems) From SV University, Tirupati.

J Venkatadas - Independent Director

In his 35-plus years of corporate banking and venture capital investing, J Venkatadas worked 25 years at Canara Bank of which 6 years were as Managing Director of Canbank Venture Capital Fund Ltd, and 2 years as Senior Faculty in Management Development Institute, Gurgaon, on secondment by the bank in the area of development and commercial banking. Mr Venkatadas is a BE (Mechanical) from Mysore University and is a Certified Associate of the Indian Institution of Bankers.

Atim Kabra - Director

Founding Partner of Frontline Strategy Limited, among India's earliest independent private equity advisory firms, Atim Kabra has worked for over 17 years with global institutions such as ABN AMRO Bank and ANZ Grindlays Bank in portfolio management, equity sales, and equity research. A BA Hons (Economics) from Delhi University and an MBA (Finance) from Bombay University, Mr Kabra has lived and worked in India, USA, and Singapore, where he is currently based.

Shiban K Koul - Independent Director

An international authority on microwave technology, Shiban K Koul is Professor at the Centre for Applied Research in Electronics at the Indian Institute of Technology Delhi. Prof Koul is a BE (Electrical) from REC, Srinagar, and holds an MTech and PhD in microwave engineering from IIT Delhi; he has held visiting assignments with several universities across the world and has authored/co-authored several research papers and books.

Products

Microwave components and sub-systems

DEFENSE

RADAR

- Transmit/receive (TR) modules in UHF, L, S, C, X and Ku band for active apertures
- Low power microwave sub-systems for central acquisition radar (CAR)
- Electronic beam former for 3-D radar
- Microwave receivers
- High power 4-port circulators for radar applications.
- High power limiters

TELEMETRY

- Data and video telemetry transmitter systems for LCA and IJT
- Video telemetry receivers
- Telemetry tracking systems
- 1 watt and 10 watt telemetry transmitters for missile applications

GROUND-BASED AND SURVEILLANCE

- 8-Ch and 16-Ch frequency synthesizer for army applications
- VHF/UHF and microwave range front-end LRUs for ground surveillance applications
- VHF/UHF and microwave range biconical, dual-polarised antennae for ground surveillance applications

SPACE

GROUND-BASED

- Coherent frequency generators
- L-band modulators
- 8x8 switchable routers for earth station
- V/UHF T/R modules for ST radar
- Ka-band indoor/outdoor units

S-LEVEL (ON-BOARD)

- C-band T/R modules
- SSPA screening
- 1:12-way power dividers
- 2, 3, 4-way power dividers
- X-band phase shifter, power amplifier
- S-band transmitter
- Fabrication and assembly of RISAT antenna
- 8X8 switch matrix for the communication payloads
- Ku-band receivers
- Ku-band beacon source
- C-band MMIC receivers
- 4x4 switch matrix

ELECTRONIC COUNTERMEASURES

Broadband antenna head unit comprising homodyne receivers in 2-18 GHz and 0.5-2 GHz for better DF accuracy*

EDLVA super components in 1-18 GHz, 2-18 GHz, 0.5-2 GHz and 8-18 GHz for naval and air-borne applications*

BLI super components (2-8 GHz and 8-18 GHz) for naval and army applications*

Cavity backed spiral antennae (0.5-2 GHz, 2-18 GHz, 1-18 GHz, 0.5-18 GHz)*

DIFM receiver (2-18 GHz) for air-borne, naval and army applications

2 Ch, 4 Ch digital receivers

Switch filter assembly (2-18 GHz) for air-borne applications

Dual-switch amplifier (2-18 GHz) for air-borne applications

Limiting amplifier (2-18 GHz) for air-borne applications

Wideband (0.5-18 GHz) for RFPS applications

* Technology from DLRL Hyderabad

TELECOM

SATCOM

MSS terminals for disaster communications

CIVIL TELECOM

GSM/Ext GSM, CDMA repeaters

RF and optical mobile jammers

Tower mounted amplifiers

Tower mounted boosters

Band pass and CDMA rejection filters

SECURITY

Non-linear junction detector

RFID solutions

Industrial security system

METEOROLOGY

Automatic weather stations for remote data collection

Met towers

Mini boundary layer masts

50m tower masts

Agro met towers

Overview

Infrastructure

120,000 sft of research, design, development and manufacturing across 4 units

Equipment

Scalar and vector network analyzers

Noise figure meters

Microwave frequency counters

Power meters

Signal generators

Function and pulse generators

Open air antenna test range

High-precision bonding machines

Temperature controlled hot plate with nitrogen purging facility for eutectic attachment

Clean room compatible oven for curing epoxy
X10-X100 magnification microscopes

Thermosonic wire bonders for deep access ball and wedge bonding

Parallel gap welding

MMIC design and manufacture

32000 sft working floor with static dissipative epoxy coated flooring

12000 sft Class 10000 clean room

Class 100 laminar flow benches

Complete ESD care

Temperature/humidity-controlled desiccators with nitrogen purging for bare chips storage

Humidity/temperature-controlled bonded material store

Fume absorbers with soldering stations to avoid contamination

Dicing system for cutting alumina substrate, and GaAS/silicon wafer

Resistive welding system for package sealing

ESS equipment

Temperature / humidity / particle count measurement equipment

ESD measurement equipment

100X-500X magnification inspection microscope

Testers for bond pull and die sheer strength

DC probing station for on-chip measurement of DC parameters

Environment chambers (-65° celsius to +175° celsius; 98% RH)

Vibration equipment for sine, random, sine over random

Bump, shock equipment

Gross leak and fine leak detectors for hermetic verification of packages

Awards

Defence Technology Absorption

DRDO, 2001

Best Import Substitution for 0.5-2 GHz EDLVA

Andhra Pradesh state government, 2003

Excellence in Aerospace Indigenization

SIATI, 2005

Quality

ISO 9001:2000 certified by Intertek, UK

AS 9001 certification*

DGQA certified R&D and manufacturing

QA processes and control as per MIL standards

Process identification documents (PIDs) for all fabrication operations

ISRO-certified facility and workforce for fabrication, assembly, testing of aerospace products

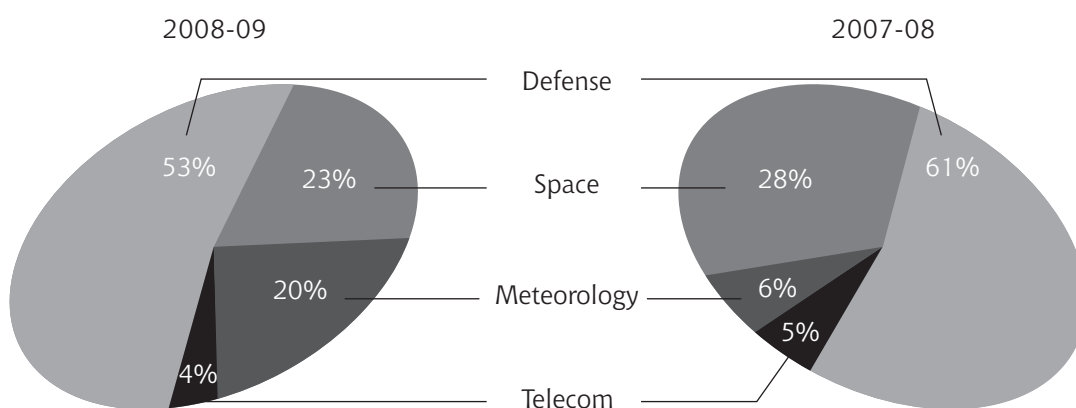
S level qualified inspectors and processes

*under implementation

Overview

Revenue mix

| | 2008-09 | 2007-08 |
|-------------|----------------|---------|
| Defense | 589.9 | 729.8 |
| Space | 261.0 | 328.1 |
| Meteorology | 221.2 | 67.0 |
| Telecom | 49.9 | 65.1 |
| Total | 1122.0 | 1190.0 |



| | 2009 | 2008 |
|--|-------------|------|
| Percentage of revenue from top customer | 16% | 25% |
| Percentage of revenue from top 5 customers | 55% | 71% |
| Percentage of revenue from top 10 customers | 79% | 86% |
| No. of customers that account for more than 10% of total revenue | 3 | 3 |
| No. of customers that account for over INR 10 mn revenue | 9 | 9 |
| No. of customers that account for over INR 50 mn revenue | 5 | 3 |
| No. of customers that account for over INR 100 mn revenue | 4 | 4 |

Prominent customers

Aeronautical Development Agency
Aeronautical Development Establishment
Antrix Corporation
Bharti Airtel
Bharat Dynamics
Bharat Electronics
Centre for Airborne Systems
Defence Avionics Research Establishment
Defence Electronics Applications Laboratory
Defence Electronics Research Laboratory
Defence Research Development Laboratory
Electronics Corporation of India
Electronics Research and Development Establishment
Elettronica
Ericsson
European Aeronautic Defence and Space Company
Hindustan Aeronautics
Hutchison Essar
Indian Meteorological Department
Indian Space Applications Centre
Indian Space Research Organization
Israel Aerospace
National Aerospace Laboratory
National Atmospheric Research Laboratory
National Remote Sensing Agency
Nokia
Poland Institute of Telecommunications
Reliance Communications
Satish Dhawan Space Centre
SIAE Microelettronica
Space Applications Centre
Tata Teleservices
Vikram Sarabhai Space Centre
Vodafone

The above list is neither complete nor exhaustive; its purpose is to merely showcase Astra Microwave's customer engagements.



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Astra Microwave Products Limited

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AGM Notice

Astra Microwave Products Limited

Notice of annual general meeting

NOTICE IS HEREBY GIVEN that the Eighteenth Annual General Meeting of the Members of Astra Microwave Products Limited will be held at Bhaskara Auditorium, BM Birla Museum, Adarsh Nagar, Hyderabad 500063, on Friday, the 31st day of July 2009 at 3.30 PM for the transaction of the following business

ORDINARY BUSINESS

- 1 To receive, consider and adopt the audited Balance Sheet as at March 31, 2009, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
- 2 To declare a dividend on Equity Shares.
- 3 To appoint a Director in place of Mr PA Chitrakar, Director who retires by rotation and being eligible offers himself for reappointment.
- 4 To appoint a Director in place of Mr Atim Kabra, Director who retires by rotation and being eligible offers himself for reappointment.
- 5 To appoint M/s Amar & Raju, Chartered Accountants, the retiring Auditors of the Company, who shall 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.

By order of the Board

For Astra Microwave Products Limited

Place Hyderabad
Date 29 April 2009

B MALLA REDDY
Managing Director

NOTES

- 1 A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and, on a poll, to vote instead of him or her. A proxy need not be a member of the Company. Instruments of proxy in order to be effective, must be received by the Company, not less than 48 hours before the commencement of the meeting. Completion and return of the form of proxy will not prevent a member attending the meeting and voting in person if he or she so wishes. A form of proxy is given at the end of the annual Report.
- 2 The register of members and share transfer books of the Company will remain closed from 24th day of July 2009 to 31st day of July 2009 (both days inclusive).
- 3 A brief profile of each of the Directors proposed to be appointed / reappointed is mentioned elsewhere in the "Report on Corporate Governance".
- 4 The dividend of Rs.0.50/- per share for the year ended March 31, 2009 as recommended by the Board, if sanctioned at the Annual General Meeting, will be payable to those members whose names appear on the Company's register of members on 31st day of July 2009. In respect of shares held in electronic form, dividend will be payable on the basis of beneficial ownership as per details furnished by NSDL and CDSL for this purpose.
- 5 Those members who have so far not encashed their dividend warrants for the below mentioned financial years, may claim or approach the Company for the payment thereof as the same will be transferred to the Investor Education and Protection Fund of the Central Government, pursuant to Section 205C of the Companies Act, 1956 on the respective dates mentioned there against. Kindly note that after such date, the members will lose their right to claim such dividend.



| Financial year ended | Due date of transfer |
|-----------------------------|-----------------------------|
| 31-03-2002 | 29-07-2009 |
| 31-03-2003 | 28-07-2010 |
| 31-03-2004 | 29-07-2011 |
| 31-03-2005 | 25-07-2012 |
| 31-03-2006 | 26-07-2013 |
| 31-03-2007 | 03-08-2014 |
| 31-03-2008 | 28-09-2015 |

- 6 SEBI has made it mandatory for all Companies to use bank account details furnished by the Depositories for distributing dividends. Shareholders who are holding the shares in physical form are requested to inform the Company's Share Transfer Agents, M/s. Purva Sharegistry (India) Pvt. Ltd., Shiv Shakti Industrial Estate, Unit No.9 , Ground Floor, 7B JR Boricha Marg, Lower Parel, Mumbai - 400011, their Bank Account particulars for printing on the dividend warrants in respect of payment of dividend, if any, declared by the Company.
- 7 Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such members for deletion of / change in such bank details. Further, instructions if any, already given by them in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares in electronic form. Members may, therefore, give instructions regarding bank accounts in which they wish to receive dividend directly to their Depository Participants.
- 8 While members holding shares in physical form, may write to the Registrar and Transfer Agent for any change in their addresses, members having shares in electronic form may inform the same to their depository participants immediately so as to enable the Company to dispatch dividend warrants at their correct addresses.
- 9 Members/proxies are requested to bring duly filled in attendance slips sent herewith for attending the meeting.

REQUEST TO THE MEMBERS

- 1 Members desiring any relevant information on the accounts at the Annual General Meeting are requested to write to the Company at least seven days in advance at its Registered office, so as to enable the Company to keep the information ready.
- 2 Members are requested to bring their copy of the Annual Report while attending the Annual General Meeting.

Place Hyderabad
Date 29 April 2009

By order of the Board
For ASTRA MICROWAVE PRODUCTS LIMITED
B MALLA REDDY
Managing Director



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Astra Microwave Products Limited

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Directors' report

Astra Microwave Products Limited

Directors' report

To

The Members,

Your Directors take great pleasure in presenting their report along with the Audited Accounts for the year ended 31 March 2009.

FINANCIAL PERFORMANCE

| PARTICULARS | (in Rs lakh) | |
|------------------------------|--------------|---------|
| | 2008-09 | 2007-08 |
| Gross sales | 11682 | 12389 |
| Profit before depreciation | 2799 | 3847 |
| Depreciation | 847 | 738 |
| Profit before tax | 1952 | 3109 |
| Provision for taxation | 500 | 1020 |
| Profit after tax | 1452 | 2089 |
| Dividend | 25% | 12.5% |
| EPS | 2.68 | 3.88 |
| Paid up Equity Share capital | 1081 | 1075 |
| Reserves | 11262 | 10297 |

For detailed analysis of the performance, please refer to management's discussion and analysis section of the annual report.

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs 0.50 per equity share of Rs 2 for the financial year 2008-09. The dividend, if approved at the ensuing Annual General Meeting, will be paid to those shareholders whose name appear on the register of members of the Company as on 31 July 2009.

TRANSFER TO RESERVES

Your Directors have proposed to transfer Rs 150 lakh to the General Reserve retaining Rs 983 lakh in the Profit and Loss account.

DEPOSITS

Your Company has not accepted any deposits and, as such, no amount of principal or interest was outstanding on the date of the Balance Sheet.

DIRECTORS

During the year Dr RP Shenoy has tendered his resignation as Director of the Company, effective 7 April 2009. Your Board places on record its appreciation of the valuable services rendered by him.

In accordance with the provisions of the Companies Act, 1956, Mr PA Chitrakar and Mr Atim Kabra, Directors retire by rotation and being eligible, offer themselves for re-appointment.

The brief resume/details relating to directors who are to be re-appointed are furnished in the Corporate Governance section.

DIRECTORS RESPONSIBILITY STATEMENT

As required under section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

In the preparation of Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

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 and of the profit or loss of the Company for that period;



Directors' Report

The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

The Directors had prepared the annual accounts on a going concern basis.

PARTICULARS REGARDING SUBSIDIARY COMPANY

Astra Microelectronic Technologies Limited, wholly owned subsidiary of the company has been amalgamated with the company with effect from 1 April 2008 in terms of the Scheme of Amalgamation sanctioned by the High Court of Andhra Pradesh vide their order dated 24 February 2009. Accordingly, the above mentioned subsidiary stand dissolved without winding up and all assets and debts, outstandings, credits, liabilities, benefits under Income tax, excise, sales tax, duties and obligations have been transferred to and vested in the company with effect from 1st day of April, 2008.

The audited accounts of Komoline Electronics Private Limited, wholly owned subsidiary of the company, along with the statement required under Section 212 of the Companies Act, 1956 is annexed.

AUDITORS

The Statutory Auditors M/s Amar & Raju, Chartered Accountants, Hyderabad, retire at this Annual General Meeting. The Company is in receipt of confirmation from the Statutory Auditors that in the event of their reappointment as Statutory Auditors of the Company at ensuing Annual General Meeting, such reappointment will be in accordance with the limits specified in sub-section (1B) of Section 224 of the Companies Act, 1956.

As regard Auditors observations, relevant notes on accounts are self explanatory and therefore, do not call for any further comments.

DISCLOSURES

Disclosures in terms of Companies (Disclosure of Particulars in report of the Board of Directors) Rules, 1988 in respect of Conservation of Energy, Technology Absorption, Foreign Exchange Earnings & Outgo are attached (Annexure I) and forms part of this report.

CORPORATE GOVERNANCE

The Company has complied with the provisions of Clause 49 of the Listing Agreement relating to Corporate Governance. A report on corporate governance along with the statutory auditors' certificate and a management discussion and analysis report forms part of this annual report.

EMPLOYEE STOCK OPTION SCHEME

During the year, 97,400 options were exercised and equivalent number of Equity shares were issued and allotted under the Scheme.

The disclosures as required under Clause 12 of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are given in Annexure II to this report.

PARTICULARS OF EMPLOYEES

Pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended the names and other particulars of employees are set out in Annexure III to the Directors' Report.

EMPLOYEE RELATIONS

Employee relations were cordial during the year and the Board would like to place on its appreciation to all the employees of the Company for their dedicated services and performance in qualitative and quantitative parameters.

ACKNOWLEDGMENTS

Your Directors express their gratitude to all investors, customers, vendors, banks and regulatory and governmental authorities for their continued support.

Date 29 April 2009
Place Hyderabad

For and on behalf of the Board of Directors
B MALLA REDDY PA CHITRAKAR
Managing Director COO

Astra Microwave Products Limited

Annexure to the directors' report

ANNEXURE (I) TO THE DIRECTORS' REPORT

Particulars pursuant to Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

1 Details of Conservation of Energy

The operation of the company are not energy intensive. However, adequate measures have been taken to conserve and reduce the energy consumption.

2 Research & Development (R&D)

The Company's Research and Development centre is recognized by the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India in the year 1994.

The R&D wing of the Company has during the year developed innovative designs useful for manufacture of cost effective products. The research and development efforts of the Company are customer or order based and hence it is a continuous process. The areas of effort are directly related to the type of products sold during the year. Because of its in-house R&D efforts the Company was able to deliver the best solutions to the customers in cost effective manner.

In the coming years also apart from customer or order based R&D which is a continuous and part of regular operations of the Company, the Company works in designing and development of new products to meet the market demands and also to become more cost effective.

The Company has spent the following amounts for the R&D during the year.

| Particulars | (in Rs lakh) | |
|---|---------------|---------|
| | 2008-09 | 2007-08 |
| a Capital | 105.39 | 90.85 |
| b Recurring | 438.72 | 509.95 |
| c Total | 544.11 | 600.80 |
| d Total R&D expenditure as a percentage of total turnover | 4.63% | 4.72% |

3 Technology Absorption, Adoption and Innovation

During the year the Company has successfully absorbed and adopted technology for producing sub-systems and components for critical defence applications.

Through the technology absorption the Company was able to produce import substitutes products and were made cost effective. The Company has not imported any technology.

4 Particulars of foreign exchange earnings and outgo

The Company has not made significant efforts during the year for export market promotion as it has concentrated more in developing new products for the domestic market.

Foreign Exchange outgo and earnings

| Particulars | (in Rs lakh) | |
|-------------------------------------|----------------|---------|
| | 2008-09 | 2007-08 |
| Foreign Exchange outgo | | |
| On account of capital goods & tools | 151.88 | 752.69 |
| On account of raw materials | 2347.51 | 3401.80 |
| On account of revenue expenses | 48.78 | 23.41 |
| On account of equity dividend | 0.62 | 20.60 |
| Total | 2548.79 | 4198.5 |
| Foreign Exchange Earnings | 222.10 | 44.83 |

Annexure to the directors' report

ANNEXURE (II) TO THE DIRECTORS' REPORT

Disclosures as required under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

AMPL ESOP SCHEME – 2005

| Sl.No. | Description | ESOP Scheme – 2005 |
|--------|---|--|
| 1 | Options Granted (Post split and Post bonus) | 20,00,000 |
| 2 | The Pricing formula | Options would be granted at a discount of 25% to the six months' average closing market price of the equity shares on The Stock Exchange, Mumbai as on the date (i.e 24.01.2005) of recommendation of the scheme by the Board of Directors for the approval of shareholders. |
| 3 | Options vested | 334300 |
| 4 | The total number of shares arising as a result of exercise of option | 97400 |
| 5 | Options lapsed | Nil |
| 6 | Variation of terms of options | Nil |
| 7 | Money realized by exercise of options | Rs.35,16,140/- |
| 8 | Total number of options in force | 640600 |
| 9 | Employee-wise details of options granted to | |
| | i Senior managerial personnel | Nil |
| | ii any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year. | Nil |
| | iii Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant. | Nil |
| 10 | Diluted Earning Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with (Accounting Standard AS-20 Earnings Per Share). | Rs.2.68 (For share application money received under ESOP Scheme – 2005) |
| 11 | The difference between the employee compensation cost computed under Intrinsic Value method and the employee compensation cost that shall have been recognized if the company had used the Fair value method and its impact on profits and on EPS of the Company. | N.A. |
| 12 | Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock. | Weighted-average exercise price – Rs.36.1. The weighted-average fair value of option – Rs.62.91. |

Astra Microwave Products Limited

Annexure to the directors' report

| | | |
|----|--|--|
| 13 | Description of the method and significant assumption used during the year to estimate the fair values of options, including the following weighted average information : | The fair value has been calculated using the Black Scholes Option Pricing model. The Assumptions used in the model are as follows: |
| a | Risk-free interest rate | 7% |
| b | Expected life | 2 Years |
| c | Expected volatility | 0.75% |
| d | Expected dividends; and | 0.34% |
| e | The price of the underlying share in market at the time of option grant. | Rs.700/- |

Date 29 April 2009
Place Hyderabad

For and on behalf of the Board of Directors
B MALLA REDDY PA CHITRAKAR
Managing Director COO

ANNEXURE (III) TO THE DIRECTORS' REPORT

Particulars required under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

| Name of employee | Age | Designation | Gross Remuneration Rupees | Qualification | Experience in years | Date of Commencement in employment | Particulars of last employment |
|------------------|-----|-------------------------|---------------------------|---|---------------------|------------------------------------|---|
| MR B MALLA REDDY | 62 | CEO & M.D | 4016500 | M.E (Automation) | 25 | 13.09.1991 | Head (R&D) OMC Computers Ltd |
| MS C PRAMEELAMMA | 60 | Director | 4276500 | M.E (Technical) (Instrumentation & Control Systems) | 19 | 13.09.1991 | Scientist "C" DRDO Labs, Hyderabad |
| MR PA CHITRAKAR | 58 | Chief Operating Officer | 4222917 | M.Tec (Advanced Electronics) | 23 | 01.09.1994 | Scientist 'E' Defense Electronics Research Laboratory, Hyderabad |

Date 29 April 2009
Place Hyderabad

For and on behalf of the Board of Directors
B MALLA REDDY PA CHITRAKAR
Managing Director COO



Report on corporate governance

Astra Microwave Product Limited (AMPL) is committed to the highest standards of corporate governance in all its activities.

Company's Philosophy on code of governance

Your company believes in providing highest transparency and ethical value in Corporate Governance. Your company also believes in taking into confidence all the stakeholders viz Shareholders, Employees, Creditors, Customers etc. Your company is committed to take the torch of Corporate Governance forward, so that every stakeholder of the company synchronizes and synergies their efforts in their growth along with the growth of their company.

I BOARD COMPOSITION AND MEETINGS

The Board consists of both Promoter Directors and External Directors. External Directors include the nominees of strategic investors and professional Independent Directors. Presently the Board has six Directors with three Promoters Directors.

Table 1 gives the composition of the company's Board, their category, designation, other Directorships and memberships of Committees held by each of them.

Table 1: Composition of AMPL's Board as on March 31, 2009

| Name of the Director | Category | Designation | Other Directorships | Committee Memberships | Chairmanship in Committees |
|----------------------|---------------------------------|-------------------------|---------------------|-----------------------|----------------------------|
| DR RP SHENOY* | Independent Director | Chairman | 2 | 4 | 2 |
| MR B MALLA REDDY | Promoter and Executive Director | Managing Director | - | 1 | - |
| MR PA CHITRAKAR | Promoter and Executive Director | Chief Operating Officer | - | 1 | - |
| MS C PRAMEELAMMA | Promoter and Executive Director | Director (Technical) | - | 1 | - |
| MR J VENKATADAS | Independent Director | Director | 2 | 5 | 1 |
| MR ATIM KABRA | Non-Executive Director | Director | 7 | 3 | 1 |
| DR SHIBAN K KOUL | Independent Director | Director | - | 1 | - |

*ceased to be director with effect from 07.04.2009.

Shareholding in the Company

Table 2 gives details of the shares held by each of the Directors as on March 31, 2009.

Table 2: Shares held by Directors in the Company

| Name of the Director | No. of shares held |
|----------------------|--------------------|
| Dr RP Shenoy* | 59000 |
| Mr B Malla Reddy | 2129700 |
| Mr PA Chitrakar | 902603 |
| Mrs C Prameelamma | 1219350 |
| Mr J Venkatas | 28200 |
| Mr Atim Kabra | 308000 |
| Dr Shiban K Koul | 10000 |

Meetings

The Company prepares the tentative annual calendar and the schedule of the Board and Board committee meetings to assist the Directors in scheduling their program well in advance.

As per the listing agreement, the Board of Directors must meet at least four times a year, with a maximum time gap of four months between any two meetings.

Astra Microwave Products Limited

AMPL's Board met 5 times during the year under review on April 2, 2008, May 12, 2008, July 30, 2008, October 31, 2008 and January 28, 2009.

The Company held one Board meeting in each quarter as required under the Companies Act, 1956. The Company is in compliance with the provisions in the listing agreement on the gap between two Board meetings. Details of Directors and their attendance in Board meetings and Annual General Meeting are given in Table 3.

Table 3 Directors attendance in Board Meeting and AGM.

| Name of the Director | Meetings held in Director's tenure | Number of Board meetings attended | Attendance in last AGM on September 29, 2008 |
|----------------------|------------------------------------|-----------------------------------|--|
| DR RP SHENOY* | 5 | 2 | Present |
| MR B MALLA REDDY | 5 | 5 | Present |
| MR PA CHITRAKAR | 5 | 3 | Present |
| MRS C PRAMEELAMMA | 5 | 5 | Present |
| MR J VENKATADAS | 5 | 4 | Present |
| MR ATIM KABRA | 5 | 1 | No |
| DR SHIBAN K KOUL | 5 | 4 | Present |

Information given to the Board

Necessary information as mentioned in Annexure IA to Clause 49 of the Listing Agreements has been placed before the Board for their consideration.

Directors Remuneration

The remuneration including performance allowance payable to the Directors during the year under review was in conformity with the applicable provisions of the Companies Act, 1956 and duly approved by the Board and the shareholders.

The remuneration paid to the Directors for the services rendered during 2008-09 is given in Table 4 below:

Table 4: Remuneration paid to the Directors for the financial year.

| S.No. Name | | Sitting Fee | Salary & Perks (includes for committee meetings) | Performance allowance & commission | Total amount paid | Total Eligible amount |
|------------|------------------|-------------|--|------------------------------------|-------------------|-----------------------|
| 1 | DR RP SHENOY | 10,000 | 0 | 5,00,000 | 5,10,000 | 6,23,155 |
| 2 | MR B MALLA REDDY | 0 | 18,34,000 | 21,82,500 | 40,16,500 | 83,08,735 |
| 3 | MR PA CHITRAKAR | 0 | 20,40,417 | 21,82,500 | 42,22,917 | 83,08,735 |
| 4 | MS C PRAMEELAMMA | 0 | 20,94,000 | 21,82,500 | 42,76,500 | 83,08,735 |
| 5 | MR J VENKATADAS | 20,000 | 0 | 5,00,000 | 5,20,000 | 6,23,155 |
| 6 | MR ATIM KABRA | 5,000 | 0 | 5,00,000 | 5,05,000 | 6,23,155 |
| 7 | DR SHIBAN K KOUL | 20,000 | 0 | 5,00,000 | 5,20,000 | 6,23,155 |

(in Rs)

Code of Business Conduct and Ethics

The Company has adopted a Code of Business Conduct and Ethics for the Board members and Senior Management Personnel. The same has also been posted on the website of the company. A declaration by the Managing Director affirming the compliance on the Code of Conduct applicable to the Board members and the Senior Management Personnel for the financial year 2008-09 forms part of this report.

II Committees of the Board

The Company has four Committees, namely:

- A Audit Committee.
- B Compensation Committee / Remuneration Committee.
- C Investor Grievance Committee.
- D Share Transfer Committee.

A Audit Committee

The Audit Committee consists of four Directors, majority of them are independent Directors. The committee is headed by Mr J Venkatadas, non-executive and an independent Director. All the members of the Audit committee are financially literate.

a Audit Committee charter

The Audit Committee provides the Board with additional Assurance as to the adequacy of the Company's internal control systems and financial disclosures. The Audit Committee acts as a link between the Management, Statutory Auditors, Internal Auditors and the Board of Directors. The composition, powers and functions of the Audit committee meet the requirements of the Listing Agreement and Section 292A of the Companies Act, 1956.

b Meetings

The Audit Committee met four times during the year under review on May 12, 2008, July 30, 2008, October 31, 2008 and January 28, 2009. Table 5 gives the composition and attendance record of Audit Committee.

Table 5 Audit Committee attendance during the financial year 2008-09.

| Name of the Director | Position held | Number of Meetings attended |
|----------------------|---------------|-----------------------------|
| MR J VENKATA DAS | Chairman | 4 |
| DR R P SHENOY* | Member | 2 |
| MR ATIM KABRA | Member | 1 |
| DR SHIBAN K KOUL | Member | 4 |

*was a member upto 7th April, 2009.

c Attendees:

The Audit Committee invites such of the executives, as it considers appropriate to be present at its meetings. The Statutory Auditors and Internal Auditors are also invited to these meetings. The Company Secretary acts as the Secretary of the Committee.

d The Terms of Reference of the Audit Committee:

The terms of reference and the role of the audit committee is to overview the accounting systems, financial reporting and internal controls of the company. The powers and role of the audit committee are as set out in the Listing Agreement and Section 292A of the Companies Act, 1956.

All the recommendations of the audit committee were accepted by the Board of Directors.

The Chairman of the Committee Mr.J.Venkatadas was present at the previous AGM to answer members' queries.

e Disclosure requirements

The committee shall disclose in the Company's Annual Report whether or not, with respect to the concerned financial year.

- 1 The management has reviewed the audited financial statements with the committee, including a discussion of the quality of the accounting principles as applied, and significant judgments affecting the Company's financial statements.
- 2 The committee, in reliance on the review and discussions conducted with the management and the independent auditor pursuant to the requirements above, believes that the company's financial statements are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP) in all material respects, and.
- 3 The committee has satisfied its responsibilities in compliance with its charter.

Astra Microwave Products Limited

B Compensation Committee

The committee has not met during the year.

C Investor Grievance Committee

The Grievance committee consists of five Directors out of which two are non-executive and independent Directors. The Committee is headed by Dr.R.P.Shenoy an independent Director and Chairman of the Board.

The committee met four times during the year. The company is prompt in attending the investor grievances. Other than the legal issues, the routine investor grievances have been fully redressed.

| Name of the Director | Position held | Numbers of Meetings attended |
|-----------------------------|----------------------|-------------------------------------|
| DR RP SHENOY* | Chairman | 2 |
| MR ATIM KABRA | Member | 1 |
| MR J VENKATA DAS | Member | 4 |
| MR B MALLA REDDY | Member | 4 |
| MR PA CHITRAKAR | Member | 2 |

*was a chairman upto 7th April, 2009.

D Share Transfer Committee

In order to enable transfer of shares, the Board had formed a Share Transfer Committee with Mr.B.Malla Reddy, MD as the Chairman of the Committee and Mr.S.Gurunatha Reddy, GM (F&A) as the member. The Share Transfer Committee is normally met twice a month on a fortnightly basis and the Committee met 2 times during the financial year 2008-09. The Attendance of the members of the Share Transfer Committee recorded is as under:

| Name of the Person | Position held | Numbers of Meetings attended |
|---------------------------|----------------------|-------------------------------------|
| MR B MALLA REDDY | Chairman | 2 |
| MR S GURUNATHA REDDY | Member | 2 |

III Disclosures

i Disclosures on materially significant related party transactions.

There were no materially significant related party transactions i.e., transactions material in nature, with its promoters, the Directors or the Management, their subsidiaries or relatives etc., having potential conflict with the interests of the Company at large. Related party transactions have been disclosed in the Notes to Accounts in the financial statements as at March 31, 2009.

ii There have not been any Non-Compliance by the Company in general and no penalties or strictures imposed on the Company by Stock Exchanges, SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

The Company has complied with all mandatory requirements of Corporate Governance, as required by the Listing Agreement with the Stock Exchanges.

iii Risk management

We have an integrated approach to managing risks inherent in various aspect of our business.

iv Management's discussion and analysis

The Management's discussion and analysis report forms part of this Annual Report and is provided elsewhere in this report.

v Compliance with non-mandatory requirements of Clause 49 of the Listing Agreement

Clause 49 of the Listing Agreement states that the non-mandatory requirements may be implemented as per our discretion. However, the disclosures of compliance with mandatory requirements and adoption (and compliance) / non-adoption of the non-mandatory requirements shall be made in the section on Corporate governance in the Annual Report. We comply with the following non-mandatory requirements:

a The Board

Independent Directors may have a tenure not exceeding, in the aggregate, a period on nine years, on our Board.

None of the independent directors on our Board have served for a tenure exceeding nine years from the date when the new Clause 49 became effective.



- b Remuneration committee

We have instituted a compensation committee / remuneration committee.

IV Shareholders

A Profile of the Director(s) being appointed / re-appointed at the ensuing AGM.

Directors retiring by rotation:

- i Mr PA Chitrakar, COO

Mr PA Chitrakar is a Post Graduate in Engineering, has been associated with the Company as Director since 1994 and has an expert knowledge in the design aspects of wide range of Microwave components.

- ii Mr Atim Kabra, Director

Mr Atim is a Economics graduate from Delhi University and an MBA (Finance) from NMIMS, Bombay. He is a Founder Partner & Principal of Frontline Strategy Ltd. He is a nominee Director of Frontline Strategy Ltd.

B Communication to shareholders

- i Financial Results

The audited quarterly and half-yearly financial results and the annual audited financial results are published normally in The Economic Times and The Vaartha (Telugu).

- ii Other Information

The Company has its own website www.astramp.com wherein other related information is available. Information can be communicated through e-mail at info@astramp.com.

C Investor grievances and share transfer

We have a Board-level investor grievance committee to examine and redress shareholder's and investors' complaints. The details of the nature of complaints are provided in the Additional information to shareholders section of the Annual Reports.

Share transfers in physical form are processed and returned to the shareholders within the stipulated time. Half-yearly Transfer Audit and Quarterly Secretarial Audit in terms of the Listing Agreement are regularly carried out by an independent practicing Company Secretary.

Mail id for all investor grievances: info@astramp.com.

D CEO/CFO certification

As required by Clause 49 of the Listing Agreement, the CEO/CFO certification was submitted to the Board.

E Auditors' certification on corporate governance

As required by Clause 49 of the Listing Agreement, the Auditors' certification is provided elsewhere in the Annual Report.

V Additional Information

1 Venue and Time of the Last Three Annual General Meetings (AGMs)

The Annual General Meetings (AGMs) of the Company have been held at the following places in the last three years.

| For the year | Venue | Day&Date | Time |
|--------------|--|-----------------------------|-----------|
| 2006 | Bhaskara Auditorium BM Birla Museum Hyderabad 500063 | Wednesday 26 July 2006 | 3.00 P.M |
| 2007 | Bhaskara Auditorium BM Birla Museum Hyderabad 500063 | Saturday 4 August 2007 | 3.00 P.M |
| 2008 | Bhaskara Auditorium BM Birla Museum Hyderabad 500063 | Monday 29 September 2008 | 12.30 P.M |

In the last AGM, there were no resolutions required to be passed through postal ballot.

Astra Microwave Products Limited

2 Annual General Meeting.

Day, Date and time 31 July 2009; 3.30 P.M.
Venue Bhaskara Auditorium, BM Birla Museum, Adarsh Nagar, Hyderabad 500063

3 Financial Calendar

Indicative calendar of events for the year 2009-10 (financial year) excluding Extra Ordinary General Meeting(s), if any, is as under

| | |
|---|-----------------|
| 18th Annual General Meeting | 31 July 2009 |
| First Quarter financial results | 31 July 2009 |
| Second Quarter financial results | 31 October 2009 |
| Third Quarter financial results | 31 January 2010 |
| Fourth Quarter & Annual results of financial year 2009-10 | 30 April 2010 |

4 Book Closure

The Company's Register of Members and Share Transfer books will remain closed for the purpose of payment of dividend.

24 July 2009 to 31 July 2009 (both days inclusive)

5 Dividend Payment Date

On or Before 30 August 2009

6 Listing on Stock Exchanges

The Company's equity shares are listed on the following stock Exchanges

The National Stock Exchange of India

The Bombay Stock Exchange Limited

Listing Fee

The Stock Code of the Company

The ISIN for Company's Equity Shares in Demat Form
Depositories Connectivity

Address of the Stock Exchanges

Exchange Plaza, Bandra-Kurla Complex,
Bandra (E), Mumbai 400051.

Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai 400001.

The Company has paid till date listing
fee of all the above Exchanges.

ASTRAMICRO (NSE)
532493 (BSE)

INE386C01029
NSDL and CDSL

7 Stock Market Data

Monthly high and low quotations and volume of shares traded on The Bombay Stock Exchange Limited.

| Month | BSE | | Volume (Nos) |
|----------|----------|---------|--------------|
| | High(Rs) | Low(Rs) | |
| April'08 | 79 | 63 | 2985011 |
| May'08 | 83 | 59 | 2118329 |
| June'08 | 61 | 40 | 1029910 |
| July'08 | 54 | 36 | 7338238 |
| Aug'08 | 65 | 40 | 7127633 |
| Sept'08 | 61 | 41 | 3541491 |
| Oct'08 | 49 | 33 | 1940006 |
| Nov'08 | 51 | 39 | 719744 |

| | | | |
|--------|----|----|---------|
| Dec'08 | 57 | 40 | 2361201 |
| Jan'09 | 59 | 39 | 2537435 |
| Feb'09 | 46 | 36 | 2120512 |
| Mar'09 | 52 | 42 | 1437425 |

8 Stock performance in comparison to BSE Sensex

| MONTH | ASTRA CLOSING PRICE (Rs) | BSE Sensex (closing) |
|----------|--------------------------|----------------------|
| April'08 | 74 | 17287 |
| May'08 | 59 | 16416 |
| June'08 | 41 | 13461 |
| July'08 | 42 | 14356 |
| Aug'08 | 55 | 14565 |
| Sept'08 | 44 | 12860 |
| Oct'08 | 40 | 9788 |
| Nov'08 | 41 | 9093 |
| Dec'08 | 52 | 9647 |
| Jan'09 | 40 | 9424 |
| Feb'09 | 45 | 8892 |
| Mar'09 | 45 | 9708 |

9 Registrar and Transfer Agent

M/s Purva Shareregistry (India) Pvt Ltd.,

Shiv Shakti Industrial Estate, Unit No.9 , Ground Floor,
7B JR Boricha Marg, Lower Parel, Mumbai 400011

Tele: 91-022-23016761, 2301 8261 and 2301 0771.

Email: busicomp@vsnl.com

10 Investor Complaints

During the year the company has attended to most of the investor's grievances/complaints within a reasonable time of receipt of the same and aptly solved them.

Status report of for the period 01.04.2008 To 31.03.2009.

| Sl.No. | Name of the Complaint | Received | Disposed | Pending |
|--------|---|----------|----------|---------|
| 1 | Non receipt of dividend warrants | 9 | 9 | 0 |
| 2 | Deletion/inclusion of joint name, transfer and transmission | 0 | 0 | 0 |
| 3 | Demat | 1 | 1 | 0 |
| 4 | Others | 7 | 7 | 0 |
| 5 | Change of Address | 7 | 7 | 0 |

11 Distribution of shareholding and shareholding pattern as on 31.03.2009

Distribution of shareholding

| No. of shares held | No. of shareholders |
|--------------------|---------------------|
| Upto - 5,000 | 17237 |
| 5,001 - 10,000 | 356 |
| 10,001 - 20,000 | 214 |
| 20,001 - 30,000 | 50 |

Astra Microwave Products Limited

| | |
|--------------------|-------|
| 30,001 - 40,000 | 39 |
| 40,001 - 50,000 | 29 |
| 50,001 - 1,00,000 | 46 |
| 1,00,001 And Above | 84 |
| TOTAL | 18055 |

Shareholding pattern

| Category | No. of shares | % shareholding |
|--|---------------|----------------|
| Promoters | 11005473 | 20.36 |
| Individuals | 13074843 | 24.19 |
| FII/NRI/OCBs | 12214858 | 22.60 |
| Bodies corporate | 9451043 | 17.49 |
| Trusts | 1218900 | 2.26 |
| Financial Institutions/ Banks/Mutual funds | 7080833 | 13.10 |
| Total | 54045950 | 100 |

12 Dematerialisation of shares and liquidity.

Trading of the Company's shares is compulsorily in dematerialized form for all investors. As of March 31, 2009 equity shares representing 89% have been dematerialized with the following depositories:

| Description | ISIN | Depositories |
|---------------|--------------|--------------|
| Equity shares | INE386C01029 | NSDL & CDSL |

13 Outstanding GDRs / ADRs / Warrants or any Convertible Instruments,

The Company has not issued any GDRs / ADRs. There were no outstanding convertible warrants as on March 31, 2009

14 Plant Locations.

| | |
|----------|---|
| Unit-I | Plot No: 12, ANRICH Industrial Estate, Miyapur, IDA Bollaram, Medak (District)-502 325. Andhra Pradesh. Tele: 040-30618100 / 01 |
| Unit-II | Plot.no: 56A,ANRICH Industrial Estate, Miyapur, IDA Bollaram, Medak(District)-502 325. Andhra Pradesh. Tele: 040-30618200 / 01 |
| Unit-III | Survey no: 1/1, Imarat Kancha, Raviryala Village, Maheswaram Mandal, Rangareddy (District)-500 010. Andhra Pradesh. Tele: 040-30618300 / 01 |
| Unit-IV | Plot no: 18, 19, 20 & 21 (Part), Hardware Park, Sy.No: 1/1, Imarat Kancha of Ravirayal village, Maheswaram Mandal, Rangareddy (District)-500 010. Andhra Pradesh. |

15 Queries relating to the financial statements of the Company and Investor's correspondence may be addressed to:

Mr S Gurunatha Reddy, GM (F&A) and Compliance Officer

'ASTRA TOWERS',

Survey No:12 (P), Kothaguda Post, Kondapur, Hitech City, Hyderabad – 500084.

Tele: 040-30618000/8001, Fax: 040-30618048, E-mail: sgr@astramwp.com



Auditors' certificate

(Under Clause 49 Of The Listing Agreement)

To

The Members of Astra Microwave Products Limited,

We have examined the compliance of conditions of Corporate Governance by M/s. ASTRA MICROWAVE PRODUCTS LIMITED., ("the Company") for the year ended on March 31, 2009 as stipulated in clause 49 of the Listing Agreement of the said company with the Stock Exchange(s).

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investors Grievance Committee.

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

Place Hyderabad
Date 29 April 2009

For AMAR & RAJU
Chartered Accountants
G AMARANATHA REDDY
Partner

Managing Director's declaration on code of business conduct and ethics

To

The Members of Astra Microwave Products Limited,

This is to certify that all Board Members and Senior Management personnel have affirmed compliance with the Code of Business Conduct and Ethics applicable to them for the financial year 2008-09.

Place Hyderabad
Date 29 April 2009

For ASTRA MICROWAVE PRODUCTS LIMITED
B MALLA REDDY
Managing Director

Astra Microwave Products Limited

Management's discussion and analysis

Overview

Astra Microwave Products Ltd designs and manufactures high value RF and microwave super components and sub-systems for defense, space, and civil communication applications.

We have been able to maintain our leadership position because of our strong, long-standing relationships with our customers, the roots of our association going right back to the concept stages of new product development. We expect business volumes for our products to grow significantly as they move from development to production in the coming years.

Financial Analysis

The financial statements have been prepared in accordance with the guidelines as laid out in the Companies Act, 1956, and India's GAAP (Generally Accepted Accounting Principles). Astra Microwave's management accepts the responsibility for the integrity and objectivity of these financial statements. The financial statements reflect in a true and fair manner, the form and substance of transactions, and reasonably present the company's state of affairs and profits.

a Operational performance

In spite of revenue and net profit recording negative growth during the year, the year-end order book was strong. Revenue growth was negative because delays in product development and approvals pushed some of the production and deliveries to the current financial year 2009-10. The decline in profit was in line with the change in the market mix of products. The defense and space sectors, which are major contributors to the sales portfolio, contributed much lower to Astra Microwave's sales compared with previous years.

The company's order book position, as of 31 March 2009, was as follows

| Business segment | As of 31 Mar 2008 | Booked during the year | (in Rs lakh) As of 31 March 2009 |
|------------------|-------------------|------------------------|--|
| Defence | 3,438 | 9,567 | 7,241 |
| Space | 4,508 | 1,814 | 3,124 |
| Metrology | 0 | 4,472 | 3,034 |
| Telecom | 152 | 518 | 109 |
| Exports | 192 | 5,860 | 5,840 |
| Total | 8,290 | 22,231 | 19,348 |

b Performance analysis

Defense is the major contributor to Astra Microwave, with nearly half of the total revenues coming in from this market, followed by the space and metrology sectors. Within defence, radar sub-systems contributed significantly to revenues and are expected to do so for a few more years.

During the year we completed delivery of sub-systems for the RISAT project; we are confident of repeat supplies of the same in the coming years.

Ground based products such as automated weather stations (AWS) are doing well. In 2008-09, we supplied several AWSs to the Indian Metrological Department (IMD) and the Indian Space Research Organization (ISRO).

The communications segment maintained its steady performance and is expected to perform better in the coming years.

Exports of critical defence application products to European countries rose over the previous fiscal. This sector is looking up, more so with opportunities emerging from the Defence Offset Policy.

The business segment-wise sales(net) for FY08-09 and FY07-08 were as follows

| Business Segment | FY 08-09 | | FY 07-08 | |
|------------------|---------------|------------|------------|-----|
| | in Rs lakh | % | in Rs lakh | % |
| Defense | 5,690 | 51 | 7,253 | 61 |
| Space | 2,610 | 23 | 3,281 | 28 |
| Metrology | 2,212 | 20 | 670 | 06 |
| Civil Telecom | 499 | 04 | 651 | 05 |
| Exports | 209 | 02 | 45 | 0 |
| Total | 11,220 | 100 | 11,900 | 100 |

c Major Product development (R&D) Analysis

Defence applications

Our focus for the defense sector continues to be the supply of sub-systems for radar electronics, missile electronics, electronic warfare applications, and telemetry components.

During the year, we successfully delivered critical subsystems for radar applications; we are working on few more variants of the same. Significant development and production revenues are expected from this segment in the coming years.

We are now working on development programs of a few missile programs as well as on production quantities for the Akash missile.

Offset programs

In 2008-09, we received an overseas order worth about Rs 50 crore under India's Offset Policy, the first such order for an Indian company. Given our long-standing expertise in the delivery of critical sub-systems for defence applications, such programs have large potential for growth. Discussions with major foreign defense equipment suppliers are currently on to broadbase this revenue segment.

d Expansion plans

We began operations of our new facility – Unit 4. An amount of Rs 3 crore is expected to be spent during 2009-10 to complete the facility. This unit has the infrastructure to handle large scale production programs.

We plan to spend nearly Rs 4 crore in adding development and production equipment for our existing operations.

The above capital expenditure will be met fully from internal accruals.

e Risks & Concerns

The company's main source of revenue is a small niche of the defense electronics sector. Most of these projects are initiated, designed, and developed by DRDO labs and driven by government policies and priorities. Even though we normally complete our product development on scheduled time lines, the generation of production-level quantities could get delayed as these must wait for government decisions and the timing of these decisions, which are beyond our control. The result is an uneven and skewed sales pattern for Astra Microwave.

Astra Microwave Products Limited

Financial Condition

1 Share Capital

At present, the company has only one class of shares-equity shares of Rs.2 each, par value. The paid up capital had gone up to Rs.10.80 cr due to exercise of ESOPs by employees.

2 Reserves and surplus

The change in reserves and surplus represents the amount used for issue of bonus shares, transferred from the profits derived during the year after making provisions for the taxation and equity dividend,

3 Loan Funds

The company has availed new term loan from bank to meet part of the capital expenditure during the year. Following are the details of secured loans maintenance during the year

| Particulars | As of March 31 | |
|---|---------------------|--------------|
| | 2009 | 2008 |
| Working capital loans | | |
| Open cash credit | | |
| Sanctioned amount | 30,00,00,000 | 25,00,00,000 |
| Outstanding amount | 14,56,28,051 | 18,56,23,731 |
| Short-term loan | - | 10,00,00,000 |
| Long term loans: | | |
| Outstanding at the beginning of the year | 28,90,62,500 | 13,95,21,693 |
| Addition during year | 5,28,00,000 | 24,24,60,307 |
| Repaid during the year | 12,80,65,785 | 9,29,19,500 |
| Amount outstanding at the end of the year | 21,37,96,715 | 28,90,62,500 |
| Hire purchase loans: | | |
| Outstanding at the beginning of the year | 10,17,422 | 25,86,431 |
| Addition during year | 10,53,684 | 0 |
| Repaid during the year | 7,34,258 | 15,69,009 |
| Amount outstanding at the end of the year | 13,36,848 | 10,17,422 |

Unsecured loan pertains to the sales tax deferment availed by the company for products manufactured at Unit-II. The liability position and repayment schedule of the same at the end of each year from the year of availment is shown below.

| Deferment availed during the year | Amount (Rs) | Payable during the year |
|-----------------------------------|-------------|-------------------------|
| 1998 | 3,57,651 | 2011 |
| 1999 | 6,55,446 | 2012 |
| 2000 | 18,36,075 | 2013 |
| 2001 | 10,12,027 | 2014 |
| 2002 | 11,34,646 | 2015 |
| 2003 | 21,53,923 | 2016 |
| 2004 | 47,39,206 | 2017 |
| 2005 | 1,04,74,783 | 2018 |
| Total | 2,23,63,757 | |

4 Deferred tax

The differed tax liability has arisen largely due to 100% writing off certain capital assets used for R&D as per Tax Laws. The company has accounted for full tax liability.

5 Fixed Assets

| Particulars | As of March 31 (in Rs) | |
|--|------------------------|--------------|
| | 2009 | 2008 |
| Original cost | | |
| Land | 8,27,60,197 | 8,27,60,197 |
| Buildings | 36,47,35,814 | 17,90,12,045 |
| Plant & machinery | 63,02,60,379 | 56,73,67,403 |
| Electrical installation | 2,88,36,986 | 1,59,24,223 |
| Air conditioners | 3,06,22,749 | 2,21,39,003 |
| Office equipment | 54,14,374 | 41,33,286 |
| Furniture and fixtures | 3,66,82,607 | 2,67,79,616 |
| Computers | 5,10,61,198 | 3,28,11,091 |
| Vehicles | 1,88,49,756 | 1,82,84,661 |
| Total | 124,92,24,060 | 94,92,11,525 |
| Less: Accumulated depreciation | 43,50,07,982 | 33,46,66,774 |
| Net block | 81,42,16,079 | 61,45,44,751 |
| Net fixed assets | 81,42,16,079 | 61,45,44,751 |
| Depreciation as % of total revenue | 7.02 | 5.72 |
| Accumulated depreciation as a % of gross block | 34.82 | 35.25 |

During the year the company added assets (net) worth Rs.26 crores to the gross block. The capital work in progress represents cost incurred on the new building that is coming up at the Hardware Technology Park. Most of the plant and machinery additions pertain to cost of Test equipments, Environmental chambers added for increasing production and R&D capacities.

The company has further capital expenditure commitment of Rs.5 crores during the year which will be met out of the cash accruals and borrowed funds.

6 Investments

Investments represents amount invested in equity share capital of its wholly owned subsidiary.

7 Sundry Debtors

Sundry debtors amounts to Rs.62 cr at the end of the year as compared to Rs.76 cr at the end of the previous year. The debtors are considered good and realizable. Debtors are at 51% of revenue for the year as compared to 57% for the previous year representing an outstanding of 187 days and 210 days of revenues for the respective years. However the outstanding age is not true representative of the credit policy of the company due to skewed pattern of sales. The age profile given below gives a fair view of outstanding receivables.

| Sl.No. | Period in days | Amount (Rs.cr) | % to total |
|--------------|----------------|----------------|------------|
| 1 | 0-30 | 31 | 50 |
| 2 | 31-60 | 8 | 13 |
| 3 | 61-90 | 4 | 6 |
| 4 | 91-120 | 2 | 3 |
| 5 | More than 120 | 17 | 28 |
| Total | | 62 | 100 |

The company has the policy of writing off debts as bad after the review and recommendation by the receivables review committee. The committee before recommending, considers various factors including the collectability of specific dues, risk perception of the industry and the customer's ability to settle.

8 Cash and cash equivalents

The company is operating with multiple banks and the surplus funds if any are parked with them or with their associates. For meeting certain statutory requirements the company is maintaining current accounts with couple of other nationalized banks. The company's cash and cash equivalents is as follows.

Astra Microwave Products Limited

| Particulars | 2009 | 2008 |
|--|------|------|
| Cash and cash equivalents as a % of total assets | 5.34 | 0.14 |
| Cash and cash equivalents as a % of revenues | 7.43 | 0.20 |

9 Loans and Advances

The advances paid for supplies, services and expenses represent the amount paid to both domestic and foreign vendors for supply of materials and services. The advances also include unavailed modvat credit both on capital goods and raw materials.

The amount of income-tax paid represents the advance tax, self assessment tax paid and TDS deducted.

The amount shown under share application pending allotment with the subsidiary companies represents the amount spent on the wholly owned subsidiary during the current year and which was not capitalized.

10 Current liabilities

Sundry creditors for capital works, supplies represents the amount due at the end of the year for the capital good and raw material supplied. Sundry creditors for services and expenses represent the amount due and payable for various expenses including the accrued salaries and other benefits of the employees.

Advances from customers represent the amount received as per the terms of purchase orders from the Defence and Space establishments for the development orders.

11 Provisions

Provisions represents provisions made for taxation, dividend, gratuity, leave encashment etc., Taxation provisions are shown net of advance tax for the years for which the assessments are pending.

The provision for dividend is provided @ Rs.0.50 per share. The provision for gratuity and leave encashment is provided on the basis of actuarial valuation at the end of the financial year.

Others

Human Resources

We at Astra believe that our human resource is crucial for success of the company, especially in today's knowledge driven & competitive business environment, and treat it as our most valuable asset. We commit to improve the quality of work life and employee satisfaction, while aligning the individual aspirations with the company objectives.

Our priority was to add key talent at leadership and critical technology areas. In this direction we have added 31 people to the existing pool at middle and senior levels. Also, we continue to attract the bright talent from the reputed institutes like IIT-Kharagpur and IIT-Roorkee by completing the campus recruitment process.

Learning & Development has gained momentum in our organization. We have conducted several technical and leadership development programs to different levels of employees in the organization, to embrace our aggressive growth plans. In addition to this, we have conducted several customized skill based trainings to our front end employees to improve operational efficiencies. Our new initiatives like 'SaMgata', through which people share their learnings in their domain areas, prove to be an effective knowledge management tool.

We have initiated several measures in our human resource function to simplify the employee processes, to reach the employee in quickest possible time and to have an effective communication with the employees. Overall employee relations were cordial and productive.

Internal Control Systems & Adequacy

The Company is committed to maintaining an effective system of internal control. The Company is conducting all its operations on ERP-SAP system. Successful usage of ERP-SAP system has facilitated management's objective of establishment of the accurate, reliable and speedy compilation of financial information, safeguarding the assets and interest of the Company and ensuring compliance with laws and regulations.

The Company functions with well defined budgets and has an effective management information system to enable the management to regularly review actual performance. The Company has also put in place a well defined organization structure, clear authority levels and internal guidelines for conduction of business transactions.

M/s Price Water House Coopers conducts company's Internal audit program which supplements the Company's internal control systems. The Audit committee of the Board of Directors reviews the Internal Audit Reports at regular intervals and suggests implementation of best practices based on observations therein.



SELECT FINANCIAL DATA

(in Rupees)

| Particulars | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
|---|-------------|---------------|---------------|---------------|----------------------|
| Net Sales | 652,381,053 | 1,049,757,017 | 1,035,562,928 | 1,238,905,103 | 1,168,168,971 |
| Other income including accretion to stock | 31,746,039 | 71,070,155 | 55,333,210 | 92,274,809 | -34,955,401 |
| Expenditure | 377,887,250 | 531,672,152 | 601,401,874 | 903,939,363 | 822,731,374 |
| Operating Profit (EBDIT) | 306,239,842 | 589,155,020 | 489,494,264 | 427,240,549 | 310,482,196 |
| Interest | 12,459,844 | 18,427,304 | 22,059,360 | 42,446,084 | 30,585,109 |
| Profit before depreciation and tax(PBDT) | 293,779,998 | 570,727,716 | 467,434,904 | 384,794,465 | 279,897,087 |
| Depreciation | 54,732,941 | 56,412,481 | 60,106,859 | 73,850,001 | 84,698,013 |
| Profit before tax(PBT) | 239,047,057 | 514,315,235 | 407,328,045 | 310,944,464 | 195,199,074 |
| Tax | 68,666,936 | 142,320,042 | 122,311,131 | 102,019,538 | 49,961,902 |
| Net Profit | 170,380,121 | 371,995,193 | 285,016,914 | 208,924,926 | 145,237,172 |
| Equity | 53,112,450 | 106,224,900 | 106,893,500 | 107,511,700 | 108,091,900 |
| No.of shares | 26,556,225 | 53,112,450 | 53,446,750 | 53,755,850 | 54,045,950 |
| Fixed Assets | 377,273,291 | 654,608,791 | 690,397,915 | 949,211,525 | 1,249,224,060 |
| Net Fixed Assets | 230,065,214 | 451,962,886 | 428,040,516 | 614,544,751 | 814,216,079 |
| Raw material consumed | 244,978,305 | 295,880,023 | 331,803,275 | 553,626,386 | 483,574,567 |
| Man power cost | 75,944,962 | 130,557,256 | 147,133,147 | 194,051,120 | 181,973,094 |
| Sundry debtors | 228,526,863 | 208,032,118 | 629,966,475 | 761,150,298 | 615,052,338 |
| Networth | 366,822,809 | 689,539,626 | 933,675,951 | 1,147,647,257 | 1,237,843,534 |
| Capital Employed | 568,648,541 | 887,789,742 | 1,061,287,885 | 1,536,651,472 | 1,561,141,819 |
| EBDIT to Sales(%) | 46.94 | 56.12 | 47.27 | 34.49 | 26.58 |
| EBDT to Sales(%) | 45.03 | 54.37 | 45.14 | 31.06 | 23.96 |
| PBT to Sales(%) | 36.64 | 48.99 | 39.33 | 25.10 | 16.71 |
| PAT to Sales(%) | 26.12 | 35.44 | 27.52 | 16.86 | 12.43 |
| Tax to Profits(%) | 28.73 | 27.67 | 30.03 | 32.81 | 25.60 |
| Sales to Net fixed Assets | 2.84 | 2.32 | 2.42 | 2.02 | 1.43 |
| Raw materials to Sales(%) | 37.55 | 28.19 | 32.04 | 44.69 | 41.40 |
| Man power cost to Sales(%) | 11.64 | 12.44 | 14.21 | 15.66 | 15.58 |
| Sundry debtors to Sales(%) | 30.06 | 17.13 | 54.83 | 56.79 | 45.89 |
| Return on Networth(%) | 46.45 | 53.95 | 30.53 | 18.20 | 11.73 |
| Return on Capital Employed(%) | 29.96 | 41.90 | 26.86 | 13.60 | 9.30 |
| Cash Earnings per share(CEPS) | 11.06 | 10.75 | 8.75 | 7.16 | 5.18 |
| Earnings per share(EPS) | 6.42 | 7.00 | 5.33 | 3.89 | 2.69 |
| Book value of the share | 13.81 | 12.98 | 17.47 | 21.35 | 22.90 |



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Astra Microwave Products Limited

Annual Report 2008-09

Accounts - Standalone

Astra Microwave Products Limited

Auditors' report to the members of Astra Microwave Products Limited

We have audited the attached Balance Sheet of **M/s ASTRA MICROWAVE PRODUCTS LIMITED**, as at 31st March, 2009 and also the Profit and Loss Account for the year ended on that date annexed thereto and the cash flow statement for the period ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- I As required by the Companies (Auditor's Report) order, 2003 issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956, we report that:
- i a The Company has maintained proper records, showing full particulars, including quantitative details and situation of fixed assets.
 - b The management has conducted the physical verification of fixed assets during the year under audit, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - c The company has not disposed substantial part of the fixed assets during the year under audit.
 - ii a The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
 - c The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
 - iii The company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained U/Sec.301 of the Act. Hence the provisions of clause (f) and (g) of paragraph 4(iii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
During the year the company has granted unsecured loan amounting to Rs.3.10 crores to one company covered in the register maintained U/Sec.301 of the Act. In our opinion, the rate of interest and other terms and conditions on which the loan was granted are not prima facie prejudicial to the interest of the company. The company has recovered the entire loan amount together with the interest thereon.
 - iv 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 for the purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
 - v According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
 - vi The company has not accepted any deposits from the public.
 - vii In our opinion the company has an internal audit system commensurate with the size and nature of its business.
 - viii According to the information and explanations given to us, maintenance of cost records U/Sec. 209(1) (d) the Companies Act, 1956 has not been prescribed by the Central Government for the company.

- ix
 - a The company is regular in depositing with appropriate authorities undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales tax, Wealth Tax, Customs Duty, Excise Duty, Service Tax, Cess and other statutory dues applicable to it.
 - b According to the information and explanations given to us no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty, Service Tax and Cess were in arrears, as at 31st march 2009 for a period of more than six months from the date they became payable.
 - c According to the information and explanations given to us, there are no dues of Sales Tax, Income Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess, which have not been deposited on account of any dispute.
 - x The provisions of clause 4(x) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company, since the company has no accumulated losses at the end of the financial year.
 - xi In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institutions and banks.
 - xii The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
 - xiii 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 the Company.
 - xiv In our opinion, the company has maintained proper records of the transactions and contracts in respect of investments in shares and units and timely entries have been made therein and the shares and units have been held by the company in its own name.
 - xv In our opinion, the terms and conditions on which the company has given guarantees for loans taken by subsidiary companies from banks are not prejudicial to the interest of the company.
 - xvi In our opinion, the term loans have been applied for the purpose for which they were raised.
 - xvii 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.
 - xviii According to the information and explanations given to us, the company has not made any preferential allotment of shares to the parties and companies covered in the register maintained U/Sec.301 of the Companies Act, 1956.
 - xix The company has not issued any debentures. Accordingly, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
 - xx The company has not raised any money by way of public issue during the year under audit. Accordingly, the provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 regarding disclosure of the end use of money raised by public issue are not applicable to the company.
 - xxi 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.
- II Subject to above comments and notes forming part of accounts we further state that:
- i We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii In our opinion, proper books of account as required by Law have been kept by the Company, so far as appears from our examination of such books.
 - iii The Balance Sheet and the Profit & Loss Account referred to in this report are in agreement with the books of account.
 - iv In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

Astra Microwave Products Limited

- v On the basis of written representations received from the Directors, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009 from being appointed as Director in terms of clause (g) of sub-section (1) Section 274 of the Companies Act, 1956.
- vi In our opinion and to the best of our information and according to the explanations given to us, the said Accounts give the information required by the Companies Act, 1956 in the manner so required, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009 and
 - b In the case of the Profit & Loss Account, of the Profit for the year ended on that date and
 - c In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For AMAR & RAJU
Chartered Accountants
G AMARANATHA REDDY
Partner
Membership No: 19711

Place Hyderabad
Date 29 April 2009



Balance sheet as at 31 March 2009

(in Rupees)

| | Schedule Reference | As At 31 March 2009 | As At 31 March 2008 |
|--|--------------------|-----------------------------|-----------------------------|
| SOURCES OF FUNDS | | | |
| Shareholders' Funds | | | |
| Share Capital | A | 108,091,900 | 107,511,700 |
| Reserves & Surplus | B | 1,126,235,494 | 1,029,735,147 |
| ESOP Share Application Money | | 3,516,140 | 10,400,410 |
| Employee Stock Option Outstanding | | 25,018,200 | 34,852,590 |
| Less: Deferred employee Compensation Expense | | <u>(25,018,200)</u> | <u>(34,852,590)</u> |
| | | 1,237,843,534 | 1,147,647,257 |
| Loan Funds | | | |
| Secured Loans | C | 360,761,614 | 578,442,764 |
| Unsecured Loans | D | <u>22,363,757</u> | <u>22,363,757</u> |
| | | 383,125,371 | 600,806,521 |
| Other Liabilities | | | |
| Deferred Tax Liability | | <u>58,080,547</u> | <u>60,779,273</u> |
| TOTAL | | <u>1,679,049,452</u> | <u>1,809,233,051</u> |
| APPLICATION OF FUNDS | | | |
| Fixed Assets | | | |
| Gross Block | E | 1,249,224,060 | 949,211,525 |
| Less: Depreciation | | <u>435,007,982</u> | <u>334,666,774</u> |
| Net Block | | 814,216,078 | 614,544,751 |
| Capital Work-in-progress | | <u>93,325,134</u> | <u>220,824,079</u> |
| | | 907,541,212 | 835,368,830 |
| Investments | | | |
| Current Assets Loans and Advances | F | 24,582,500 | 56,757,500 |
| a Inventories | G | 338,053,584 | 382,697,886 |
| b Sundry Debtors | | 615,052,338 | 761,150,298 |
| c Cash and Bank Balances | | 174,708,894 | 107,856,046 |
| d Other Current Assets | | - | - |
| e Loans and Advances | | <u>135,198,318</u> | <u>121,501,046</u> |
| | | 1,263,013,134 | 1,373,205,276 |
| Less: Current Liabilities and Provisions | H | 464,037,586 | 393,076,377 |
| a Current Liabilities | | 52,049,808 | 63,022,178 |
| b Provisions | | <u>516,087,394</u> | <u>456,098,555</u> |
| Net Current Assets | | 746,925,740 | 917,106,721 |
| TOTAL | | <u>1,679,049,452</u> | <u>1,809,233,051</u> |

NOTES TO ACCOUNTS

P

As per our report of even date.

For AMAR & RAJU
Chartered Accountants

G AMARNATH REDDY
Partner

Membership Number 19711

Place Hyderabad
Date 29 April 2009

For and on behalf of the Board

B MALLA REDDY
Managing Director

C PRAMEELAMMA
Director - Tech

J VENKATADAS
Director

T ANJANEYULU
Company Secretary

PA CHITRAKAR
Chief Operating Officer

SHIBAN K KOUL
Director

S GURUNATHA REDDY
GM - F&A

Astra Microwave Products Limited

Profit and loss account for the year ended 31 March 2009

(in Rupees)

| | Schedule Reference | Year ended 31 March 2009 | Year ended 31 March 2008 |
|---|--------------------|-----------------------------|-----------------------------|
| INCOME | | | |
| Sales less returns | | 1,173,673,023 | 1,270,348,415 |
| Less: Excise Duty | | 38,527,992 | 51,636,738 |
| Service charges | | 33,023,940 | 20,193,426 |
| Other income | I | 13,226,140 | 17,274,241 |
| Accretion to stock | J | (48,181,541) | 75,000,568 |
| TOTAL | | 1,133,213,570 | 1,331,179,912 |
| EXPENDITURE | | | |
| Raw material consumed | K | 483,574,567 | 553,626,386 |
| Expenditure on personnel | L | 181,973,094 | 194,051,120 |
| Manufacturing, administrative and selling expenditure | M | 148,321,051 | 156,058,687 |
| Financial charges | N | 30,585,109 | 42,446,084 |
| Depreciation | E | 84,698,013 | 73,850,001 |
| Bad debts written off | | 6,687,662 | - |
| Provision on investment in SBI MF Units | | 2,175,000 | - |
| Loss on disposal of assets | | - | 203,170 |
| TOTAL | | 938,014,496 | 1,020,235,448 |
| Profit before tax | | 195,199,074 | 310,944,464 |
| Provision for taxation | | (51,752,893) | (106,810,361) |
| Deferred tax liability | | 3,033,532 | 5,800,855 |
| | | (48,719,361) | (101,009,506) |
| Fringe benefit tax | | (1,242,541) | (1,010,032) |
| | | (49,961,902) | (102,019,538) |
| Profit after tax | | 145,237,172 | 208,924,926 |
| Prior period adjustments | | (285,351) | (133,055) |
| Profit available for appropriation | | 144,951,821 | 208,791,871 |
| APPROPRIATIONS | | | |
| Transferred to General Reserve | | 15,000,000 | 6,000,000 |
| Proposed dividend | | 27,071,675 | 13,511,488 |
| Corporate dividend tax | | 4,600,831 | 2,296,277 |
| Surplus carried to Balance Sheet | | 98,279,316 | 186,984,106 |
| TOTAL | | 144,951,821 | 208,791,871 |
| Earnings per share (Basic; face value Rs 2) | | 2.68 | 3.88 |
| Earnings per share (Diluted; face value Rs 2) | | 2.68 | 3.88 |

NOTES TO ACCOUNTS

P

As per our report of even date.

For AMAR & RAJU
Chartered Accountants

G AMARNATH REDDY
Partner

Membership Number 19711

Place Hyderabad
Date 29 April 2009

For and on behalf of the Board

B MALLA REDDY
Managing Director

C PRAMEELAMMA
Director - Tech

J VENKATADAS
Director

T ANJANEYULU
Company Secretary

PA CHITRAKAR
Chief Operating Officer

SHIBAN K KOUL
Director

S GURUNATHA REDDY
GM - F&A



Schedules forming part of the balance sheet as at 31 March 2009

(in Rupees)

| | As at 31 March 2009 | As at 31 March 2008 |
|---|------------------------|------------------------|
| SCHEDULE A: SHARE CAPITAL | | |
| AUTHORISED | | |
| 10,00,00,000 Equity Shares of Rs.2/- each | <u>200,000,000</u> | <u>200,000,000</u> |
| ISSUED SUBSCRIBED AND PAIDUP | | |
| 5,40,45,950 (5,37,55,850) Equity Shares of Rs.2/- each fully paid up | <u>108,091,900</u> | <u>107,511,700</u> |
| TOTAL | <u>108,091,900</u> | <u>107,511,700</u> |
| SCHEDULE B: RESERVES AND SURPLUS | | |
| Securities Premium Account | | |
| 1 General Reserve | | |
| Opening Balance | 214,779,695 | 208,779,695 |
| Add: Transferred from Profit and Loss Account | <u>15,000,000</u> | <u>6,000,000</u> |
| | 229,779,695 | 214,779,695 |
| 2 Profit & Loss Account | | |
| Opening balance | 763,967,560 | 576,983,453 |
| Less: Transferred / adjusted on amalgamation | (36,505,768) | - |
| Add: Transferred from Profit and Loss Account | <u>98,279,315</u> | <u>186,984,106</u> |
| | 825,741,107 | 763,967,560 |
| 3 Share Premium | | |
| Opening Balance | 50,987,892 | 29,969,092 |
| Less: Capitalised during the year | (290,100) | (309,100) |
| Add: Additions during the year | <u>20,016,900</u> | <u>21,327,900</u> |
| | 70,714,692 | 50,987,892 |
| TOTAL | <u>1,126,235,494</u> | <u>1,029,735,147</u> |

Astra Microwave Products Limited

Schedules forming part of the balance sheet as at 31 March 2009

(in Rupees)

| | As at 31 March 2009 | As at 31 March 2008 |
|--|---|--|
| SCHEDULE C: SECURED LOANS | | |
| 1 Working Capital Finance from Canara bank | 75,940,754 | 31,939,588 |
| 2 Working Capital Finance from HDFC Bank Limited | 741,643 | 80,394,954 |
| 3 Working Capital Finance from SBI | 68,945,654 | 73,289,189 |
| 4 Term Loan from HDFC Bank Ltd (Repayable with in one year Rs NIL (Rs.5,00,00,000/-)) Add: Interest accrued and due | - - <hr/> | 50,000,000 467,123 <hr/> |
| | - | 50,467,123 |
| 5 Term Loan from SBI (Repayable with in one year Rs.6,37,50,000/- (Rs.6,37,50,000/-)) Add: Interest accrued and due | 159,375,000 1,621,715 <hr/> | 239,062,500 2,271,988 <hr/> |
| | 160,996,715 | 241,334,488 |
| 6 Working Capital Loan from HSBC (Repayable with in one year Rs.NIL (Rs.10,0,00,000/-)) | - | 100,000,000 |
| 7 Term Loan from ICICI Bank (Repayable with in one year Rs.1,32,00,000/- (Rs.1,32,00,000/-)) | 52,800,000 | - |
| 8 Hire Purchase Finance (Repayable with in one year Rs.5,51,866/- (Rs.7,34,258/-)) | 1,336,848 | 1,017,422 |
| TOTAL | 360,761,614 <hr/> | 578,442,764 <hr/> |
| SCHEDULE D: UNSECURED LOANS | | |
| Interest free sales tax loan from Government of Andhra Pradesh | 22,363,757 | 22,363,757 |
| TOTAL | 22,363,757 <hr/> | 22,363,757 <hr/> |

Schedules forming part of the balance sheet as at 31 March 2009

SCHEDULE E: FIXED ASSETS

| Description | Rate of Dep. | Gross Block | | | | Depreciation/Amortisation | | | | Net Block | | | |
|--------------------------|--------------|---------------------|--------------------------|-------------|-----------|---------------------------|--------------------|--------------------------|----------------|-----------|--------------------|---------------------|---------------------|
| | | As on 31 March 2008 | Transfer on Amalgamation | Additions | Deletions | As on 31 March 2009 | Upto 31 March 2008 | Transfer on Amalgamation | For the Period | Deletions | Upto 31 March 2009 | As on 31 March 2009 | As on 31 March 2008 |
| LAND | 0% | 82,760,197 | - | - | - | 82,760,197 | - | - | - | - | - | 82,760,197 | 82,760,197 |
| BUILDINGS | 10% | 179,012,045 | - | 185,723,769 | - | 364,735,814 | 27,201,196 | - | 16,438,998 | - | 43,640,194 | 321,095,620 | 151,810,849 |
| PLANT & MACHINERY | 15% | 567,367,403 | 41,454,706 | 21,438,270 | - | 630,260,379 | 244,566,901 | 12,217,002 | 53,766,168 | - | 310,550,071 | 319,710,308 | 322,800,502 |
| ELECTRICAL INSTALLATIONS | 15% | 15,924,223 | - | 12,912,763 | - | 28,836,986 | 4,886,873 | - | 1,801,308 | - | 6,688,181 | 22,148,806 | 11,037,350 |
| AIR CONDITIONERS | 15% | 22,139,003 | 102,500 | 8,381,246 | - | 30,622,749 | 5,436,852 | 37,977 | 2,689,241 | - | 8,164,070 | 22,458,680 | 16,702,151 |
| OFFICE EQUIPMENT | 15% | 4,133,286 | - | 1,281,088 | - | 5,414,374 | 1,896,949 | - | 356,238 | - | 2,253,187 | 3,161,187 | 2,236,337 |
| FURNITURE & FIXTURES | 18.10% | 26,779,616 | 427,178 | 9,475,813 | - | 36,682,607 | 11,351,309 | 179,493 | 3,052,850 | - | 14,583,652 | 22,098,954 | 15,428,307 |
| COMPUTERS | 60% | 32,811,091 | 4,349,140 | 13,900,967 | - | 51,061,198 | 28,595,256 | 3,585,773 | 4,645,942 | - | 36,826,971 | 14,234,227 | 4,215,835 |
| VEHICLES | 25.89% | 18,284,661 | - | 1,272,006 | 706,911 | 18,849,756 | 10,731,438 | - | 1,947,268 | 377,050 | 12,301,656 | 6,548,100 | 7,553,223 |
| TOTAL | | 949,211,525 | 46,333,524 | 254,385,922 | 706,911 | 1,249,224,060 | 334,666,774 | 16,020,245 | 84,698,013 | 377,050 | 435,007,982 | 814,216,079 | 614,544,751 |
| PRE., YEAR TOTAL | | 690,397,915 | - | 261,220,791 | 2,407,181 | 949,211,525 | 262,357,399 | - | 73,850,001 | 1,540,626 | 334,666,774 | 614,544,751 | 428,040,516 |



Astra Microwave Products Limited

Schedules forming part of the balance sheet as at 31 March 2009

(in Rupees)

| | As at 31 March 2009 | As at 31 March 2008 |
|---|------------------------|------------------------|
| SCHEDULE F: INVESTMENTS | | |
| A Long-Term-At Cost-Unquoted In Subsidiary Companies | | |
| a NIL (30,00,000) Equity shares of Rs.10/- each fully paid up in M/s Astra Microelectronic Technologies Ltd | - | 30,000,000 |
| b 1,62,450 Equity shares of Rs.100/- each fully paid up in M/s Komoline Electronics Private Limited | 21,757,500 | 21,757,500 |
| B Current Investments | | |
| Investment in Units of SBI Mutual Fund (cost or market value which ever is lower) | 5,000,000 | 5,000,000 |
| Less Provision for diminution in value of investments | 2,175,000 | - |
| | 2,825,000 | 5,000,000 |
| TOTAL | 24,582,500 | 56,757,500 |
| Aggregate amount of quoted investments | 5,000,000 | 5,000,000 |
| Market value of quoted investments | 2,825,000 | 5,245,000 |
| Aggregate amount of unquoted investments | 21,757,500 | 51,757,500 |



Schedules forming part of the balance sheet as at 31 March 2009

(in Rupees)

| | As at 31 March 2009 | As at 31 March 2008 |
|--|------------------------|------------------------|
| SCHEDULE G: CURRENT ASSETS LOANS & ADVANCES | | |
| Current Assets | | |
| A Stock-in-trade | | |
| a Raw materials | 198,655,658 | 195,212,815 |
| b Packing materials | 223,599 | 129,203 |
| c Finished goods | 8,760,534 | 40,898,705 |
| d Semi-finished goods | 130,413,793 | 146,457,163 |
| | 338,053,584 | 382,697,886 |
| B Sundry Debtors (Unsecured considered good) | | |
| a Outstanding for more than six months | 143,197,179 | 177,834,869 |
| b Others (includes Rs NIL (Rs NIL) due from Subsidiary Company) | 471,855,159 | 583,315,429 |
| | 615,052,338 | 761,150,298 |
| C Cash and Bank balances | | |
| a Cash on hand | 116,828 | 78,556 |
| b Balance with Scheduled Banks: | | |
| 1 In Current account | 3,793,137 | 2,507,080 |
| 2 In EEFC account | 87,751,760 | - |
| 3 In Dividend warrant account | 2,508,780 | 2,533,434 |
| 4 As Margin money | 79,535,864 | 97,830,354 |
| 5 Interest receivable | 1,002,525 | 4,906,622 |
| | 174,708,894 | 107,856,046 |
| | 1,127,814,816 | 1,251,704,230 |
| D Loans & Advances (Unsecured considered good) | | |
| a Advance for supplies | 26,684,266 | 20,773,257 |
| b Advance for services & expenses | 3,480,858 | 2,524,664 |
| c Prepaid Excise duty (Cenvat Credit) | 44,833,663 | 41,796,989 |
| d Prepaid expenses | 12,385,664 | 5,997,225 |
| e Income tax refund due | 12,603,747 | 257,072 |
| f Deposits | 3,788,632 | 3,849,488 |
| g Advance for capital works | 31,220,558 | 46,241,125 |
| h Unmatured Finance charges | 200,930 | 61,226 |
| | 135,198,318 | 121,501,046 |
| TOTAL | 1,263,013,134 | 1,373,205,276 |

Astra Microwave Products Limited

Schedules forming part of the balance sheet as at 31 March 2009

(in Rupees)

| | As at 31 March 2009 | As at 31 March 2008 |
|---|------------------------|------------------------|
| SCHEDULE H: CURRENT LIABILITIES & PROVISIONS | | |
| A Current Liabilities | | |
| a Creditors for capital works | 31,305,842 | 39,128,338 |
| b Creditors for supplies | 58,606,907 | 113,817,585 |
| c Creditors for services & expenses | 68,175,216 | 72,476,143 |
| d Amounts due to subsidiary company for supply of goods and services | 13,715,768 | 17,775,882 |
| e Investor Education & Protection Fund (Unclaimed dividend) | 2,506,942 | 2,531,171 |
| f Creditors for others | 6,034,115 | 6,034,115 |
| g Advances from customers | 283,302,221 | 141,313,143 |
| h Interest accrued but not due on ICICI Bank Term Loan | 390,575 | - |
| | 464,037,586 | 393,076,377 |
| B Provisions | | |
| a Provision for taxation | 211,249 | 28,788,166 |
| b Provision for proposed dividend | 27,071,675 | 13,511,488 |
| c Corporate dividend tax | 4,600,831 | 2,296,277 |
| d Provision for gratuity & leave encashment | 20,166,053 | 18,426,247 |
| | 52,049,808 | 63,022,178 |
| TOTAL | 516,087,394 | 456,098,555 |



Schedules forming part of the profit and loss account as at 31 March 2009

(in Rupees)

| | Year ended 31 March 2009 | Year ended 31 March 2008 |
|---|-----------------------------|-----------------------------|
| SCHEDULE I: OTHER INCOME | | |
| a Interest received | 8,743,706 | 6,877,997 |
| b Miscellaneous receipts | 1,775,283 | 9,343 |
| c Insurance claims received | 59,765 | 35,578 |
| d Customs duty refund | 2,647,386 | 10,351,323 |
| TOTAL | 13,226,140 | 17,274,241 |
| SCHEDULE J: ACCRETION TO STOCK | | |
| Semi-finished & finished goods at the end of the period | 139,174,327 | 187,355,868 |
| Less Semi-finished & Finished goods at the beginning of the year | 187,355,868 | 112,355,300 |
| Increase / (decrease) in stock-in-trade | (48,181,541) | 75,000,568 |
| SCHEDULE K: RAW MATERIAL CONSUMED | | |
| A Indigenous Raw Material | | |
| Opening stock of raw material | 27,952,226 | 32,676,478 |
| Add: purchases during the year | 196,125,329 | 208,890,020 |
| | 224,077,555 | 241,566,498 |
| Less Closing stock of raw material | 40,585,457 | 27,952,226 |
| Raw Material consumed | 183,492,098 | 213,614,272 |
| B Imported Raw Material | | |
| Opening stock of raw material | 167,260,589 | 145,324,095 |
| Add purchases during the year | 290,892,082 | 361,948,608 |
| | 458,152,671 | 507,272,703 |
| Less Closing stock of raw material | 158,070,202 | 167,260,589 |
| Raw material consumed | 300,082,469 | 340,012,114 |
| Total raw material consumed | 483,574,567 | 553,626,386 |
| SCHEDULE L: EXPENDITURE ON PERSONNEL | | |
| Salaries, wages & other benefits | 138,302,880 | 138,849,350 |
| PF & ESI company contribution | 7,979,899 | 7,597,079 |
| Directors remuneration | 14,515,917 | 20,567,000 |
| Staff welfare expenditure | 8,111,885 | 5,537,756 |
| Security charges | 1,418,008 | 1,332,984 |
| Gratuity | 1,156,075 | 5,820,945 |
| Staff recruitment & training | 654,040 | 3,867,516 |
| Employee compensation expenses written off (under ESOP Scheme) | 9,834,390 | 10,478,490 |
| TOTAL | 181,973,094 | 194,051,120 |

Astra Microwave Products Limited

Schedules forming part of the profit and loss account as at 31 March 2009

(in Rupees)

| | Year ended 31 March 2009 | Year ended 31 March 2008 |
|--|-----------------------------|-----------------------------|
| SCHEDULE M: MANUFACTURING ADMINISTRATIVE AND SELLING EXPENDITURE | | |
| a Manufacturing Expenditure | | |
| Machinery maintenance | 13,363,004 | 13,065,164 |
| Power and fuel | 7,607,404 | 7,184,915 |
| Excise duty (Includes Difference between excise duty on opening & closing stock of FG) | (3,993,674) | 4,704,062 |
| Testing charges | 3,981,722 | 4,303,753 |
| Carriage in wards | 971,341 | 816,091 |
| Installation & Commissioning of AWS | 3,817,472 | 2,760,482 |
| | 25,747,269 | 32,834,467 |
| b Administrative Expenditure | | |
| Travelling and conveyance | 10,139,557 | 9,650,387 |
| Printing and stationery | 3,018,875 | 3,707,909 |
| Communication costs | 3,151,663 | 4,215,382 |
| Rent | - | 1,554,526 |
| Insurance | 4,199,056 | 6,189,360 |
| Rates, taxes and fees | 3,264,197 | 1,822,155 |
| Auditors remuneration | 551,500 | 533,710 |
| Legal & professional charges | 5,497,514 | 10,731,376 |
| Building Repairs & Maintenance | 389,716 | 681,982 |
| Computer & Software maintenance | 6,269,097 | 6,471,668 |
| Vehicle Maintenance | 1,216,861 | 716,414 |
| Factory & Garden Maintenance | 2,556,922 | 2,578,645 |
| Office maintenance & electricity charges | 1,034,669 | 1,338,262 |
| Repairs & maintenance of other assets | 2,237,876 | 1,482,916 |
| Vehicle hire charges | 4,057,488 | 3,288,324 |
| General expenses | 681,179 | 1,225,584 |
| Sitting fee & meeting expenses | 84,302 | 74,489 |
| Books, periodicals & subscriptions | 368,958 | 288,404 |
| Conference & Seminar Expenses | 469,836 | 332,944 |
| Advertisement | 2,088,830 | 1,911,721 |
| Sponsorship Expenses | 1,525,000 | 700,000 |
| Entertainment & business promotion | 624,461 | 742,832 |
| | 53,427,557 | 60,238,990 |
| c Selling Expenditure | | |
| Carriage out wards | 1,713,652 | 1,500,610 |
| Packing material | 1,586,787 | 1,331,635 |
| Sales Tax | 40,983,119 | 47,439,828 |
| Service Tax | 3,405,582 | 2,312,509 |
| Late delivery charges | 18,297,850 | 7,701,410 |
| Foreign Travel and Exhibition expenses | 3,159,235 | 2,699,238 |
| | 69,146,225 | 62,985,230 |
| TOTAL | 148,321,051 | 156,058,687 |



Schedules forming part of the profit and loss account
as at 31 March 2009

(in Rupees)

| | Year ended 31 March 2009 | Year ended 31 March 2008 |
|--------------------------------------|-----------------------------|-----------------------------|
| SCHEDULE N: FINANCIAL CHARGES | | |
| Interest on term loans | 5,590,534 | 6,300,290 |
| Interest on borrowings from bank | 14,591,346 | 19,737,981 |
| Hire Purchase Finance Charges | 77,776 | 137,480 |
| Bank charges and Commission | 10,325,453 | 16,270,333 |
| TOTAL | 30,585,109 | 42,446,084 |

SCHEDULE O: RESEARCH & DEVELOPMENT EXPENDITURE

(Schedule not forming part of the Balance Sheet & Profit and Loss Account)

| | | |
|----------------------------------|-------------------|------------|
| Raw Material Consumed | 34,008,663 | 37,331,489 |
| Personnel Cost | 8,991,807 | 12,793,181 |
| Other Overheads | 871,635 | 870,560 |
| Capital expenditure | 10,539,589 | 9,085,486 |
| TOTAL R&D Expenditure | 54,411,694 | 60,080,716 |

Astra Microwave Products Limited

Schedules forming part of the balance sheet and profit and loss account as at 31 March 2009

SCHEDULE P: NOTES TO ACCOUNTS

| | As at 31 March 2009 | | As at 31 March 2008 | |
|--|------------------------|----------------------|------------------------|--------------------|
| 1 Licensed and installed capacities | N. A. | | N. A. | |
| 2 Actual production | Qty in Nos | | Qty in Nos | |
| Microwave Components and Sub-systems | 19,537 | | 19,566 | |
| 3 Percentage of raw materials consumed | % | Value in Rs | % | Value in Rs |
| a Indigenous | 37.94% | 18,34,92,098 | 38.58% | 21,36,14,272 |
| b Imported | 62.06% | 30,00,82,469 | 61.42% | 34,00,12,114 |
| TOTAL | 100.00% | 48,35,74,567 | 100.00% | 55,36,26,386 |
| 4 Raw material consumed | Qty in Nos | Value in Rs | Qty in Nos | Value in Rs |
| a Semi conductor devices | 27,52,249 | 42,56,84,376 | 32,17,918 | 37,10,26,932 |
| b Other materials | - | 5,78,90,191 | - | 18,25,99,422 |
| TOTAL | 27,52,249 | 48,35,74,567 | 32,17,918 | 55,36,26,354 |
| 5 Turnover | Qty in Nos | Value in Rs | Qty in Nos | Value in Rs |
| Microwave Components and Sub-Systems | 21,001 | 117,36,73,023 | 21,583 | 127,03,48,415 |
| TOTAL | 21,001 | 117,36,73,023 | 21,583 | 127,03,48,415 |
| 6 Opening Stock-in-Trade | Qty in Nos | Value in Rs | Qty in Nos | Value in Rs |
| a Finished Goods | | | | |
| Microwave Components and Sub-Systems | 2,434 | 4,08,98,705 | 4,451 | 59,19,464 |
| b Semi-finished | - | 14,64,57,163 | - | 10,64,35,836 |
| TOTAL | 2,434 | 18,73,55,868 | 4,451 | 11,23,55,300 |
| Closing Stock-in-Trade | Qty in Nos | Value in Rs | Qty in Nos | Value in Rs |
| a Finished Goods | | | | |
| Microwave Components and Sub-Systems | 970 | 87,60,534 | 2,434 | 4,08,98,705 |
| b Semi-finished | - | 13,04,13,793 | - | 14,64,57,163 |
| TOTAL | 970 | 13,91,74,327 | 2,434 | 18,73,55,868 |

7 Significant Accounting Policies

a Basis of preparation of Financial Statements

- i The Financial Statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles and provisions of the Companies Act, 1956 as adopted consistently by the Company.
- ii Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles followed by the Company.

b Fixed Assets

Fixed Assets are valued at historical cost less depreciation. Attributable costs (excluding CENVAT & VAT) and expenses including borrowing costs for bringing the respective assets to working condition for their intended use are capitalized.

Schedules forming part of the balance sheet and profit and loss account as at 31 March 2009

c Depreciation

Depreciation is provided on written down value method as per the rates prescribed under Schedule XIV of the Companies Act, 1956. However, where rates prescribed under Income Tax Act 1961, are higher than the rates prescribed by the Companies Act, then depreciation has been provided as per Income Tax rates. However 100% depreciation has been provided in respect of assets costing Rs 5,000 and below.

d Valuation of Inventories

Closing stock of raw materials, finished and semi-finished goods are valued at lower of cost and net realisable value. Cost has been ascertained on Weighted Average basis.

e Revenue Recognition

- i Sale is recognized on dispatch of products and is inclusive of Excise Duty, Sales Tax and Packing and forwarding charges.
- ii Service Charges are recognized as income as and when the services are performed and inclusive of service tax.
- iii Interest income is recognized on accrual basis.
- iv Dividend income is recognized as and when the right to receive the amount is established.
- v Insurance claims are accounted on receipt basis.

f Foreign Exchange transactions

- i All foreign currency transactions were initially recognized at the rate on the date of transaction.
- ii Exchange differences arising on the settlement of monetary items were recognized as income/expense.
- iii Monetary items and contingent liabilities as on the date of Balance Sheet are stated at the closing rate/realistic rate.

g Retirement Benefits

- i Contributions to Government Provident / Pension funds are accounted on actual liability basis.
- ii Liability in respect of Gratuity and Leave Encashment is provided based on actuarial valuation.

h Investments

Un-quoted long term Investments are valued at cost. Short term investments in units of Mutual Fund are valued at lower of cost or market value.

i R & D Expenditure

- i Capital expenditure is included in the fixed assets and depreciated as per Company's policy.
- ii Revenue expenditure is charged to profit & loss account of the year in which they are incurred and is included in the respective heads of expenditure.

j Borrowing Costs

Borrowing costs that are directly attributable to the acquisition of qualifying assets are capitalized as part of cost of such asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

k Cash Flow Statement

The Cash Flow Statement has been compiled from and is based on the Balance Sheet as at 31 March 2009 and the related Profit and Loss Account for the year ended on that date. The Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard - 3 on Cash Flow Statement issued by ICAI.

l Accounting for Taxes on Income

- i Current Tax: Provision for Current Income Tax is made on the basis of the taxable income for the year as determined in accordance with the provisions of Income Tax Act, 1961.

Astra Microwave Products Limited

Schedules forming part of the balance sheet and profit and loss account as at 31 March 2009

- ii Deferred Tax: Deferred income tax is recognized, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. The tax effect is calculated on the accumulated timing differences at the year end based on tax rates and laws, enacted or substantially enacted as of the Balance Sheet date.

m Employee Stock Option Scheme

The company has granted 16,71,500 (after restructuring the Stock Options due to split in share and bonus issue) Stock Options to the employees of the company. In respect of the stock options granted pursuant to the company's Stock Option Scheme, the intrinsic value of the Options (excess of market price of the share over the exercise price of the Option) is treated as discount and accounted as Employee Compensation Cost. The Employee compensation cost amounted to Rs. 5,66,63,850/- will be amortised over the vesting period of 5 years i.e. from the financial year 2006-2007 as per SEBI Guidelines.

n Impairment of Assets

The management assesses using external and internal sources whether there is any indication that an asset may be impaired. Impairment of an asset occurs where the carrying value exceeds the present value of cash flow expected to arise from the continuing use of the asset and its eventual disposal. The provision for impairment loss is made when recoverable amount of the asset is lower than the carrying amount.

o Provisions and Contingent Liabilities and Contingent Assets

Provisions in respect of present obligations arising out of past events are made in the accounts when reliable estimate can be made of the amount of obligations and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but if material, are disclosed in the notes to accounts. Contingent assets are not recognized or disclosed in the financial statements.

8 Secured Loans

- a Working Capital Finance from Canara Bank is secured by Pari passu first charge on Stocks and book debts (book debts not older than 120days) and other chargeable current assets and Pari passu second charge on Fixed Assets of the Company and Personal Guarantee of Promoter Directors.
- b Working capital finance from HDFC Bank Limited is secured by Pari passu first charge on stocks and book debts (book debts not older than 90 days) and other chargeable current assets and Pari passu second charge on Fixed Assets of the Company and personal guarantee of promoter Directors.
- c Working Capital finance from State Bank of India is secured by Pari passu first charge on stocks and book debts (not older than 120 days) and other chargeable current assets and: Pari passu second charge on Fixed Assets of the Company and Personal Guarantee of Promoter Directors.
- d Rupee Term Loan from State Bank of India is secured by first charge on Fixed Assets of the Company and Pari passu second charge on all chargeable current assets and Personal Guarantee of Promoter Directors.
- e Term loan from ICICI Bank under TDC Programme of USAID Reflows is secured by an exclusive hypothecation of assets bought under this programme
- f Working capital Loan from HSBC is secured by First pari passu charge over entire stocks and receivables and Second pari passu charges over Fixed Assets and personal guarantee of promoter Directors.
- g Hire purchase finance is secured by hypothecation of specified assets acquired under Hire Purchase Agreement.

9 Research & Development Expenses

During the year the company has incurred revenue expenditure pertaining to Research and Development of Rs.4,38,72,105/- (Rs.5,09,95,230/-). Revenue expenditure is shown under respective heads of expenditure. The Company has also incurred capital expenditure on Research and Development of Rs.1,05,39,589/- (Rs.90,85,486/-). Capital expenditure is shown in respective fixed assets.

Schedules forming part of the balance sheet and profit and loss account as at 31 March 2009

10 Employee Stock Option Scheme

During the year 1,45,050 (1,54,550) shares of Rs.2/- each for cash and 1,45,050 (1,54,550) shares of Rs.2/- each by way of bonus shares by capitalizing share premium were allotted as fully paid up shares to employees under ESOP Scheme. As per the above stated accounting policy during the year the company has charged Rs.98,34,390/- (Rs.1,04,78,490/-) as employee compensation cost to the Profit and Loss Account.

11 Sales Tax Deferment

The sales tax deferment liability amounting to Rs.2,23,63,757/- shown under unsecured loans due for repayment from the year 2011 onwards. The Government of Andhra Pradesh has granted Sales Tax Deferment of Rs.2,36,05,320/- for a period of 14 years from 05 November 1997 to 04 November 2011.

12 Share capital

Paid up share capital includes

- a 7,600 shares of Rs.10/- each were allotted as fully paidup for consideration other than cash.
- b 3,03,325 shares of Rs.10/- each were allotted as fully paid up by way of bonus shares by capitalizing reserves and surplus.
- c 150 shares of Rs.10/- each were allotted as fully paid up pursuant to scheme of amalgamation without payment being received in cash.
- d 1,41,700 shares of Rs.10/- each were allotted as fully paidup for cash to AMPL ESOP Trust under Employees Stock Option Scheme.
- e 18,00,000 shares of Rs.10/- each were allotted as fully paid up by way of bonus shares by capitalizing share premium.
- f 2,65,56,225 shares of Rs.2/- each were allotted as fully paid up by way of bonus shares by capitalizing share premium.
- g 4,66,750 shares of Rs.2/- each for cash and 4,66,750 shares of Rs.2/- each by way of bonus shares by capitalizing share premium were allotted as fully paid up shares to employees under ESOP Scheme.

13 Foreign Exchange Transactions

| | 31 March 2009 | 31 March 2008 |
|---|----------------------|---------------|
| | in Rupees | in Rupees |
| a Value of imported raw-materials on CIF basis | 23,47,51,838 | 34,01,80,530 |
| b Value of imported capital goods on CIF basis | 1,51,88,311 | 7,52,69,871 |
| c CIF value of other imports | 35,30,033 | 14,39,440 |
| d Expenditure in foreign currency on account of Travel | 13,48,390 | 7,22,000 |
| Exhibitions | 0 | 1,80,541 |
| e Earnings in foreign currency FOB value of exports | 2,22,10,644 | 44,83,405 |
| f Remittances in foreign currency On account of Dividend | | |
| Amount remitted Rs | 62,500 | 20,60,000 |
| No. of Non-Resident Share Holders | 1 | 2 |
| No. of Shares held by them | 2,50,000 | 20,60,000 |
| Year of Dividend | 2007-2008 | 2006-2007 |

Astra Microwave Products Limited

Schedules forming part of the balance sheet and profit and loss account as at 31 March 2009

| 14 Managerial Remuneration | 31 March 2009 in Rupees | 31 March 2008 in Rupees |
|--|-----------------------------------|----------------------------|
| a Dr RP SHENOY , Chairman | | |
| Commission | <u>5,00,000</u> | <u>5,00,000</u> |
| b Mr B MALLA REDDY , Managing Director | | |
| Salary | 12,00,000 | 12,00,000 |
| Perquisites and other benefits | 6,34,000 | 6,24,000 |
| Performance allowance | 21,82,500 | 43,65,000 |
| Total | <u>40,16,500</u> | <u>61,89,000</u> |
| c Ms C PRAMEELAMMA , Director (Technical) | | |
| Salary | 12,00,000 | 12,00,000 |
| Perquisites and other benefits | 8,94,000 | 6,24,000 |
| Performance allowance | 21,82,500 | 43,65,000 |
| Total | <u>42,76,500</u> | <u>61,89,000</u> |
| d Mr PA CHITRAKAR , Chief Operating Officer | | |
| Salary | 12,00,000 | 12,00,000 |
| Perquisites and other benefits | 8,40,417 | 6,24,000 |
| Performance allowance | 21,82,500 | 43,65,000 |
| Total | <u>42,22,917</u> | <u>61,89,000</u> |
| e Mr J VENKATADAS , Director | | |
| Commission | <u>5,00,000</u> | <u>5,00,000</u> |
| f Dr SHIBAN K KOUL , Director | | |
| Commission | <u>5,00,000</u> | <u>5,00,000</u> |
| g Mr ATIM KABRA , Director | | |
| Commission | <u>5,00,000</u> | <u>5,00,000</u> |

The above figures do not include Sitting fee paid and provision for gratuity and leave encashment.

15 Computation of Net Profit in accordance with Section 198(1) of the Companies Act, 1956 for the calculation of the Commission and overall remuneration payable to the Directors.

| | 31 March 2009 in Rupees | 31 March 2008 in Rupees |
|---|-----------------------------------|----------------------------|
| Profit before taxation | 19,51,99,074 | 31,09,44,466 |
| Add | | |
| 1 Managerial Remuneration (including commission) paid/provided | 1,45,15,917 | 2,05,67,000 |
| 2 Directors sitting fee | 55,000 | 55,000 |
| 3 Depreciation provided | 8,46,98,013 | 7,38,50,001 |
| 4 Loss on disposal of assets | 0 | 2,03,170 |
| 5 Provision on investments | 21,75,000 | 0 |
| TOTAL | <u>29,66,43,004</u> | <u>40,56,19,638</u> |
| Less: Depreciation as per Schedule XIV | 4,73,80,965 | 3,93,08,667 |
| Net Profit as per Sec.198(1)/349 of the Act | <u>24,92,62,039</u> | <u>36,63,10,971</u> |
| Eligible Performance Allowance to three Executive Directors @ 1.5% per Director | 1,12,16,792 | 1,64,83,994 |
| Actual Performance Allowance paid / provided | 65,47,500 | 1,30,95,000 |
| Eligible Commission to Non-Executive Directors @ 1% | 24,92,620 | 36,63,110 |
| Actual Commission paid / provided | 20,00,000 | 20,00,000 |
| Over all eligible remuneration to Directors @ 11% | 2,74,18,824 | 4,02,94,207 |
| Actual Remuneration paid / provided | 1,45,15,917 | 2,05,67,000 |



Schedules forming part of the balance sheet and profit and loss account as at 31 March 2009

| 16 Remuneration to Auditors | 31 March 2009 | 31 March 2008 |
|---|------------------------|-----------------|
| | in Rupees | in Rupees |
| Audit Fee | 3,00,000 | 2,75,000 |
| Tax Audit Fee | 50,000 | 50,000 |
| For certification, taxation and other matters | 1,50,000 | 1,50,000 |
| Service Tax | 51,500 | 58,710 |
| TOTAL | <u>5,51,500</u> | <u>5,33,710</u> |

17 Contingent Liabilities

| | | |
|--|---------------------|--------------|
| a Letter of Credit inland | 0 | 0 |
| b Foreign letter of credit | 0 | 0 |
| c Bank Guarantees | | |
| 1 Performance Guarantees | 17,22,80,524 | 20,32,19,415 |
| 2 Advance payment Guarantees | 56,87,38,047 | 47,97,11,371 |
| 3 Guarantee in lieu of EMD/Security Deposit | 94,81,934 | 6,60,43,799 |
| 4 Guarantee for materials | 31,97,797 | 11,76,64,160 |
| 5 Corporate Guarantee on behalf of Subsidiary Companies for loans taken from banks | 4,47,00,000 | 10,57,00,000 |

18 Deferred Tax

In Conformity with the Accounting Standard 22 on Accounting for Taxes on income issued by Institute of Chartered Accountants of India, during the year the Company has provided for the Net Deferred Tax Liability / Asset in the books of account.

| | | |
|---|---------------------------|--------------------|
| Deferred Tax Liability | 6,49,34,988 | 6,70,42,355 |
| Deferred Tax Asset | 68,54,441 | 62,63,082 |
| Net Deferred Tax Liability | <u>5,80,80,547</u> | <u>6,07,79,273</u> |
| Net Deferred Tax Liability as on 31-03-2009 | 5,80,80,547 | 6,07,79,273 |
| Less: Deferred Tax Liability as on 31-03-2008 | # 6,11,14,079 | 6,65,80,128 |
| Effect on Profit and Loss Account | <u>(30,33,532)</u> | <u>(58,00,855)</u> |

includes Deferred Tax Liability of amalgamated subsidiary company

Deferred Tax Assets represents Provision for Gratuity and Leave Encashment, which are allowed on payment basis as per the provisions of the Income Tax Act.

Deferred tax liability represents timing differences in depreciation on fixed assets.

19 Earnings per Share

| 19 Earnings per Share | 31 March 2009 | 31 March 2008 |
|--|----------------------|---------------|
| I BASIC EARNINGS PER SHARE | | |
| a Number of equity shares outstanding at the beginning of the year | 5,37,55,850 | 5,34,46,750 |
| b Number of equity shares issued during the year | 1,45,050 | 1,54,550 |
| c Number of Bonus shares issued | 1,45,050 | 1,54,550 |
| d Total number of shares outstanding at the end of the year (used for denominator for calculating EPS) | 5,40,45,950 | 5,37,55,850 |
| e Profit available to share holders | 14,49,51,821 | 20,87,91,872 |
| f Basic earnings per share (Face Value Rs.2/-) | Rs.2.68 | Rs.3.88 |
| II DILUTED EARNINGS PER SHARE | | |
| a Number of shares outstanding as per Point number (d) above | 5,40,45,950 | 5,37,55,850 |
| b Weighted average number of Potential Equity Shares on account of Employee Stock Option Share Application Money received under the ESOP Scheme. | 8,117 | 24,008 |
| c Weighted Average Number of Shares Outstanding (used for denominator for calculating EPS) | 5,40,54,067 | 5,37,79,858 |
| d Profit available to share holders | 14,49,51,821 | 20,87,91,872 |
| e Diluted Earnings per Share (Face Value Rs.2/-) | Rs.2.68 | Rs.3.88 |

Astra Microwave Products Limited

Schedules forming part of the balance sheet and profit and loss account as at 31 March 2009

| 20 Related Party Transactions | 31 March 2009 | 31 March 2008 |
|---|----------------------|---------------|
| | in Rupees | in Rupees |
| 1 Astra Infonets Limited (AINL) {relatives of Promoters are interested in AINL} | | |
| Expenses incurred on behalf of AINL | 18,67,338 | 0 |
| Balance recoverable in respect of above | 6,07,338 | 0 |
| Intercompany loan given to AINL | 3,10,00,000 | 0 |
| Interest received on loan | 8,61,096 | 0 |
| Loan outstanding | NIL | 0 |
| 2 Subsidiary Company: Astra Microelectronic Technologies Limited (Amalgamated with parent company) | | |
| Purchase of materials from Subsidiary | - | 7,269 |
| Services received from Subsidiary | - | 2,09,55,824 |
| Amounts payable to Subsidiary | - | 1,12,32,488 |
| 3 Subsidiary Company: Komoline Electronics Private Limited | | |
| Services received from Subsidiary | 99,36,492 | 12,23,955 |
| Purchase of materials from Subsidiary | 6,09,70,780 | 2,21,19,208 |
| Services rendered to subsidiary | 60,00,000 | 0 |
| Amounts payable to Subsidiary | 1,37,15,768 | 65,43,394 |
| 4 Ocimum Constructions Private Limited (Ocimum) {relatives of Promoters are interested in Ocimum} | | |
| Services received | 52,05,548 | 1,19,27,014 |
| Purchase of materials | 0 | 51,99,948 |
| Balance payable / (recoverable) | 0 | (21,664) |
| 5 Sanjay Attara (Director of Subsidiary Co.,) | | |
| Services received | 50,00,000 | 0 |
| Amounts payable | 44,33,500 | 0 |
| 6 The remuneration paid to key managerial personnel is disclosed under Note No.14 above. | | |

21 Segment Reporting

As the company's business activities falls within single segment viz., Microwave products the disclosure requirement of Accounting Standard 17 "Segment Reporting" issued by the Institute of Chartered Accountants of India is not applicable.

22 Amalgamation of Subsidiary Company

Astra Microelectronic Technologies Limited – wholly owned subsidiary of Astra Microwave Products Limited has been amalgamated with the company with effect from 1st April, 2008 in terms of the Scheme of Amalgamation ("Scheme") sanctioned by the High Court of Judicature, Andhra Pradesh vide their order dated 24th day of February, 2009. Accordingly the above mentioned subsidiary stand dissolved without winding up and all assets and debts, outstanding, credits, liabilities, benefits under income tax, excise, sales tax, duties and obligations, have been transferred to and vested in the company with effect from 1st day of April, 2008.

As the subsidiary amalgamated as aforesaid was wholly owned by the company, no shares were exchanged to effect the amalgamation.

The accumulated loss of subsidiary company amounting to Rs.2.42 crores and deferred tax asset amounting to Rs.1.23 crores on the appointed date are adjusted against the opening balance of the Profit & Loss Account of the parent company.

Schedules forming part of the balance sheet and profit and loss account as at 31 March 2009

23 Disclosure under Micro, Small and Medium Enterprises Development Act, 2006

The Management is currently in the process of identifying enterprises which have provided goods and services to the company and which qualify under the definition of Micro, Medium and Small Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006. Accordingly the disclosure in respect of the amount payable to such medium and small enterprises as at 31-03-2009 has not been made in the financial statements. However, in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act, is not expected to be material.

24 Disclosure under Borrowing Costs

Borrowing cost capitalized during the period was Rs.2,21,36,672/- (Rs.1,91,21,856/-)

25 Retirement benefit plans

a Defined Contribution Plan

The Company makes contributions towards Provident Fund to a defined contribution retirement benefit plan for qualifying employees. The provident fund plan is operated by the Regional Provident fund Commissioner. Under the scheme the company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits.

The company recognized Rs.64,17,000/- (previous year Rs.59,03,810/-) for provident fund contributions in the profit and loss account. The contributions payable to this plan by the company are at rates specified in the rules of the scheme.

b Defined benefit plan

As per the Payment of Gratuity Act lump sum payment has to be made to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part there of in excess of six months. Vesting occurs upon completion of five years of service.

The present value of the defined benefit obligation and the related current service cost were measured using Projected Unit Credit Method with actuarial valuations being carried out at each Balance Sheet date.

The following table sets out the status of the defined benefit obligation and the amounts recognized in the Company's financial statements as at 31st March, 2009.

| | 31 March 2009 | 31 March 2008 |
|---|---------------------------|--------------------|
| a Change in benefit obligations | | |
| Present value of the obligation as at the beginning of the year | 1,23,54,522 | 70,79,520 |
| Interest cost | 9,88,362 | 5,66,362 |
| Current Service Cost | 24,92,076 | 32,12,447 |
| Benefits Paid | (9,82,270) | (5,45,942) |
| Actuarial (gain) / loss on obligations | (23,24,364) | 20,42,135 |
| Present value of obligation as at the end of the year | <u>1,25,28,326</u> | <u>1,23,54,522</u> |
| b Change in plan assets | | |
| The company has not invested in / contributed to any Fund, Plan, and Scheme in respect of the amount payable towards gratuity. Hence the information could not be provided. | | |
| c Net gratuity cost for the year | | |
| Current Service cost | 24,92,076 | 32,17,447 |
| Interest cost | 9,88,362 | 5,66,362 |
| Net actuarial (gain) / loss recognized in the year | (23,24,364) | 20,42,135 |
| Net gratuity cost | <u>11,56,074</u> | <u>58,20,944</u> |

Astra Microwave Products Limited

Schedules forming part of the balance sheet and profit and loss account as at 31 March 2009

| | | | |
|----|--|------------------|----|
| d | Assumptions used in accounting | | |
| | Discount rate | 8% | 8% |
| | Salary escalation rate | 6% | 6% |
| 26 | Disclosure under Clause 32 of the Listing Agreement | | |
| a | Loans and advances in the nature of loans to Subsidiary Company | NIL | |
| b | Loans and advances in the nature of loans to Associate Company | NIL | |
| c | Loans and advances in the nature of loans where there is | | |
| | I No repayment schedule or repayment beyond seven years | NIL | |
| | II No Interest or interest below Sec. 372A of Companies Act | NIL | |
| d | Loans and advances in the nature of loans to firms/companies in which Directors are interested | Rs.3,10,00,000/- | |
| e | Investments by the loanee in the shares of the parent company and subsidiary company, when the company has made a loan or advance in the nature of loan | NIL | |
| 27 | Balances under sundry debtors, sundry creditors, deposits, loans and advances payable / receivable are subject to confirmation and reconciliation. | | |
| 28 | Certain items in the comparative figures have been reclassified to conform to the current year's classification. Current years figures include transactions of subsidiary company which was amalgamated with the parent company. | | |
| 29 | The figures have been rounded off to the nearest rupee. | | |



Schedules forming part of the balance sheet and profit and loss account as at 31 March 2009

30 Balance sheet abstract and Company's general business profile

| | |
|--|---------------------|
| i Registration Details | |
| Registration Number | 01-13203 of 1991-92 |
| State Code | 01 |
| Balance Sheet date | 31-03-2009 |
| ii Capital raised during the year | |
| Public Issue | NIL |
| Rights Issue | NIL |
| Bonus Issue Under ESOP | 1,45,050 |
| Private Placement under ESOP | 1,45,050 |
| iii Position of mobilization and deployment of funds | |
| Total Liabilities | 219,51,36,846 |
| Total Assets | 219,51,36,846 |
| Sources of Funds | |
| Paid up Capital | 10,80,91,900 |
| Share application money | 35,16,140 |
| Reserves & Surplus | 112,62,35,494 |
| Secured Loans | 36,07,61,614 |
| Unsecured Loans | 2,23,63,757 |
| Deferred Tax Liability | 5,80,80,547 |
| Application of Funds | |
| Net fixed assets | 90,75,41,212 |
| Investments | 2,45,82,500 |
| Net current assets | 74,69,25,740 |
| Miscellaneous Expenditure | 0 |
| Accumulated Losses | 0 |
| iv Performance of the Company | |
| Turnover | 117,36,73,023 |
| Total Income | 113,32,13,570 |
| Total Expenditure | 93,80,14,496 |
| Profit before Tax | 19,51,99,074 |
| Profit after Tax | 14,52,37,172 |
| Earning per share | Rs.2.68 |
| Dividend Rate (per share) | Rs.0.50 |
| v Generic names of three principal products/services of the Company (as per monetary terms) | |
| | - |

Signatures to Schedules 'A' to 'P'
As per our report of even date.

For AMAR & RAJU
Chartered Accountants

G AMARNATH REDDY
Partner

Membership Number 19711

Place Hyderabad
Date 29 April 2009

For and on behalf of the Board

B MALLA REDDY PA CHITRAKAR
Managing Director Chief Operating Officer

C PRAMEELAMMA SHIBAN K KOUL
Director - Tech Director

J VENKATADAS S GURUNATHA REDDY
Director GM - F&A

T ANJANEYULU
Company Secretary

Astra Microwave Products Limited

Cash flow statement for the year ended 31 March 2009

(in Rupees)

| | Year ended 31 March 2009 | Year ended 31 March 2008 |
|---|-----------------------------|-----------------------------|
| A Cash flow from operating activities | | |
| Net Profit before tax & extra-ordinary items | 195,199,074 | 310,944,464 |
| Adjustments for | | |
| Depreciation | 84,698,013 | 73,850,001 |
| Interest paid | 20,259,655 | 26,175,751 |
| Provision on investments in MF units | 2,175,000 | |
| Bad debts written off | 6,687,662 | - |
| interest received on deposits | (8,743,706) | (6,877,997) |
| Loss on disposal of assets | - | 203,170 |
| Employee compensation expenses written off | 9,834,390 | 10,478,490 |
| Prior period adjustments | (285,351) | (133,055) |
| Income tax paid | (93,063,343) | (95,281,659) |
| | 21,562,320 | 8,414,701 |
| Operating profit before working capital changes | 216,761,394 | 319,359,165 |
| Adjustments for | | |
| Trade & other receivables | 154,691,229 | (143,719,973) |
| Trade payable | 78,276,485 | (43,734,462) |
| Inventories | 60,544,804 | (92,022,284) |
| | 293,512,518 | (279,476,719) |
| Net cash from operating activities | 510,273,912 | 39,882,446 |
| B Cash flow from investing activities | | |
| Purchase of Fixed assets (Includes movements of Capital work in progress) | (97,552,233) | (294,612,455) |
| Investment in SBI Mutual Fund Units | - | (5,000,000) |
| Proceeds from Fixed Deposits | - | 3,130,637 |
| Interest received on deposits | 12,647,803 | 2,703,686 |
| Proceeds from disposal of assets | 329,861 | 663,385 |
| Net cash used in investing activities | (84,574,569) | (293,114,747) |
| C Cash flow from financing activities | | |
| Working capital borrowings from banks | (139,995,683) | 172,212,155 |
| Term Loans taken from Bank | - | 296,514,548 |
| Hire purchase finance taken | 950,000 | - |
| Term Loans repaid to Banks | (142,887,500) | (146,973,741) |
| Hire purchase finance repaid | (848,054) | (1,569,009) |
| ESOP Share Application money received | 3,588,340 | 10,508,710 |
| Interest paid | (43,544,441) | (43,570,031) |
| Dividend paid | (13,511,063) | (53,755,850) |
| Dividend tax paid | (2,296,277) | (9,135,807) |
| Net cash used in financing activities | (338,544,678) | 224,230,975 |
| Net increase in cash & cash equivalents (A-B-C) | 87,154,665 | (29,001,326) |
| Cash & cash equivalents at the beginning | | |
| Cash on hand | 78,556 | 26,564 |
| Balance with Scheduled Banks in Current Account | 2,507,080 | 31,560,398 |
| Cash & cash equivalents at the end | | |
| Cash on hand | 116,647 | 78,556 |
| Balance with Scheduled Banks in Current Account | 89,623,654 | 2,507,080 |

For AMAR & RAJU
Chartered Accountants

G AMARNATH REDDY
Partner

Membership Number 19711

Place Hyderabad
Date 29 April 2009

For and on behalf of the Board

B MALLA REDDY
Managing Director

C PRAMEELAMMA
Director - Tech

J VENKATADAS
Director

T ANJANEYULU
Company Secretary

PA CHITRAKAR
Chief Operating Officer

SHIBAN K KOUL
Director

S GURUNATHA REDDY
GM - F&A



Statement pursuant to Section 212 of the Companies Act, 1956, relating to the subsidiary company

| | | | |
|---|--|--|------------------|
| A | Name of the Subsidiary | KOMOLINE ELECTRONICS PRIVATE LIMITED | |
| B | Financial year of the subsidiary ended on | 31 March 2009 | |
| C | The Company's interest in the subsidiary On the aforesaid date | | |
| | a | Number of shares held | 1,62,450 |
| | b | Face value per share | Rs.100/- |
| | c | Extent of Holding | 99.36% |
| D | The net aggregate of the Profits / (Losses) Of the subsidiary so far it concerns the Members of the company. | | |
| | a | Not dealt with in the accounts of the Company amounted to | |
| | | 1 For the Subsidiary's financial year ended as in "B" above. | Rs.1,17,82,384/- |
| | | 2 For the previous financial years of the subsidiary since it became the company's subsidiary. | Rs.(8,03,555/-) |
| | b | Dealt with in the accounts of the Company amounted to | |
| | | 1 For the Subsidiary's financial year ended as in "B" above. | Nil |
| | | 2 For the previous financial years of the subsidiary since it became the company's subsidiary. | Nil |

For and on behalf of the Board of Directors

Place Hyderabad
Date 29 April 2009

MR B MALLA REDDY MR PA CHITRAKAR
Managing Director COO



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Astra Microwave Products Limited

Annual Report 2008-09

Accounts - Subsidiary



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Board of Directors

Sanjay Attara
Director

SG Reddy
Director

MV Reddy
Director

Auditors

M/s Amara & Raju
Chartered Accountants
Road 3
Banjara Hills
Hyderabad

Bankers

HDFC Bank Limited

Registered Office

Astra Towers Survey 12(P)
Kothaguda Post Kondapur
Hitech City Hyderabad 500084

Komoline Electronics Private Limited

Directors' report

Dear Shareholders

Your Directors have pleasure in presenting the 18th Annual Report of the Company along with the Audited Statement of Accounts for the year ended 31 March 2009.

FINANCIAL RESULTS

| Particulars | (in Rs lakh) | |
|---|-----------------------------|-----------------------------|
| | Year ended 31 March 2009 | Year ended 31 March 2008 |
| Sales | 813 | 552 |
| Profit / Loss before tax | 180 | 35 |
| Profit / Loss after Tax | 119 | 15 |
| Balance Carried Forward | 118 | 8 |
| EPS (Basic & Diluted) (Face Value Rs.100/-) | 73 | 8 |

In the third year of operations under AMPL Management, company has achieved growth of about 49.75% compared to last year. Total aggregated sales growth in the past three year is about 77.25%. Industry has started taking Komoline Electronics Private Limited (KEPL) as one of the strong emerging technology company.

This year major revenue contribution came from Automated Weather station Data-loggers and its Sensors. 68.61% sales came from this product line. By this the company becomes only single largest indigenous manufacturer of Automated Weather Monitoring data-loggers, Sensors and its subsystems in the country.

High Speed weather monitoring data acquisition system is installed at TIFR-Balloon Facility Hyderabad and Anand Agricultural University at Anand. Custom built Weather Station is installed at PRL-Udaipur to be interfaced with Astronomical Telescope.

NIST and IMD certification of Air Temperature, Relative Humidity, Atmospheric Pressure, Soil Temperature, Leaf Temperature and Ocean temperature sensors has been completed successfully. Global Solar Radiation Sensor had been calibrated at World Radiometer Center-Davos-Switzerland. It makes us eligible for international marketing and sales of our sensors.

First Hydrometeorology Weather Station was installed at Tehri Hydro Power Complex (2400 MW) in Uttarakhand for qualification. It has been successfully evaluated by the client and further proceedings are awaited.

KEPL has designed and developed Multi-Channel RF Synthesizer test equipment for automated test of INSAT and GSAT series payload.

TRC & TCU fabrication project is completed for RISAT Payload. "IF Sub-Channel Limiter Module" DVM of UHF/VHF Payload is delivered successfully. Hi-reliability fabrication contracts and Chip-On-Board Business had been executed as a regular activity.

KEPL has taken Technology Transfer of ASIC Based Demodulator from Space Application Center. Based on that the company has got an opportunity to design and develop Ka-Band Indoor terminal units in association with Space Application Center. It will have good demand in near future.

DIVIDEND

The Board was not recommended any dividend for the year.

REGISTERED OFFICE

The Registered Office of the Company was shifted from 110-121, OM Towers, Satellite Road, Ahmedabad 380015 to 'ASTRA TOWERS', Survey No:12 (P), Kothaguda Post, Kondapur, Hitech City, Hyderabad 500084 effective 30 July 2008.

FIXED DEPOSIT

The company has not accepted deposits from the public within meaning of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 as amended up to date.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i that in the preparation of the annual accounts for the financial year ended 31 March 2009 the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii that the directors had 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 and of the profit or loss of the Company for the year under review;



- iii that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provision 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 had prepared the accounts for the financial year ended 31 March 2009 on a 'going concern' basis.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956, Mr Sanjay Attara, Director retire by rotation and being eligible, offer themselves for re-appointment.

CONSERVATION OF ENERGY/TECHNOLOGY ABSORPTION/RESEARCH AND DEVELOPMENT & FOREIGN EXCHANGE EARNING AND OUTGOINGS

FORM A

Form for disclosure of particulars with respect to conservation of energy: -NA-

FORM B

RESEARCH & DEVELOPMENT

The company will continue to do research and development of versatile Weather Monitoring data-loggers and various sensor for meteorological applications.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

Based on Technology Transfer of ASIC based Demodulator, Company will develop various products like MSS TYPE D Terminals, UHF SATCOM Terminals, Ka-Band Indoor Terminals and other related products. L-Band Modem will be released in this year as one of the subsystem of Ground segment including Edusat Program.

FOREIGN EXCHANGE EARNING AND OUTGO

There is no earning of foreign exchange but Company has made expenditure as under

| | 31 March 2009 | 31 March 2008 |
|------------------------------|----------------------|---------------|
| | Rupees | Rupees |
| CIF value of Raw Materials | 1,12,42,160 | 72,76,284 |
| CIF value of Capital Goods | 25,03,242 | 54,79,023 |
| Other Imports | 5,27,372 | 5,23,151 |
| On account of foreign travel | 17,420 | 15,136 |

INSURANCE

Company's assets have been adequately insured against perceived perils.

EMPLOYEES

The particulars of the employee is not given as there was no information to be given as per Section 217(2A) of the companies Act, 1956 read with Companies (Particulars of employees) Rules, 1975 as amended up to date.

AUDITOR'S REPORT

The notes on the statement of Accounts referred to in the Auditor's Report have been suitably explained by way of notes to the Accounts.

AUDITORS

M/s Amar & Raju, Chartered Accountants, Hyderabad, the statutory auditors of the company retire at this Meeting and being eligible offer themselves for reappointment till the conclusion of the next Annual General Meeting.

COMPLIANCE CERTIFICATE

Compliance certificate under the provisions of Section 383A of the Companies Act, 1956 for the financial year ending 31 March 2009 issued by M/s.L.D.Reddy & Co, Company Secretaries, Hyderabad is enclosed and forms part of this report.

ACKNOWLEDGMENTS

The Board expresses its gratitude for the timely and valuable assistance and support received from AMPL, the holding company, its Board and employees.

BY ORDER OF THE BOARD

Date 29 April 2009
Place Hyderabad

SG REDDY
Director

SANJAY ATTARA
Director

Komoline Electronics Private Limited

COMPLIANCE CERTIFICATE

To
The Members

| | |
|-----------------|------------------------------|
| Company | Regn No 01 62701 |
| Nominal Capital | Rs 190.00 Lakhs |
| Paid-up Capital | Rs 163.50 Lakhs |
| CIN | U31909AP1991PTC062701 |

M/s KOMOLINE ELECTRONICS PRIVATE LIMITED
Regd Off: 'ASTRA TOWERS'
Survey No:12 (P), Kothaguda Post,
Kondapur, Hitech City, Hyderabad 500084.

We have examined the registers, records, books and papers of M/s KOMOLINE ELECTRONICS PRIVATE LIMITED (the Company) as required to be maintained under the Companies Act, 1956 (the act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31 March 2009. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents. We certify that in respect of the aforesaid financial year.

- 1 The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
- 2 The company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
- 3 The company being private limited company has the minimum prescribed paid up capital and its maximum numbers of members during the said financial year was 2 excluding its present and past employees and the company during the year under scrutiny:
 - i has not invited public to subscribe for its shares or debentures; and
 - ii has not invited or accepted any deposits from persons other than its members, directors or their relatives.
- 4 The Board of Directors duly met 6 times on 18.04.2008, 12.05.2008, 23.06.2008, 30.07.2008, 24.12.2008 and 31.03.2009, in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
- 5 The company was not required to close its Register of Members during the year.
- 6 The annual general meeting for the financial year ended on 31.03.2008 was held on 04.08.2008 after giving due notice to the members of the company and the resolutions passed thereafter were duly recorded in Minutes Book maintained for the purpose.
- 7 One extra ordinary general meeting was held on 18.04.2008, after giving due notice to the members of the company and the resolutions passed thereafter were duly recorded in Minutes Book maintained for the purpose.
- 8 The Provisions of Section 295 of the Companies Act, 1956 were not attracted during the financial year under review.
- 9 The company has not entered into any contracts to which the provisions of section 297 of the Companies Act, 1956 are applicable
- 10 The Company was not required to make any entries in the register under section 301 of the Companies Act, 1956.
- 11 The provisions of section 314 of the Companies Act, 1956 has not been attracted and therefore no approvals were required to be taken.
- 12 The Company has not issued any duplicate share certificates during the financial year under review.
- 13 The Company has
 - i No allotment of shares/ transfers/transmissions of securities made during the year.
 - ii No dividend/interim dividend declared during the year.
 - iii Duly complied the provisions of section 217 of the Companies Act, 1956.
- 14 The Board of Directors of the company was duly constituted and no appointment of directors, additional directors, alternate directors and directors to fill casual vacancies has been made during the year.



- 15 The Company has not appointed any Managing Director/ Whole Time Director/Manager during the financial year.
- 16 No sole-selling agents appointed during the year.
- 17 During the year the company has obtained the order from company law board, Mumbai for shifting of registered office from one state to another state and complied with the Provisions of the Act.
- 18 The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
- 19 The company has not issued any shares/debentures/other securities during the financial year.
- 20 The company has not bought back any securities during the financial year ending 31.03.2009.
- 21 The company has not issued any redeemable preference shares/debentures.
- 22 There were no transactions necessitating the company to keep in abeyance rights to dividend, right shares and bonus shares pending registration of transfer of shares.
- 23 The company has not invited/accepted any deposits with in the provisions of sections 58A and 58AA read with companies (Acceptance of Deposit) Rules, 1975 during the year.
- 24 The amount borrowed by the company from banks and others during the financial year ending 31.03.2008 are within the borrowing limits of the company and that necessary resolutions as per Section 293(1)(d) of the Act have been passed in duly convened extraordinary general meeting.
- 25 The company has not made loans and investments, nor given guarantees nor provided securities to other bodies corporate in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose.
- 26 The company has altered the provisions of the memorandum with respect to situation to the company's registered office from one state to another during the year and complied with the provisions of the Act 1956.
- 27 The company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
- 28 The company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
- 29 The company has not altered the provisions of the memorandum with respect to share capital of the company during the year under scrutiny.
- 30 The company has not altered its articles of association during the financial year under review.
- 31 There was no prosecution initiated against or shows cause notices received by the company during the year for offences under the Companies Act, 1956.
- 32 The company has not received any security deposits from its employees during the year under the provisions of Section 417(1) of the Act.
- 33 The provisions of Section 418 of the Act are not applicable to the company.

Date 29 April 2009
Place Hyderabad

For LD REDDY & COMPANY
Company Secretaries

L Dhananjaya Reddy
Proprietor

Komoline Electronics Private Limited

ANNEXURE 'A'

REGISTERS MAINTAINED BY THE COMPANY

- 1 Register of Members u/s 150 of the Companies Act, 1956.
- 2 Register of Transfers.
- 3 Register of Directors.
- 4 Register of Director's Shareholdings.
- 5 Minutes of Board Meetings and General Meeting of Shareholders.
- 6 Allotment Register
- 7 Register of Charges
- 8 Register of Contracts
- 9 Dividend Register

ANNEXURE 'B'

FORMS AND RETURNS AS FILED BY THE COMPANY, DURING THE FINANCIAL YEAR ENDED 31 MARCH 2009

| S.NO | FORM NO/RETURN | FILED U/S | DATE OF FILING | WHETHER FILED IN TIME Y/N | ADDITIONAL FEE PAID Y/N |
|------|--|-----------|----------------|---------------------------|-------------------------|
| 1 | Annual Return (Form 20B) | 159 | 28.08.2008 | Y | NA |
| 2 | Balance Sheet as on 31.03.2008 (Form 23AC) | 220 | 28.08.2008 | Y | NA |
| 3 | Form No.66 | 383A | 28.08.2008 | Y | NA |
| 4 | Form No.8 | 125 | 03.02.2008 | Y | NA |
| 5 | Form No.8 | 125 | 11.08.2008 | Y | NA |
| 6 | Form No.21 | 17(1) | 22.01.2009 | Y | NA |
| 7 | Form No.18 | 146 | 23.01.2009 | Y | NA |
| 8 | Form No.18 | 146 | 30.07.2008 | Y | NA |
| 9 | Form No.18 | 146 | 15.09.2008 | Y | NA |
| 10 | Form No.21 | 17(1) | 30.07.2008 | Y | NA |
| 11 | Form No.21 | 17(1) | 23.09.2008 | Y | NA |
| 12 | Form No.61 | 166 | 28.05.2008 | Y | NA |
| 13 | Form No.23 | 192 | 23.04.2008 | Y | NA |

Date 29 April 2009
Place Hyderabad

For LD REDDY & CO.
Company Secretaries
L DHANANJAYA REDDY
Proprietor

Auditors' report to the members of M/s Komoline Electronics Private Limited

We have audited the attached Balance Sheet of M/s KOMOLINE ELECTRONICS PRIVATE LIMITED, as at 31st March, 2009 and also the Profit and Loss Account for the year ended on that date annexed thereto and the cash flow statement for the period ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- I As required by the Companies (Auditor's Report) order, 2003 issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956, we report that:
- i a The Company has maintained proper records, showing full particulars, including quantitative details and situation of fixed assets.
 - b The management has conducted the physical verification of fixed assets during the year under audit, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - c The company has not disposed substantial part of the fixed assets during the year under audit.
 - ii a The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
 - c The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
 - iii The company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained U/Sec.301 of the Act. The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained U/Sec.301 of the Act. Hence the provisions of clause (b), (c), (d), (f) and (g) of paragraph 4(iii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
 - iv 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 for the purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
 - v In respect of transactions covered under section 301 of the Companies Act, 1956: In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of contracts or arrangements that needed to be entered into in the register maintained under section 301 of the Companies Act, 1956.
 - vi The company has not accepted any deposits from the public.
 - vii In our opinion the company has an internal audit system commensurate with the size and nature of its business.
 - viii According to the information and explanations given to us, maintenance of cost records U/Sec. 209(1) (d) the Companies Act, 1956 has not been prescribed by the Central Government for the company.
 - ix a The company is regular in depositing with appropriate authorities undisputed statutory dues, including Provident Fund, Employees State Insurance Income Tax, Sales Tax, Excise Duty, Customs Duty, Service Tax and other statutory dues applicable to it.
 - b According to the information and explanations given to us no undisputed amounts payable in respect of Provident Fund, Employees State Insurance Income Tax, Sales Tax, Excise Duty, Customs Duty, Service Tax and other statutory dues applicable to it were in arrears, as at 31st march 2009 for a period of more than six months from the date they became payable.

Komoline Electronics Private Limited

- c According to the information and explanations given to us, there are no dues of Sales Tax, Income Tax, Service Tax, Customs Duty and other statutory dues applicable to it, which have not been deposited on account of any dispute.
 - x The provisions of clause 4(x) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company, since the company has no accumulated losses at the end of the financial year.
 - xi In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institutions and banks.
 - xii The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
 - xiii 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 the Company.
 - xiv In our opinion, the company has maintained proper records of the transactions and contracts in respect of investments in shares and timely entries have been made therein and the shares have been held by the company in its own name.
 - xv In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions.
 - xvi In our opinion, the term loans have been applied for the purpose for which they were raised.
 - xvii 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.
 - xviii According to the information and explanations given to us, the company has not made any preferential allotment of shares to the parties and companies covered in the register maintained U/Sec.301 of the Companies Act, 1956.
 - xix The company has not issued any debentures. Accordingly, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
 - xx The company has not raised any money by way of public issue. Accordingly, the provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 regarding disclosure of the end use of money raised by public issue are not applicable to the company.
 - xxi 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.
- II Subject to above comments and notes forming part of accounts we further state that:
- i We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii In our opinion, proper books of account as required by Law have been kept by the Company, so far as appears from our examination of such books.
 - iii The Balance Sheet and the Profit & Loss Account referred to in this report are in agreement with the books of account.
 - iv In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - v On the basis of written representations received from the Directors, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009 from being appointed as Director in terms of clause (g) of sub-section (1) Section 274 of the Companies Act, 1956.
 - vi In our opinion and to the best of our information and according to the explanations given to us, the said Accounts give the information required by the Companies Act, 1956 in the manner so required, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009 and
 - b In the case of the Profit & Loss Account, of the Profit for the year ended on that date and
 - c In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For AMAR & RAJU
Chartered Accountants
(G AMARANATHA REDDY)
Partner

Membership No: 19711

Place Hyderabad
Date 29 April 2009



Balance sheet as at 31 March 2009

(in Rupees)

| | Schedule Reference | As At 31 March 2009 | As At 31 March 2008 |
|---|--------------------|------------------------|------------------------|
| Sources of Funds | | | |
| Shareholders' Funds | | | |
| Share Capital | A | 16,350,000 | 16,350,000 |
| Reserves & Surplus | B | 12,979,043 | 1,120,766 |
| | | 29,329,043 | 17,470,766 |
| Loan Funds | | | |
| Secured Loans | C | 29,555,128 | 27,532,984 |
| Unsecured Loans | | - | - |
| | | 29,555,128 | 27,532,984 |
| Other Liabilities | | | |
| Deferred Tax Liability | | 945,351 | 1,364,519 |
| TOTAL | | 59,829,522 | 46,368,269 |
| Application Of Funds | | | |
| Fixed Assets | | | |
| Gross Block | D | 44,946,351 | 40,965,125 |
| Less: Depreciation | | 17,068,936 | 11,942,069 |
| Net Block | | 27,877,415 | 29,023,056 |
| Investments | E | 137,500 | 260,500 |
| Current Assets, Loans & Advances | | | |
| a Inventories | | 10,455,459 | 5,359,692 |
| b Sundry Debtors | | 19,679,805 | 11,603,682 |
| c Cash and Bank Balances | | 3,963,461 | 2,506,748 |
| d Other Current Assets | | - | - |
| e Loans and Advances | | 5,613,227 | 4,907,576 |
| | | 39,711,952 | 24,377,698 |
| Less: Current Liabilities & Provisions | | | |
| a Current Liabilities | G | 5,867,469 | 6,436,827 |
| b Provisions | | 2,029,876 | 856,158 |
| | | 7,897,345 | 7,292,985 |
| Net Current Assets | | 31,814,607 | 17,084,713 |
| TOTAL | | 59,829,522 | 46,368,269 |

NOTES TO ACCOUNTS

N

As per our report of even date
For AMAR & RAJU
Chartered Accountants
G AMARNATH REDDY
Partner
Membership Number 19711

For and on behalf of the Board
SANJAY ATTARA
Director
S GURUNATHA REDDY
Director
MV REDDY
Director

Place Hyderabad
Date 29 April 2009

Komoline Electronics Private Limited

Profit and loss account for the year ended 31 March 2009

(in Rupees)

| | Schedule Reference | Year ended 31 March 2009 | Year ended 31 March 2008 |
|--|-----------------------|-----------------------------|-----------------------------|
| INCOME | | | |
| Sales | | 71,625,437 | 47,597,904 |
| Less: Excise Duty | | 5,452,716 | 2,687,783 |
| | | 66,172,721 | 44,910,121 |
| Service / Job work charges | | 15,097,043 | 10,323,392 |
| Other Income | H | 192,754 | 202,640 |
| Accretion to stock | I | 1,347,641 | (597,933) |
| TOTAL | | 82,810,159 | 54,838,220 |
| EXPENDITURE | | | |
| Raw material consumed | J | 30,262,249 | 20,554,326 |
| Expenditure on Personnel | K | 16,533,239 | 8,395,455 |
| Manufacturing, administrative & selling expenses | L | 9,351,992 | 12,698,152 |
| Interest | M | 3,123,671 | 2,709,878 |
| Depreciation | D | 5,242,208 | 5,407,162 |
| Bad debts written off | | 126,690 | 202,044 |
| Advances / Investments written off | | 123,000 | 1,399,408 |
| Loss on disposal of asset | | 19,080 | - |
| TOTAL | | 64,782,129 | 51,366,425 |
| Profit/Loss before tax | | 18,028,030 | 3,471,795 |
| Provision for taxation | | (6,444,890) | (503,633) |
| Deferred tax | | 419,168 | (1,394,041) |
| | | (6,025,722) | (1,897,674) |
| Fringe Benefit Tax | | (126,115) | (122,806) |
| | | (6,151,837) | (2,020,480) |
| Profit/Loss after tax | | 11,876,193 | 1,451,315 |
| Prior period adjustments | | (17,916) | - |
| | | 11,858,277 | 1,451,315 |
| Loss brought forward | | - | (642,584) |
| Balance carried to Balance Sheet | | 11,858,277 | 808,731 |
| Earnings per share (Basic & Diluted) (Face value Rs.100/-) | | 72.53 | 8.88 |

NOTES TO ACCOUNTS

N

As per our report of even date
For AMAR & RAJU
Chartered Accountants
G AMARNATH REDDY
Partner
Membership Number 19711

For and on behalf of the Board
SANJAY ATTARA
Director
S GURUNATHA REDDY
Director
MV REDDY
Director

Place Hyderabad
Date 29 April 2009

Schedules forming part of the balance sheet as at 31 March 2009

(in Rupees)

| | As at 31 March 2009 | As at 31 March 2008 |
|--|------------------------|------------------------|
| SCHEDULE A: SHARE CAPITAL | | |
| AUTHORISED | | |
| 1,90,000 Equity shares of Rs.100/- each | 19,000,000 | 19,000,000 |
| ISSUED, SUBSCRIBED PAID-UP | | |
| 1,63,500 Equity shares of Rs.100/- each fully paid up (of the above shares 1,62,450 shares are held by the Holding Company M/s Astra Microwave Products Ltd) | 16,350,000 | 16,350,000 |
| TOTAL | 16,350,000 | 16,350,000 |
| SCHEDULE B: RESERVES & SURPLUS | | |
| a Government Subsidy | 312,035 | 312,035 |
| b Profit and Loss Account | | |
| Opening balance | 808,731 | - |
| Add Transferred from Profit and Loss Account | 11,858,277 | 808,731 |
| | 12,667,008 | 808,731 |
| TOTAL | 12,979,043 | 1,120,766 |
| SCHEDULE C: SECURED LOANS | | |
| a Working Capital Finance from HDFC Bank Ltd., | 11,232,635 | 6,063,399 |
| b Term Loan from HDFC Bank Limited | 18,148,382 | 21,290,631 |
| {Repayable with in one year Rs.(Rs.85,70,744/-)} | | |
| Add Interest accrued and due | 174,111 | 178,954 |
| | 18,322,493 | 21,469,585 |
| TOTAL | 29,555,128 | 27,532,984 |
| SCHEDULE E: INVESTMENTS | | |
| Long Term - At Cost - Non Trade - Unquoted: | | |
| a NIL (12,300) Equity shares of Rs.10/- each fully paid up in M/s Preksha Infotech Private Limited | - | 123,000 |
| b 5,500 Equity shares of Rs.25/- each fully paid up in M/s The Kalupur Cooperative Bank Limited | 137,500 | 137,500 |
| TOTAL | 137,500 | 260,500 |
| Aggregate amount of unquoted investments | 137,500 | 260,500 |

Komoline Electronics Private Limited

Schedules forming part of the accounts as at 31 March 2009

Schedule D: Fixed assets

| Particulars | Gross Block | | Depreciation/Amortisation | | | Net Block | | | | |
|--------------------------|------------------------|------------------|---------------------------|------------------------|-----------------------|----------------|------------------|-----------------------|------------------------|------------------------|
| | As on 31 March 2008 | Additions | Deletions | As on 31 March 2009 | Upto 31 March 2008 | Deletions | For the year | Upto 31 March 2009 | As on 31 March 2009 | As on 31 March 2008 |
| Buildings | 3,910,053 | - | - | 3,910,053 | 510,575 | - | 339,948 | 850,523 | 3,059,530 | 3,399,478 |
| Plant & Machinery | 29,863,108 | 3,173,719 | - | 33,036,827 | 6,711,813 | - | 3,823,371 | 10,535,184 | 22,501,643 | 23,151,295 |
| Electrical Installations | 448,644 | 42,624 | - | 491,268 | 317,929 | - | 40,748 | 358,677 | 132,591 | 130,715 |
| Furniture & Fixtures | 1,549,371 | 38,410 | - | 1,587,781 | 1,267,160 | - | 89,490 | 1,356,650 | 231,131 | 282,211 |
| Office Equipment | 626,396 | 120,775 | 18,480 | 728,691 | 133,134 | 4,787 | 85,291 | 213,638 | 515,053 | 493,262 |
| Air Conditioner | 447,597 | 54,806 | 98,000 | 404,403 | 256,885 | 23,727 | 30,398 | 263,556 | 140,847 | 190,712 |
| Computers | 3,332,901 | 596,945 | - | 3,929,846 | 2,278,806 | - | 730,798 | 3,009,604 | 920,242 | 1,054,095 |
| Vehicles | 787,055 | 97,368 | 26,941 | 857,482 | 465,767 | 86,827 | 102,164 | 481,104 | 376,378 | 321,288 |
| TOTAL | 40,965,125 | 4,124,647 | 143,421 | 44,946,351 | 11,942,069 | 115,341 | 5,242,208 | 17,068,936 | 27,877,415 | 29,023,056 |
| Previous year total | 33,137,704 | 7,827,421 | - | 40,965,125 | 6,534,907 | - | 5,407,162 | 11,942,069 | 29,023,056 | 26,602,797 |



Schedules forming part of the balance sheet as at 31 March 2009

(in Rupees)

| | As at 31 March 2009 | As at 31 March 2008 |
|--|------------------------|------------------------|
| SCHEDULE F: CURRENT ASSETS, LOANS & ADVANCES | | |
| A CURRENT ASSETS | | |
| 1 Inventories | | |
| a Raw Materials | 7,432,356 | 3,678,542 |
| b Packing materials | 60 | 5,748 |
| c Finished goods | 46,998 | - |
| d Work-In-Progress | <u>2,976,045</u> | <u>1,675,402</u> |
| | 10,455,459 | 5,359,692 |
| 2 Sundry Debtors (Unsecured considered good) | | |
| a Out standing for more than six months | 840,464 | 978,719 |
| b Others (includes Rs.1,37,15,768/- (Rs.65,43,394/-) due from parent company) | <u>18,839,341</u> | <u>10,624,963</u> |
| | 19,679,805 | 11,603,682 |
| 3 Cash and Bank Balances | | |
| 1 Cash on Hand | 32,140 | 11,810 |
| 2 Balance with Scheduled Banks | | |
| a In Current Account | 26,605 | 27,005 |
| b In Deposit Account | 15,000 | 87,393 |
| c As Margin Money | 3,748,628 | 2,283,027 |
| d Interest receivable | <u>141,088</u> | <u>97,513</u> |
| | 3,963,461 | 2,506,748 |
| | 34,098,725 | 19,470,122 |
| B LOANS AND ADVANCES (Unsecured considered good recoverable in cash or in kind for the value to be received) | | |
| a Deposits | 1,155,570 | 226,050 |
| b Income Tax refund due | 1,122,012 | 1,125,599 |
| c Advance for Services & Expenses | 871,876 | 844,562 |
| d Advance for supplies | 1,827,080 | 913,066 |
| e Advance for capital goods | 25,369 | 1,125,836 |
| f Prepaid expenses | 137,447 | 160,648 |
| g Prepaid excise duty (Cenvat credit) | <u>473,873</u> | <u>511,815</u> |
| | 5,613,227 | 4,907,576 |
| TOTAL | 39,711,952 | 24,377,698 |
| SCHEDULE G: CURRENT LIABILITIES & PROVISIONS | | |
| A CURRENT LIABILITIES | | |
| a Creditors for Services & Expenses | 3,679,642 | 3,735,500 |
| b Creditors for Supplies | 1,764,287 | 1,852,209 |
| c Creditors for Capital works | 98,540 | 123,739 |
| d Advance from customers | <u>325,000</u> | <u>725,379</u> |
| | 5,867,469 | 6,436,827 |
| B PROVISIONS | | |
| a Provision for Gratuity | 1,442,876 | 853,411 |
| b Provision for taxation | <u>587,000</u> | <u>2,747</u> |
| | 2,029,876 | 856,158 |
| TOTAL | 7,897,345 | 7,292,985 |

Komoline Electronics Private Limited

Schedules forming part of the profit and loss account as at 31 March 2009

| | Year ended 31 March 2009 | (in Rupees) Year ended 31 March 2008 |
|--|-----------------------------|--|
| SCHEDULE H: OTHER INCOME | | |
| Interest received | 136,156 | 162,140 |
| Dividend received | 16,500 | 16,500 |
| Miscellaneous income | 40,098 | 24,000 |
| TOTAL | 192,754 | 202,640 |
| SCHEDULE I: ACCRETION TO STOCK | | |
| Semi-finished and Finished goods at the end of the period | 3,023,043 | 1,675,402 |
| Less Semi-finished and Finished goods at the beginning of the year | 1,675,402 | 2,273,335 |
| Increase / (Decrease) in stock-in-trade | 1,347,641 | (597,933) |
| SCHEDULE J: RAW MATERIAL CONSUMED | | |
| A Indigenous Raw Material | | |
| Opening stock of raw material | 1,154,931 | 1,478,442 |
| Add purchases during the year | 21,383,605 | 10,908,032 |
| | 22,538,536 | 12,386,474 |
| Less Closing Stock of raw material | 2,373,211 | 1,154,931 |
| Raw Material consumed | 20,165,325 | 11,231,543 |
| B Imported Raw Material | | |
| Opening stock of raw material | 2,523,611 | 3,296,954 |
| Add Purchases during the year | 12,632,458 | 8,549,440 |
| | 15,156,069 | 11,846,394 |
| Less Closing Stock of raw material | 5,059,145 | 2,523,611 |
| Raw Material consumed | 10,096,924 | 9,322,783 |
| Total raw material consumed | 30,262,249 | 20,554,326 |
| SCHEDULE K: EXPENDITURE ON PERSONNEL | | |
| Salaries, Wages and Other benefits | 7,664,807 | 6,103,757 |
| Manpower consultancy charges | 6,000,000 | - |
| Directors Remuneration | 810,000 | 360,000 |
| PF & ESI Company Contribution | 738,534 | 479,460 |
| Staff Welfare Expenses | 193,178 | 143,606 |
| Staff Training Expenses | 520,370 | 30,500 |
| Security charges | 16,885 | 424,721 |
| Gratuity | 589,465 | 853,411 |
| TOTAL | 16,533,239 | 8,395,455 |

Schedules forming part of the profit and loss account as at 31 March 2009

(in Rupees)

| | Year ended 31 March 2009 | Year ended 31 March 2008 |
|---|-----------------------------|-----------------------------|
| SCHEDULE L: MANUFACTURING ADMINISTRATIVE AND SELLING EXPENDITURE | | |
| A MANUFACTURING EXPENDITURE | | |
| Electricity Charges | 628,055 | 393,118 |
| Excise duty paid | - | 1,812,956 |
| Machinery Maintenance | 338,275 | 762,885 |
| Freight charges | 43,976 | 96,837 |
| Testing charges | 337,792 | 56,049 |
| Installation & Commissioning of AWS | 86,232 | 204,500 |
| | 1,434,330 | 3,326,345 |
| B ADMINISTRATIVE EXPENDITURE | | |
| Rates, Taxes & Fees | 136,584 | 382,804 |
| Rent | 137,426 | 46,200 |
| Insurance | 151,552 | 115,961 |
| Travelling & Conveyance | 1,179,083 | 1,107,553 |
| Printing & Stationery | 237,789 | 483,901 |
| Communication costs | 1,204,923 | 863,390 |
| Legal & Professional Charges | 301,016 | 123,804 |
| Auditors Remuneration | 99,270 | 73,034 |
| Building Repairs & Maintenance | 32,325 | 38,202 |
| Computer & Software maintenance | 240,810 | 1,497,331 |
| Vehicle Maintenance | 33,039 | 14,787 |
| Factory & Garden Maintenance | 63,415 | 44,215 |
| Office maintenance & electricity charges | 78,324 | 242,761 |
| Repairs & maintenance of other assets | 62,931 | 91,680 |
| Books, Periodicals & Subscriptions | 7,553 | 18,892 |
| General Expenses | 283,420 | 239,180 |
| Vehicle hire charges | 30,596 | 28,308 |
| Seminar Expenses | 67,000 | 29,856 |
| Advertisement expenses | 43,099 | 82,302 |
| Entertainment & Business Promotion expenses | 374,459 | 374,666 |
| | 4,764,614 | 5,898,827 |
| C SELLING EXPENDITURE | | |
| Exhibition charges & Foreign travel expenses | 73,884 | 165,440 |
| Freight & Transport Charges | 181,728 | 163,687 |
| Sales tax | 2,414,690 | 2,289,998 |
| Service tax | 455,396 | 816,273 |
| Late delivery charges | 11,575 | - |
| Packing material | 15,775 | 37,582 |
| | 3,153,048 | 3,472,980 |
| TOTAL | 9,351,992 | 12,698,152 |
| SCHEDULE M: FINANCIAL CHARGES | | |
| Interest on term loans | 1,910,693 | 2,188,014 |
| Interest on borrowings from bank | 1,085,885 | 432,319 |
| Bank charges and Commission | 127,093 | 89,545 |
| TOTAL | 3,123,671 | 2,709,878 |

Komoline Electronics Private Limited

Schedules forming part of the balance sheet and profit and loss account as at 31 March 2009

SCHEDULE N: NOTES TO ACCOUNTS

| | 31 March 2009 | | 31 March 2008 | |
|---|----------------------|--------------------|----------------------|--------------------|
| | No. of Pieces | | No. of Pieces | |
| 1 Licensed and installed capacities & actual production | | | | |
| Licensed and installed capacities | N. A. | | N. A. | |
| Actual production | | | | |
| Chip on Board (COB) and other finished goods | 2,47,791 | | 2,87,101 | |
| 2 Raw Material Consumption | 2008-2009 | | 2007-2008 | |
| | Qty | Value | Qty | Value |
| Semi Conductor devices | - | 3,02,62,249 | - | 2,05,54,326 |
| TOTAL | - | 3,02,62,249 | - | 2,05,54,326 |
| 3 Percentage of Raw materials consumed | % | Value in Rs | % | Value in Rs |
| a Indigenous | 66.64% | 2,01,65,325 | 54.64% | 1,12,31,543 |
| b Imported | 33.36% | 1,00,96,924 | 45.36% | 93,22,783 |
| TOTAL | 100.00% | 3,02,62,249 | 100.00% | 2,05,54,326 |
| 4 Sales | Qty in Pieces | Value | Qty in Pieces | Value |
| Chip on Board (COB) and other finished goods | 2,47,786 | 7,16,25,437 | 2,88,621 | 4,75,97,904 |
| TOTAL | 2,47,786 | 7,16,25,437 | 2,88,621 | 4,75,97,904 |
| 5 Opening Stock | Qty in Pieces | Value | Qty in Pieces | Value |
| Finished goods | - | 0 | 1,520 | 1,520 |
| Semi finished goods | - | 16,75,402 | - | 22,71,815 |
| TOTAL | - | 16,75,402 | 1,520 | 22,73,335 |
| 6 Closing Stock | Qty in Pieces | Value | Qty in Pieces | Value |
| Finished goods (COB) | 5 | 46,998 | - | 0 |
| Semi finished goods | - | 29,76,045 | - | 16,75,402 |
| TOTAL | 5 | 30,23,043 | - | 16,75,402 |

7 Accounting Policies

a Method of Accounting

The Financial Statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles and provisions of the Companies Act, 1956 as adopted consistently by the Company.

Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles followed by the Company.

b Fixed Assets

Fixed Assets are valued at historical cost less depreciation. Attributable costs (excluding CENVAT & VAT) and expenses including borrowing costs for bringing the respective assets to working condition for their intended use are capitalized.

c Depreciation

Depreciation is provided on written down value method as per the rates prescribed under Schedule XIV of the Companies Act, 1956. However, where rates prescribed under Income Tax Act 1961, are higher than the rates prescribed by the Companies Act, then depreciation has been provided as per Income Tax rates. However 100% depreciation has been provided in respect of assets costing Rs.5,000/-and below.

Schedules forming part of the balance sheet and profit and loss account as at 31 March 2009

d Valuation of Inventories

Closing stock of raw materials, finished and semi-finished goods are valued at lower of cost and net realisable value. Cost has been ascertained on Weighted Average basis.

e Revenue Recognition

Sale is recognized on dispatch of products and is inclusive of Excise Duty, Sales Tax and Packing & forwarding charges.

Service Charges are recognized as income as and when the services are performed and inclusive of service tax.

Dividend income is recognized as and when the right to receive the amount is established and Interest income is recognized on accrual basis.

f Retirement Benefits

Contributions to Government Provident / Pension funds are accounted on actual liability basis. Provision for gratuity has been provided on accrual basis.

g Investments

Un-quoted long term Investments are valued at cost.

h Cash Flow Statement

The Cash Flow Statement has been compiled from and is based on the Balance Sheet as at 31st March, 2009 and the related Profit and Loss Account for the year ended on that date. The Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard - 3 on Cash Flow Statement issued by ICAI.

i Foreign Exchange transactions

All foreign currency transactions were initially recognized at the rate on the date of transaction.

Exchange differences arising on the settlement of monetary items were recognized as income/expense.

Monetary items and contingent liabilities as on the date of Balance Sheet are stated at the closing rate/ realistic rate.

j Borrowing Costs

Borrowing costs that are directly attributable to the acquisition of qualifying assets are capitalized as part of cost of such asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

k Accounting for Taxes on Income

Deferred Tax: Deferred income tax is recognized, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. The tax effect is calculated on the accumulated timing differences at the year end based on tax rates and laws, enacted or substantially enacted as of the Balance Sheet date.

Deferred tax asset in respect of carry forward losses are recognized only to the extent that there is virtual certainty that sufficient taxable income will be available to realize these assets.

l Impairment of Assets

The Management assesses using external and internal sources whether there is any indication that an asset may be impaired. Impairment of an asset occurs where the carrying value exceeds the present value of cash flow expected to arise from the continuing use of the asset and its eventual disposal. The provision for impairment loss is made when recoverable amount of the asset is lower than the carrying amount.

m Provisions and Contingent Liabilities and Contingent Assets

Provisions in respect of present obligations arising out of past events are made in the accounts when reliable estimate can be made of the amount of obligations and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but if material, are disclosed in the notes to accounts. Contingent assets are not recognized or disclosed in the financial statements.

Komoline Electronics Private Limited

Schedules forming part of the balance sheet and profit and loss account as at 31 March 2009

| | 2008-09 | 2007-08 |
|---|-----------------|-----------------|
| 8 Payment to Auditors | | |
| As Auditors | 75,000 | 50,000 |
| For Tax Audit | 15,000 | 15,000 |
| For Service Tax | 9,270 | 8,034 |
| TOTAL | 99,270 | 73,034 |
| 9 Director's Remuneration | | |
| SANJAY B ATTARA, Director | | |
| Salary | 4,80,000 | 2,40,000 |
| HRA, Conveyance & PF | 3,04,800 | 1,48,800 |
| Arrears Salary | 90,000 | 0 |
| TOTAL | 8,74,800 | 3,88,800 |
| 10 Expenditure in Foreign Currency | | |
| CIF value of Raw materials | 1,12,42,160 | 72,76,284 |
| CIF value of Capital goods | 25,03,242 | 54,79,023 |
| CIF value of Other imports | 5,27,372 | 5,23,151 |
| On account of foreign travel | 17,420 | 15,136 |
| 11 Contingent Liabilities | | |
| Advance payment Guarantees | 0 | 3,62,500 |
| Performance Guarantees | 26,89,250 | 17,49,250 |
| BG against security deposit | 9,750 | 9,750 |
| BG for free issue of materials | 7,30,000 | 3,00,000 |
| Foreign letter of credit | 0 | 0 |
| 12 Earning Per Share | | |
| Total weighted average number of shares outstanding at the beginning of the year | 1,63,500 | 1,63,500 |
| Weighted average number of shares issued during the year | 0 | 0 |
| Total weighted average number of shares outstanding at the end of the year (used for denominator for calculating EPS) | 1,63,500 | 1,63,500 |
| Profit/Loss attributable to share holders | 1,18,58,277 | 14,51,315 |
| Basic/Diluted earnings per share (Face Value Rs 100) in Rs | 72.53 | 8.88 |
| 13 Deferred Tax | | |
| In Conformity with the Accounting Standard 22 on Accounting for Taxes on income issued by Institute of Chartered Accountants of India, during the year the Company has provided for the Net Deferred Tax Asset/Liability in the books of account. | | |
| Deferred Tax Asset in respect of gratuity disallowed | 4,90,434 | 0 |
| Less: Deferred Tax Liability in respect of timing differences in depreciation | 14,35,785 | 13,64,519 |

Schedules forming part of the balance sheet and profit and loss account as at 31 March 2009

| | | |
|--|------------------------|---------------------------|
| Net Deferred Tax Asset/(Liability) at the end of the year | (9,45,351) | (13,64,519) |
| Less: Net Deferred Tax asset/(liability) at the beginning of the year | (13,64,519) | 29,522 |
| Effect on Profit and Loss Account | <u>4,19,168</u> | <u>(13,94,041)</u> |
| 14 Related Party Transactions | | |
| a Holding Company: M/s Astra Microwave Products Limited. | | |
| Sale of materials to Holding Co., | 6,09,70,780 | 2,21,19,208 |
| Services rendered to Holding Co., | 99,36,492 | 12,23,955 |
| Services received from Holding Co., | 60,00,000 | 0 |
| Balance due from Holding Company | 1,37,15,768 | 65,43,394 |
| b The remuneration paid to Directors is disclosed above. | | |
| 15 Secured Loans | | |
| a Term Loan from HDFC Bank is secured by exclusive charge over fixed and current assets of the company, a corporate guarantee from its parent company M/s Astra Microwave Products Limited and personal guarantee of the Director. | | |
| b Working Capital Loan from HDFC Bank Limited is secured by exclusive charge on current assets, exclusive charge over Fixed Assets of the company, Corporate guarantee of parent company M/s Astra Microwave Products Ltd., and personal guarantee of a Director. | | |
| 16 Disclosure under Micro, Small and Medium Enterprises Development Act, 2006 | | |
| The Management is currently in the process of identifying enterprises which have provided goods and services to the company and which qualify under the definition of Micro, Medium and Small Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006. Accordingly the disclosure in respect of the amount payable to such medium and small enterprises as at 31-03-2009 has not been made in the financial statements. However, in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. | | |
| 17 Disclosure under Clause 32 of the Listing Agreement | | |
| a Loans and advances in the nature of loans to Subsidiary Company | | NIL |
| b Loans and advances in the nature of loans to Associate Company | | NIL |
| c Loans and advances in the nature of loans where there is | | |
| I No repayment schedule or repayment beyond seven years | | NIL |
| II No Interest or interest below Sec. 372A of Companies Act | | NIL |
| d Loans and advances in the nature of loans to firms/companies in which Directors are interested | | NIL |
| 18 Balances under sundry debtors, sundry creditors, deposits, loans and advances payable / receivable are subject to confirmation and reconciliation. | | |
| 19 Certain items in the comparative figures have been reclassified to conform to the current year's classification. | | |
| 20 The figures have been rounded off to the nearest rupee. | | |

Komoline Electronics Private Limited

21 Balance sheet abstract and Company's general business profile

i Registration Details

| | |
|---------------------|------------|
| Registration Number | 16830 |
| State Code | 04 |
| Balance Sheet date | 31-03-2009 |

ii Capital raised during the year

| | |
|-------------------|---|
| Public Issue | 0 |
| Rights Issue | 0 |
| Bonus Issue | 0 |
| Private Placement | 0 |

iii Position of mobilization and deployment of funds

| | |
|-------------------|-------------|
| Total Liabilities | 6,77,26,866 |
| Total Assets | 6,77,26,866 |

iv Sources of Funds

| | |
|-------------------------|-------------|
| Paid up Capital | 1,63,50,000 |
| Share application money | 0 |
| Reserves & Surplus | 1,29,79,043 |
| Secured Loans | 2,95,55,128 |
| Unsecured Loans | 0 |
| Deferred Tax Liability | 9,45,351 |

v Application of Funds

| | |
|---------------------------|-------------|
| Net fixed assets | 2,78,77,415 |
| Investments | 1,37,500 |
| Differed Tax assets | 0 |
| Net current assets | 3,18,14,607 |
| Miscellaneous Expenditure | 0 |
| Accumulated Losses | 0 |

vi Performance of the Company

| | |
|------------------------------|-------------|
| Turnover | 7,16,25,437 |
| Total Income | 8,28,10,159 |
| Total Expenditure | 6,47,82,129 |
| Profit before Tax | 1,80,28,030 |
| Profit after Tax | 1,18,76,193 |
| Earning per share (basic) Rs | 72.53 |
| Dividend Rate (per share) | N A |

vii Generic names of three principal products/services of the Company (as per monetary terms)

N A

Signatures to schedule 'A' to 'N'

For AMAR & RAJU
Chartered Accountants
G AMARNATH REDDY
Partner
Membership Number 19711

Place Hyderabad
Date 29 April 2009

For and on behalf of the Board
SANJAY ATTARA
Director
S GURUNATHA REDDY
Director
MV REDDY
Director



Cash flow statement for the year ended 31 March 2009

(in Rupees)

| Particulars | Year ended 31 March 2009 | Year ended 31 March 2008 |
|---|-----------------------------|-----------------------------|
| A Cash flows from operating activities | | |
| Net Profit before tax & extra-ordinary items | 18,028,030 | 3,471,795 |
| Adjustments for | | |
| Depreciation | 5,242,208 | 5,407,162 |
| Interest paid | 2,996,577 | 2,620,333 |
| Advances / investments writtenoff | 123,000 | 1,399,408 |
| Bad debts written off | 126,690 | 202,044 |
| interest received on deposits | (136,156) | (162,140) |
| Prior period adjustments | (17,916) | - |
| Loss on disposal of assets | 19,080 | - |
| Dividends received | (16,500) | (16,500) |
| Income tax paid | (5,983,166) | (625,744) |
| | 2,353,817 | 8,824,563 |
| Operating profit before working capital changes | 20,381,847 | 12,296,358 |
| Adjustments for | | |
| Trade & other receivables | (11,478,116) | (9,586,448) |
| Trade payable | 45,306 | (3,424,959) |
| Inventories | (5,095,768) | 1,696,514 |
| | (16,528,578) | (11,314,893) |
| Net cash from operating activities | 3,853,269 | 981,465 |
| B Cash flow from investing activities | | |
| Purchase of Fixed assets (includes CWIP) | (3,049,379) | (7,634,886) |
| Interest received | 92,580 | 77,269 |
| Dividend received on investments | 16,500 | 16,500 |
| Proceeds from sale of assets | 9,000 | - |
| Proceeds from Fixed Deposits | 72,393 | - |
| Net cash used in investing activities | (2,858,906) | (7,541,117) |
| C Cash flow from financing activities | | |
| Term Loans taken from Bank | - | 6,740,381 |
| Term Loans repaid to Banks | (3,142,249) | (5,374,351) |
| Working capital borrowings from bank | 5,169,236 | 6,063,399 |
| Interest paid | (3,001,420) | (2,584,777) |
| Net cash used in financing activities | (974,433) | 4,844,652 |
| Net increase in cash & cash equivalents (A-B-C) | 19,930 | (1,715,000) |
| Cash & cash equivalents at the beginning | | |
| Cash on hand | 11,810 | 13,519 |
| Balance with Scheduled Banks in Current Account | 27,005 | 1,740,296 |
| Cash & cash equivalents at the end | | |
| Cash on hand | 32,140 | 11,810 |
| Balance with Scheduled Banks in Current Account | 26,605 | 27,005 |
| | 58,745 | 38,815 |

For AMAR & RAJU
Chartered Accountants
G AMARNATH REDDY
Partner
Membership Number 19711

Place Hyderabad
Date 29 April 2009

For and on behalf of the Board
SANJAY ATTARA
Director
S GURUNATHA REDDY
Director
MV REDDY
Director



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Astra Microwave Products Limited

Annual Report 2008-09

Accounts - Consolidated

Consolidated

To The Board of Directors Astra Microwave Products Limited

We have audited the attached Consolidated Balance Sheet of ASTRA MICROWAVE PRODUCTS LIMITED (Parent Company) and its Subsidiary companies, as at 31st March, 2009, and also the Consolidated Profit & Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed there to. These financial statements are the responsibility of the ASTRA MICROWAVE PRODUCTS LIMITED management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that the Consolidated Financial Statements have been prepared by the ASTRA MICROWAVE PRODUCTS LIMITED in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of ASTRA MICROWAVE PRODUCTS LIMITED and its subsidiary companies included in the Consolidated Financial Statements.

On the basis of the information given to us and on the consideration of the separate audit reports on individual Audited Financial Statements of ASTRA MICROWAVE PRODUCTS LIMITED and its subsidiary companies, 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 Consolidated Balance Sheet, of the state of affairs of the Astra Microwave Products Limited and its subsidiary companies as at 31st March, 2009
- b in the case of the Consolidated Profit & Loss Account, of the profit for the year ended on that date and
- c in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For AMAR & RAJU
Chartered Accountants
(G AMARANATHA REDDY)
Partner
Membership Number 19711

Place Hyderabad
Date 29 April 2009



Consolidated balance sheet as at 31 March 2009

(in Rupees)

| | Schedule Reference | As At 31 March 2009 | As At 31 March 2008 |
|--|--------------------|------------------------|------------------------|
| SOURCES OF FUNDS | | | |
| Shareholders' Funds | | | |
| Share Capital | A | 108,091,900 | 107,511,700 |
| Reserves & Surplus | B | 1,139,137,454 | 1,006,632,669 |
| ESOP Share Application Money | | 3,516,140 | 10,400,410 |
| Employee Stock Option Outstanding | | 25,018,200 | 34,852,590 |
| Less: Deferred employee Compensation Expense | | (25,018,200) | (34,852,590) |
| | | 1,250,745,494 | 1,124,544,779 |
| Minority Interest | | 184,881 | 108,988 |
| Loan Funds | | | |
| Secured Loans | C | 390,316,742 | 671,975,748 |
| Unsecured Loans | D | 22,363,757 | 22,363,757 |
| | | 412,680,499 | 694,339,505 |
| Other Liabilities | | | |
| Deferred Tax Liability | | 59,025,898 | 50,194,884 |
| TOTAL | | 1,722,636,772 | 1,869,188,156 |
| APPLICATION OF FUNDS | | | |
| Fixed Assets | | | |
| Gross Block | E | 1,294,170,410 | 1,036,510,172 |
| Less: Depreciation | | 452,076,920 | 362,629,086 |
| Net Block | | 842,093,490 | 673,881,086 |
| Capital Work-in-progress | | 93,325,134 | 220,824,079 |
| | | 935,418,624 | 894,705,165 |
| Goodwill (On Consolidation): | | 5,515,300 | 5,515,300 |
| Investments | | | |
| | F | 2,962,500 | 5,260,500 |
| Current Assets Loans and Advances: | | | |
| a Inventories | G | 348,509,043 | 403,958,079 |
| b Sundry Debtors | | 621,016,375 | 767,425,161 |
| c Cash and Bank Balances | | 178,672,356 | 112,334,217 |
| d Other Current Assets | | - | - |
| e Loans and Advances | | 140,811,545 | 127,994,587 |
| | | 1,289,009,319 | 1,411,712,044 |
| Less: Current Liabilities and Provisions: | | | |
| a Current Liabilities | H | 456,189,287 | 384,117,074 |
| b Provisions | | 54,079,684 | 63,887,779 |
| | | 510,268,971 | 448,004,853 |
| Net Current Assets | | 778,740,348 | 963,707,191 |
| TOTAL | | 1,722,636,772 | 1,869,188,156 |

NOTES TO ACCOUNTS

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As per our report of even date.

For AMAR & RAJU
Chartered Accountants
G AMARNATH REDDY
Partner
Membership Number 19711

Place Hyderabad
Date 29 April 2009

For and on behalf of the Board

B MALLA REDDY
Managing Director
C PRAMEELAMMA
Director - Tech
J VENKATADAS
Director
T ANJANEYULU
Company Secretary
PA CHITRAKAR
Chief Operating Officer
SHIBAN K KOUL
Director
S GURUNATHA REDDY
GM - F&A

Consolidated

Consolidated profit and loss account for the year ended 31 March 2009

(in Rupees)

| | Schedule Reference | Year ended 31 March 2009 | Year ended 31 March 2008 |
|---|--------------------|-----------------------------|-----------------------------|
| INCOME | | | |
| Sales less returns | | 1,184,327,680 | 1,296,926,109 |
| Less: Excise Duty | | 43,980,708 | 54,324,521 |
| Service charges | | 38,184,492 | 29,292,863 |
| Other income | I | 13,418,894 | 17,557,951 |
| Accretion to stock | J | (46,833,900) | 74,402,636 |
| TOTAL | | 1,145,116,458 | 1,363,855,038 |
| EXPENDITURE | | | |
| Raw material consumed | K | 443,208,197 | 533,340,258 |
| Expenditure on personnel | L | 192,506,333 | 214,543,190 |
| Manufacturing, Administrative and Selling expenditure | M | 163,394,391 | 175,828,687 |
| Financial charges | N | 33,708,779 | 49,089,797 |
| Depreciation | E | 89,940,223 | 85,560,201 |
| Bad debts written off | | 6,814,351 | 202,044 |
| Advances / Investments written off | | 123,000 | 1,399,408 |
| Provision on investment in SBI MF Units | | 2,175,000 | - |
| Loss on disposal of assets | | 19,080 | 203,170 |
| TOTAL | | 931,889,354 | 1,060,166,755 |
| Profit before tax | | 213,227,104 | 303,688,283 |
| Provision for taxation | | (58,197,783) | (107,313,995) |
| Deferred tax liability | | 3,452,700 | 7,923,657 |
| | | (54,745,083) | (99,390,338) |
| Fringe benefit tax | | (1,368,656) | (1,211,378) |
| Profit after tax | | 157,113,365 | 203,086,567 |
| Prior period adjustments | | (303,267) | (133,055) |
| Minority Interest | | (75,893) | (9,288) |
| Profit available for appropriation | | 156,734,205 | 202,944,224 |
| APPROPRIATIONS | | | |
| Transferred to General Reserve | | 15,000,000 | 6,000,000 |
| Proposed dividend | | 27,071,675 | 13,511,488 |
| Corporate dividend tax | | 4,600,831 | 2,296,277 |
| Surplus carried to Balance Sheet | | 110,061,699 | 181,136,459 |
| TOTAL | | 156,734,205 | 202,944,224 |
| Earnings per share (Basic)(Face Value Rs 2) | | 2.90 | |
| Earnings per share (Diluted)(Face Value Rs 2) | | 2.90 | |

NOTES TO ACCOUNTS

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As per our report of even date.

For AMAR & RAJU
Chartered Accountants
G AMARNATH REDDY
Partner
Membership Number 19711

Place Hyderabad
Date 29 April 2009

For and on behalf of the Board
B MALLA REDDY
Managing Director
C PRAMEELAMMA
Director - Tech
J VENKATADAS
Director
T ANJANEYULU
Company Secretary
PA CHITRAKAR
Chief Operating Officer
SHIBAN K KOUL
Director
S GURUNATHA REDDY
GM - F&A



Consolidated schedules forming part of the balance sheet as at 31 March 2009

(in Rupees)

| | As at 31 March 2009 | As at 31 March 2008 |
|---|------------------------|------------------------|
| SCHEDULE A: SHARE CAPITAL | | |
| AUTHORISED | | |
| 10,00,00,000 Equity Shares of Rs 2 each | <u>200,000,000</u> | <u>200,000,000</u> |
| ISSUED SUBSCRIBED AND PAIDUP | | |
| 5,40,45,950 (5,37,55,850) Equity Shares of Rs 2 each fully paid up | <u>108,091,900</u> | <u>107,511,700</u> |
| TOTAL | <u>108,091,900</u> | <u>107,511,700</u> |
| SCHEDULE B: RESERVES AND SURPLUS | | |
| 1 General Reserve | | |
| Opening Balance | 214,779,695 | 208,779,695 |
| Add: Transferred from Profit and Loss Account | <u>15,000,000</u> | <u>6,000,000</u> |
| | 229,779,695 | 214,779,695 |
| 2 Profit & Loss Account | | |
| Opening balance | 740,553,047 | 559,416,588 |
| Less: Transferred / adjusted on amalgamation | (12,283,714) | - |
| Add: Transferred from Profit and Loss Account | <u>110,061,699</u> | <u>181,136,459</u> |
| | 838,331,032 | 740,553,047 |
| 3 Share Premium | | |
| Opening Balance | 50,987,892 | 29,969,092 |
| Less: Capitalised during the year | (290,100) | (309,100) |
| Add: Additions during the year | <u>20,016,900</u> | <u>21,327,900</u> |
| | 70,714,692 | 50,987,892 |
| 4 Government Subsidy | 312,035 | 312,035 |
| TOTAL | <u>1,139,137,454</u> | <u>1,006,632,669</u> |

Consolidated

Consolidated schedules forming part of the balance sheet as at 31 March 2009

(in Rupees)

| | As at 31 March 2009 | As at 31 March 2008 |
|--|--|------------------------------|
| SCHEDULE C: SECURED LOANS | | |
| 1 Working Capital Finance from Canara bank | 75,940,754 | 31,939,588 |
| 2 Working Capital Finance from HDFC Bank Limited | 11,974,278 | 86,458,353 |
| 3 Working Capital Finance from SBI | 68,945,654 | 73,289,189 |
| 4 Term Loan from HDFC Bank Ltd (Repayable with in one year Rs 89,20,378 (Rs 5,85,70,744)) Add: Interest accrued and due | 18,148,382 174,111 | 71,290,631 646,077 |
| 5 Term Loan from SBI (Repayable with in one year Rs 6,37,50,000 (Rs 6,37,50,000)) Add: Interest accrued and due | 159,375,000 1,621,715 | 239,062,500 2,271,988 |
| 6 Hire Purchase Finance (Repayable with in one year Rs 5,51,866 (Rs 7,34,258)) | 160,996,715 1,336,848 | 241,334,488 1,017,422 |
| 7 Term Loan from ICICI Bank (Repayable with in one year Rs 1,32,00,000 (Rs 1,32,00,000)) | 52,800,000 | 66,000,000 |
| 8 Working Capital Loan from HSBC (Repayable with in one year Rs NIL (Rs 10,0,00,000)) | - | 100,000,000 |
| TOTAL | 390,316,742 | 671,975,748 |
| SCHEDULE D: UNSECURED LOANS | | |
| Interest free sales tax loan from Government of Andhra Pradesh | 22,363,757 | 22,363,757 |
| TOTAL | 22,363,757 | 22,363,757 |

Consolidated schedules forming part of the balance sheet as at 31 March 2009

SCHEDULE E: FIXED ASSETS

(in Rupees)

| Description | Rate of Dep. | Gross Block | | | | Depreciation/Amortisation | | | | Net Block | | | |
|----------------------------|--------------|---------------------|--------------------------|-------------|-----------|---------------------------|--------------------|--------------------------|----------------|-----------|--------------------|---------------------|---------------------|
| | | As on 31 March 2008 | Transfer on Amalgamation | Additions | Deletions | As on 31 March 2009 | Upto 31 March 2008 | Transfer on Amalgamation | For the Period | Deletions | Upto 31 March 2009 | As on 31 March 2009 | As on 31 March 2008 |
| LAND | 0% | 82,760,197 | - | - | - | 82,760,197 | - | - | - | - | - | 82,760,197 | 82,760,197 |
| BUILDINGS | 10% | 182,922,098 | - | 185,723,769 | - | 368,645,867 | 27,711,771 | - | 16,778,946 | - | 44,490,717 | 324,155,150 | 155,210,327 |
| PLANT & MACHINERY | 15% | 597,230,511 | 41,454,706 | 24,611,989 | - | 663,297,206 | 251,278,714 | 12,217,002 | 57,589,539 | - | 321,085,255 | 342,211,951 | 345,951,797 |
| ELECTRICAL INSTALLATIONS | 15% | 16,372,867 | - | 12,955,387 | - | 29,328,254 | 5,204,802 | - | 1,842,056 | - | 7,046,858 | 22,281,396 | 11,168,065 |
| AIR CONDITIONERS | 15% | 22,586,600 | 102,500 | 8,436,051 | 98,000 | 31,027,151 | 5,693,737 | 37,977 | 2,719,640 | 23,727 | 8,427,627 | 22,599,523 | 16,892,863 |
| OFFICE EQUIPMENT | 15% | 4,759,682 | - | 1,401,863 | 18,480 | 6,143,065 | 2,030,083 | - | 441,529 | 4,787 | 2,466,825 | 3,676,240 | 2,729,599 |
| FURNITURE & FIXTURES | 18.10% | 28,328,987 | 427,178 | 9,514,223 | - | 38,270,388 | 12,618,469 | 179,493 | 3,142,340 | - | 15,940,302 | 22,330,086 | 15,710,518 |
| COMPUTERS | 60% | 36,143,992 | 4,349,140 | 14,497,912 | - | 54,991,044 | 30,874,062 | 3,585,773 | 5,376,740 | - | 39,836,575 | 15,154,470 | 5,269,930 |
| VEHICLES | 25.89% | 19,071,716 | - | 1,369,374 | 733,852 | 19,707,238 | 11,197,205 | - | 2,049,433 | 463,877 | 12,782,761 | 6,924,477 | 7,874,511 |
| TOTAL | | 990,176,650 | 46,333,524 | 258,510,568 | 850,332 | 1,294,170,410 | 346,608,843 | 16,020,245 | 89,940,223 | 492,391 | 452,076,920 | 842,093,489 | 643,567,807 |
| PREVIOUS YEAR TOTAL | | 769,461,567 | - | 269,455,786 | 2,407,181 | 1,036,510,172 | 278,609,511 | - | 85,560,201 | 1,540,626 | 362,629,086 | 673,881,086 | 490,852,056 |



Consolidated

Consolidated schedules forming part of the balance sheet as at 31 March 2009

(in Rupees)

| | As at 31 March 2009 | As at 31 March 2008 |
|--|------------------------|------------------------|
| SCHEDULE F: INVESTMENTS | | |
| A Long Term - At Cost - Non Trade - Un quoted | | |
| a NIL (12,300) Equity shares of Rs 10 each fully paid up in M/s Preksha Infotech Private Limited | - | 123,000 |
| b 5,500 Equity shares of Rs.25/- each fully paid up in M/s The Kalupur Cooperative Bank Limited | 137,500 | 137,500 |
| B Current Investments | | |
| Investment in Units of SBI Mutual Fund (cost or market value which ever is lower) | 5,000,000 | 5,000,000 |
| Less: Provision for diminution in value of investments | 2,175,000 | - |
| | 2,825,000 | 5,000,000 |
| TOTAL | 2,962,500 | 5,260,500 |
| Aggregate amount of quoted investments | 5,000,000 | 5,000,000 |
| Market value of quoted investments | 2,825,000 | 5,245,000 |
| Aggregate amount of unquoted investments | 137,500 | 260,500 |



Consolidated schedules forming part of the balance sheet
as at 31 March 2009

(in Rupees)

| | As at 31 March 2009 | As at 31 March 2008 |
|--|------------------------|------------------------|
| SCHEDULE G: CURRENT ASSETS LOANS & ADVANCES | | |
| A Stock-in-trade | | |
| a Raw materials | 206,088,014 | 210,781,339 |
| b Packing materials | 223,659 | 134,951 |
| c Finished goods | 8,807,532 | 40,898,705 |
| d Semi-finished goods | 133,389,838 | 152,143,084 |
| | 348,509,043 | 403,958,079 |
| B Sundry Debtors (Unsecured considered good) | | |
| a Outstanding for more than six months | 144,037,643 | 179,463,588 |
| b Others | 476,978,732 | 587,961,573 |
| | 621,016,375 | 767,425,161 |
| C Cash and Bank balances | | |
| a Cash on hand | 148,969 | 90,547 |
| b Balance with Scheduled Banks | | |
| 1 In Current account | 3,819,742 | 4,455,327 |
| 2 In EEFC account | 87,751,760 | - |
| 3 In Deposit account | 15,000 | 87,393 |
| 4 In Dividend warrant account | 2,508,780 | 2,533,434 |
| 5 As Margin money | 83,284,492 | 100,163,381 |
| 6 Interest receivable | 1,143,613 | 5,004,135 |
| | 178,672,356 | 112,334,217 |
| | 1,148,197,774 | 1,283,717,457 |
| D Loans & Advances (Unsecured considered good) | | |
| a Advance for supplies | 28,511,346 | 22,175,444 |
| b Advance for services & expenses | 4,352,734 | 3,560,744 |
| c Prepaid Excise duty (Cenvat Credit) | 45,307,537 | 42,308,804 |
| d Prepaid expenses | 12,523,111 | 6,157,873 |
| e Income tax refund due | 13,725,759 | 2,247,797 |
| f Deposits | 4,944,202 | 4,115,738 |
| g Advance for capital works | 31,245,926 | 47,366,961 |
| h Unmatured Finance charges | 200,930 | 61,226 |
| | 140,811,545 | 127,994,587 |
| TOTAL | 1,289,009,319 | 1,411,712,044 |

Consolidated

Consolidated schedules forming part of the balance sheet as at 31 March 2009

(in Rupees)

| | As at 31 March 2009 | As at 31 March 2008 |
|--|------------------------|------------------------|
| SCHEDULE H: CURRENT LIABILITIES & PROVISIONS | | |
| A Current Liabilities | | |
| a Creditors for capital works | 31,404,382 | 39,252,077 |
| b Creditors for supplies | 60,371,194 | 115,821,077 |
| c Creditors for services & expenses | 71,854,858 | 77,941,043 |
| d Investor Education & Protection Fund (Unclaimed dividend) | 2,506,942 | 2,531,171 |
| e creditors for others | 6,034,115 | 6,034,115 |
| f Advances from customers | 283,627,221 | 142,038,522 |
| g Interest accrued but not due | 390,575 | 499,069 |
| | 456,189,287 | 384,117,074 |
| B Provisions | | |
| a Provision for taxation | 798,249 | 28,800,356 |
| b Provision for proposed dividend | 27,071,675 | 13,511,488 |
| c Corporate dividend tax | 4,600,831 | 2,296,277 |
| d Provision for gratuity & leave encashment | 21,608,929 | 19,279,658 |
| | 54,079,684 | 63,887,779 |
| TOTAL | 510,268,971 | 448,004,853 |



Consolidated schedules forming part of the profit and loss account as at 31 March 2009

(in Rupees)

| | Year ended 31 March 2009 | Year ended 31 March 2008 |
|---|-----------------------------|-----------------------------|
| SCHEDULE I: OTHER INCOME | | |
| a Interest received | 8,879,862 | 7,121,207 |
| b Miscellaneous receipts | 1,815,381 | 33,343 |
| c Dividend received | 16,500 | 16,500 |
| d Insurance claims received | 59,765 | 35,578 |
| e Customs duty refund | 2,647,386 | 10,351,323 |
| TOTAL | 13,418,894 | 17,557,951 |
| SCHEDULE J: ACCRETION TO STOCK | | |
| Semi-finished & Fishished goods at the end of the period | 142,197,370 | 193,041,790 |
| Less Semi-finished & Finised goods at the beginning of the year | 189,031,270 | 118,639,154 |
| Increase / (decrease) in stock-in-trade | (46,833,900) | 74,402,636 |
| SCHEDULE K: RAW MATERIAL CONSUMED | | |
| A Indigenous Raw Material | | |
| Opening stock of raw material | 29,107,157 | 34,154,920 |
| Add purchases during the year | 146,880,314 | 179,566,493 |
| | 175,987,471 | 213,721,413 |
| Less Closing Stock of raw material | 42,958,668 | 29,107,157 |
| Raw Material consumed | 133,028,803 | 184,614,256 |
| B Imported Raw Material | | |
| Opening stock of raw material | 169,784,200 | 155,723,135 |
| Add purchases during the year | 303,524,540 | 374,677,050 |
| | 473,308,740 | 530,400,185 |
| Less Closing Stock of raw material | 163,129,346 | 181,674,183 |
| Raw Material consumed | 310,179,394 | 348,726,002 |
| Total raw material consumed | 443,208,197 | 533,340,258 |
| SCHEDULE L: EXPENDITURE ON PERSONNEL | | |
| Salaries wages & other benefits | 145,967,687 | 155,115,010 |
| PF & ESI company contribution | 8,718,433 | 9,445,835 |
| Directors remuneration | 15,325,917 | 21,041,000 |
| Staff welfare expenditure | 8,305,063 | 6,132,778 |
| Security charges | 1,434,893 | 1,757,705 |
| Gratuity | 1,745,540 | 6,674,356 |
| Staff recruitment & training | 1,174,410 | 3,898,016 |
| Employee compensation expenses written off (under ESOP Scheme) | 9,834,390 | 10,478,490 |
| TOTAL | 192,506,333 | 214,543,190 |

Consolidated

Consolidated schedules forming part of the profit and loss account as at 31 March 2009

(in Rupees)

| | Year ended 31 March 2009 | Year ended 31 March 2008 | |
|--|-----------------------------|-----------------------------|--|
| SCHEDULE M: MANUFACTURING ADMINISTRATIVE AND SELLING EXPENDITURE | | | |
| a Manufacturing Expenditure | | | |
| Machinery maintenance | 13,701,279 | 13,828,049 | |
| Power and fuel | 8,235,459 | 7,578,033 | |
| Excise duty (Includes Difference between excise duty on opening & closing stock of FG) | (3,993,674) | 6,517,018 | |
| Product development expenses | - | 5,535,453 | |
| Testing charges | 4,319,514 | 4,741,078 | |
| Carriage in wards | 1,015,317 | 912,928 | |
| Installation & Commissioning of AWS | 3,625,052 | 2,929,027 | |
| | 26,902,947 | 42,041,586 | |
| b Administrative Expenditure | | | |
| Travelling and conveyance | 11,318,640 | 11,502,978 | |
| Printing and stationery | 3,256,664 | 4,246,923 | |
| Communication costs | 4,356,586 | 5,341,364 | |
| Rent | 137,426 | 1,820,726 | |
| Insurance | 4,350,608 | 6,528,809 | |
| Rates, taxes and fees | 3,400,781 | 2,212,168 | |
| Auditors remuneration | 650,770 | 634,834 | |
| Legal & professional charges | 11,798,530 | 9,252,372 | |
| Building Repairs & Maintenance | 422,041 | 720,184 | |
| Computer & Software maintenance | 6,509,907 | 8,058,743 | |
| Vehicle Maintenance | 1,249,900 | 731,201 | |
| Factory & Garden Maintenance | 2,620,337 | 2,622,860 | |
| Office maintenance & electricity charges | 1,112,993 | 1,654,265 | |
| Repairs & maintenance of other assets | 2,300,807 | 1,582,153 | |
| Vehicle hire charges | 4,088,084 | 3,571,644 | |
| General expenses | 964,599 | 1,539,456 | |
| Sitting fee & meeting expenses | 84,302 | 74,489 | |
| Books, periodicals & subscriptions | 376,511 | 534,259 | |
| Conference & Seminar Expenses | 536,836 | 362,800 | |
| Advertisement | 2,131,929 | 1,994,023 | |
| Sponsorship Expenses | 1,525,000 | 700,000 | |
| Entertainment & business promotion | 998,920 | 1,125,900 | |
| | 64,192,171 | 66,812,151 | |
| c Selling Expenditure | | | |
| Carriage out wards | 1,895,380 | 1,735,833 | |
| Packing material | 1,602,562 | 1,369,217 | |
| Sales Tax | 43,397,809 | 49,748,626 | |
| Service Tax | 3,860,978 | 3,595,574 | |
| Late delivery charges | 18,309,425 | 7,701,410 | |
| Foreign Travel and Exhibition expenses | 3,233,119 | 2,824,290 | |
| | 72,299,273 | 66,974,950 | |
| TOTAL | 163,394,391 | 175,828,687 | |



Consolidated schedules forming part of the profit and loss account
as at 31 March 2009

(in Rupees)

| | Year ended 31 March 2009 | Year ended 31 March 2008 |
|--------------------------------------|-----------------------------|-----------------------------|
| SCHEDULE N: FINANCIAL CHARGES | | |
| Interest on term loans | 7,501,226 | 12,396,248 |
| Interest on borrowings from bank | 15,677,231 | 20,170,300 |
| Hire Purchase Finance Charges | 77,776 | 137,480 |
| Bank charges and Commission | 10,452,546 | 16,385,769 |
| TOTAL | 33,708,779 | 49,089,797 |

Consolidated

Consolidated schedules forming part of the balance sheet and profit and loss account as at 31 March 2009

SCHEDULE O: NOTES TO CONSOLIDATED ACCOUNTS

1 Principles of Consolidation

- a The Consolidated Financial Statements have been prepared under historical cost convention in accordance with generally accepted accounting principles applicable in India and in accordance with the Accounting Standard (AS-21) "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- b The financial statements of the Company and its subsidiary companies have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra group balances and intra group transactions resulting in unrealized profits or losses.
- c The list of Subsidiaries included in the Consolidated Financial Statements are as under:

| Name of the Subsidiary Company | Country of Incorporation | % of Shareholding of M/s Astra Microwave Products Limited as at 31 March 2009 |
|---------------------------------------|---------------------------------|--|
| KOMOLINE ELECTRONICS PRIVATE LIMITED | INDIA | 99.36% |

- d The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as of the Company.
- e The excess of cost to the Company of its investments in subsidiary companies over its share of the equity of the subsidiary companies at the dates, on which the investments in the subsidiary companies are made, is recognized as 'Goodwill' being an asset in the consolidated financial statements.
- f Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the company in the subsidiary companies and further movement in their share in the equity, subsequent to the date of investment.
- g As far as possible, the consolidated financial statements are prepared using uniform accounting policies and are presented in the same manner as the Company's separate financial statements.
- h Figures pertaining to the Subsidiary Companies have been recast / reclassified wherever necessary to bring them in line with the parent Company's financial statements.
- i The notes and significant accounting policies to the Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated position of the companies. In this respect the Company has disclosed such notes and policies which fairly present the needed disclosures. And such other notes and statutory information disclosed in the financial statements of the parent and subsidiary companies which are not having any effect on the true and fair view of the Consolidated financial Statements are excluded.

2 Employee Stock Option Scheme

The parent company has granted 16,71,500 (after restructuring the Stock Options due to split in share and bonus issue) Stock Options to the employees. In respect of the stock options granted pursuant to the parent company's Stock Option Scheme, the intrinsic value of the Options (excess of market price of the share over the exercise price of the Option) is treated as discount and accounted as Employee Compensation Cost. The Employee compensation cost amounted to Rs.5,66,63,850/- will be amortized over the vesting period of 5 years i.e. from the financial year 2006-2007 as per SEBI Guidelines.

During the year 1,45,050 (1,54,550) shares of Rs.2/- each for cash and 1,45,050 (1,54,550) shares of Rs.2/- each by way of bonus shares by capitalizing share premium were allotted as fully paid up shares to employees under ESOP Scheme.

As per the above stated accounting policy during the year the parent company has charged Rs.98,34,390/- (Rs.1,04,78,490/-) as employee compensation cost to the Profit and Loss Account.

Consolidated schedule forming part of the balance sheet and profit and loss account as at 31 March 2009

| 3 Deferred Tax | 31 March 2009 | 31 March 2008 |
|---|----------------------|---------------|
| Deferred Tax Liability | 6,63,70,773 | 6,87,41,680 |
| Deferred Tax Asset | 73,44,875 | 1,85,46,796 |
| Net Deferred Tax Liability | 5,90,25,898 | 5,01,94,884 |
| Net Deferred Tax Liability as on 31-03-2009 | 5,90,25,898 | 5,01,94,884 |
| Less: Net Deferred Tax Liability as on 31-03-2008 | #6,24,78,598 | 5,81,18,540 |
| Effect on the profit and loss account | 34,52,700 | 79,23,656 |

does not include Deferred Tax asset of amalgamated subsidiary company

Deferred tax liability represents timing differences in depreciation on fixed assets

Deferred Tax Assets represents Provision for Gratuity and Leave Encashment which are allowed on payment basis as per the provisions of the Income Tax Act.

4 Earnings per Share

| I BASIC EARNINGS PER SHARE | 31 March 2009 | 31 March 2008 |
|--|----------------------|---------------|
| a No. of equity shares outstanding at the beginning of the year | 5,37,55,850 | 5,34,46,750 |
| b Weighted average No. of equity shares issued during the year under ESOP | 1,45,050 | 1,54,550 |
| c Weighted average Number of Bonus shares issued under ESOP | 1,45,050 | 1,54,550 |
| d Total number of shares outstanding at the end of the year (used for denominator for calculating EPS) | 5,40,45,950 | 5,37,55,850 |
| e Profit available to share holders | 15,67,34,205 | 20,29,44,227 |
| f Basic earnings per share (Face Value Rs.2/-) | Rs.2.90 | Rs.3.77 |
| II DILUTED EARNINGS PER SHARE | | |
| a Number of Shares outstanding as per Point (d) above | 5,40,45,950 | 5,37,55,850 |
| b Weighted average Number of Potential Equity Shares on account of Employee Stock Option Share Application Money received under the ESOP Scheme. | 8,117 | 24,008 |
| c Weighted Average Number of Shares Outstanding (used for denominator for calculating EPS) | 5,40,54,067 | 5,37,79,858 |
| d Profit available to share holders | 15,67,34,205 | 20,29,44,227 |
| e Diluted Earnings per Share (Face Value Rs.2/-) | 2.90 | 3.77 |

5 Related Party Transactions

| 1 Astra Infonets Limited (AINL) {relatives of Promoters are interested in AINL} | 31 March 2009 | 31 March 2008 |
|--|----------------------|---------------|
| Expenses incurred on behalf of AINL | 18,67,338 | 0 |
| Balance recoverable in respect of above | 6,07,338 | 0 |
| Intercorporate loan given to AINL | 3,10,00,000 | 0 |
| Interest received on loan | 8,61,096 | 0 |
| Loan outstanding | NIL | 0 |

Consolidated

Consolidated schedule forming part of the balance sheet and profit and loss account as at 31 March 2009

| | | | |
|---|--|----------------------|---------------|
| 2 | Subsidiary Company Astra Microelectronic Technologies Limited (Amalgamated with parent company) | | |
| | Purchase of materials from Subsidiary | - | 7,269 |
| | Services received from Subsidiary | - | 2,09,55,824 |
| | Amounts payable to Subsidiary | - | 1,12,32,488 |
| 3 | Subsidiary Company Komoline Electronics Private Limited | | |
| | Services received from Subsidiary | 99,36,492 | 12,23,955 |
| | Purchase of materials from Subsidiary | 6,09,70,780 | 2,21,19,208 |
| | Services rendered to subsidiary | 60,00,000 | 0 |
| | Amounts payable to Subsidiary | 1,37,15,768 | 65,43,394 |
| 4 | Ocimum Constructions Private Limited (Ocimum) {relatives of Promoters are interested in Ocimum} | | |
| | Services received | 52,05,548 | 1,19,27,014 |
| | Purchase of materials | 0 | 51,99,948 |
| | Balance payable / (recoverable) | 0 | (21,664) |
| 5 | Sanjay Attara (Director of Subsidiary Co..) | | |
| | Services rendered to parent company | 50,00,000 | 0 |
| | Amounts payable | 44,33,500 | 0 |
| 6 | Remuneration paid (previous year for part of the year) to Sri. B. K. Kishore Reddy in the Subsidiary Company M/s. Astra Microelectronic Technologies Limited. Sri. B. K. Kishore Reddy, relative of Sri. B. Malla Reddy | 0 | 5,92,800 |
| 7 | Remuneration paid to Director in M/s. Komoline Electronics Private Limited Sanjay B. Attara, Director | 8,74,800 | 3,88,800 |
| 8 | The remuneration paid to Directors of parent company was disclosed in the notes to accounts of parent company. | 1,45,15,917 | 2,05,67,000 |
| 6 | Contingent Liabilities | 31 March 2009 | 31 March 2008 |
| a | Letter of Credit inland | 0 | 0 |
| b | Foreign letter of credit | 0 | 0 |
| c | Bank Guarantees | | |
| 1 | Performance Guarantees | 17,49,69,774 | 20,49,68,665 |
| 2 | Advance payment Guarantees | 56,87,38,047 | 48,00,73,871 |
| 3 | Guarantee in lieu of EMD/Security Deposit | 94,91,684 | 6,60,53,549 |
| 4 | Guarantee for materials | 39,27,797 | 11,79,64,160 |
| 5 | Corporate Guarantee on behalf of Subsidiary Companies for loans taken from banks | 4,47,00,000 | 10,57,00,000 |

Consolidated schedule forming part of the balance sheet and profit and loss account as at 31 March 2009

| 7 Foreign Exchange Transactions | 31 March 2009 | 31 March 2008 |
|---|----------------------|---------------|
| a Value of imported raw-materials on CIF basis | 24,59,93,998 | 35,53,16,267 |
| b Value of imported capital goods on CIF basis | 1,76,91,553 | 8,10,99,125 |
| c CIF value of other imports | 40,57,405 | 19,62,591 |
| d Expenditure in foreign currency on account of | | |
| Travel | 13,65,810 | 7,37,136 |
| Professional charges | 0 | 10,31,596 |
| On account of membership fees | 0 | 2,05,037 |
| Exhibitions | 0 | 1,80,541 |
| e Earnings in foreign currency | | |
| FOB value of exports | 2,22,10,644 | 51,00,883 |
| f Remittances in foreign currency | | |
| On account of Dividend | | |
| Amount remitted Rs. | 62,500 | 20,60,000 |
| No. of Non-Resident Share Holders | 1 | 2 |
| No. of Shares held by them | 2,50,000 | 20,60,000 |
| Year of Dividend | 2007-2008 | 2006-2007 |

8 Amalgamation of Subsidiary Company

Astra Microelectronic Technologies Limited – wholly owned subsidiary of Astra Microwave Products Limited has been amalgamated with the company with effect from 1st April, 2008 in terms of the Scheme of Amalgamation (“Scheme”) sanctioned by the High Court of Judicature, Andhra Pradesh vide their order dated 24th day of February, 2009. Accordingly the above mentioned subsidiary stand dissolved without winding up and all assets and debts, outstandings, credits, liabilities, benefits under income tax, excise, sales tax, duties and obligations, have been transferred to and vested in the company with effect from 1st day of April, 2008.

As the subsidiary amalgamated as aforesaid was wholly owned by the company, no shares were exchanged to effect the amalgamation.

The accumulated loss of subsidiary company amounting to Rs.2.42 crores and deferred tax asset amounting to Rs.1.23 crores on the appointed date are adjusted against the opening balance of the Profit & Loss Account of the parent company.

9 The consolidated figures of previous year include figures of subsidiary company Astra Microelectronic Technologies Limited which was amalgamated with the parent company with effect from 1st April, 2008.

10 The figures have been rounded off to the nearest rupee.

Signatures to Schedules ‘A’ to ‘O’

As per our report of even date.

For AMAR & RAJU
Chartered Accountants
G AMARNATH REDDY
Partner
Membership Number 19711

Place Hyderabad
Date 29 April 2009

For and on behalf of the Board

| | |
|------------------------------------|---|
| B MALLA REDDY Managing Director | PA CHITRAKAR Chief Operating Officer |
| C PRAMEELAMMA Director - Tech | SHIBAN K KOUL Director |
| J VENKATADAS Director | S GURUNATHA REDDY GM - F&A |

T ANJANEYULU
Company Secretary

Consolidated

Cash flow statement for the year ended 31 March 2009

(in Rupees)

| Particulars | Year ended 31 March 2009 | Year ended 31 March 2008 |
|---|-----------------------------|-----------------------------|
| A Cash flows from operating activities | | |
| Net Profit before tax & extra-ordinary items | 213,227,104 | 303,688,286 |
| Adjustments for | | |
| Depreciation | 89,940,223 | 85,560,201 |
| Interest paid | 23,256,233 | 32,704,029 |
| Bad debts written off | 6,814,351 | 202,044 |
| Advances / investments written off | 123,000 | 1,399,408 |
| Provision on investments | 2,175,000 | - |
| interest received on deposits | (8,879,862) | (7,040,137) |
| Loss on disposal of assets | 19,080 | 203,170 |
| Dividend received | (16,500) | (16,500) |
| Employee compensation expenses written off | 9,834,390 | 10,478,490 |
| Prior period adjustments | (303,267) | (133,055) |
| Income tax paid | (99,046,508) | (95,982,270) |
| | 23,916,140 | 27,375,380 |
| Operating profit before working capital changes | 237,143,244 | 331,063,666 |
| Adjustments for | | |
| Trade & other receivables | 139,152,997 | (135,328,808) |
| Trade payable | 82,381,902 | (59,442,776) |
| Inventories | 55,449,036 | (95,113,666) |
| | 276,983,935 | (289,885,250) |
| Net cash from operating activities | 514,127,179 | 41,178,416 |
| B Cash flow from investing activities | | |
| Purchase of Fixed assets (Includes movements of Capital work in progress) | (100,601,611) | (309,844,930) |
| Investment in SBI Mutual Fund Units | - | (5,000,000) |
| Proceeds from Fixed Deposits | 72,393 | 3,130,637 |
| Interest received on deposits | 12,740,384 | 2,780,955 |
| Dividend received | 16,500 | 16,500 |
| Proceeds from disposal of assets | 338,861 | 663,385 |
| Net cash used in investing activities | (87,433,473) | (308,253,453) |
| C Cash flow from financing activities | | |
| Working capital borrowings from banks | (134,826,444) | 178,275,554 |
| Term Loans taken from Bank | - | 309,254,929 |
| Hire purchase finance taken | 950,000 | - |
| Term Loans repaid to Banks | (146,029,749) | (152,348,092) |
| Hire purchase finance repaid | (848,054) | (1,569,009) |
| ESOP Share Application money received | 3,588,340 | 10,508,710 |
| Interest paid | (46,545,862) | (50,005,874) |
| Dividend paid | (13,511,063) | (53,755,850) |
| Dividend tax paid | (2,296,277) | (9,135,807) |
| Net cash used in financing activities | (339,519,109) | 231,224,561 |
| Net increase in cash & cash equivalents (A-B-C) | 87,174,597 | (35,850,476) |
| Cash & cash equivalents as at the beginning | | |
| Cash on hand | 90,547 | 56,711 |
| Balance with Scheduled Banks in Current Account | 4,455,327 | 40,339,639 |
| Cash & cash equivalents as at the end | | |
| Cash on hand | 148,969 | 90,547 |
| Balance with Scheduled Banks in Current Account | 91,571,502 | 4,455,327 |

For AMAR & RAJU
Chartered Accountants
G AMARNATH REDDY
Partner
Membership Number 19711

Place Hyderabad
Date 29 April 2009

For and on behalf of the Board
B MALLA REDDY Managing Director
C PRAMEELAMMA Director - Tech
J VENKATADAS Director
T ANJANEYULU Company Secretary
PA CHITRAKAR Chief Operating Officer
SHIBAN K KOUL Director
S GURUNATHA REDDY GM - F&A



Astra Microwave Products Limited

Registered Office: ASTRA TOWERS Survey 12 (P) Kothaguda Post Kondapur Hitech City Hyderabad 500084.

Form of Proxy

I/we _____ of _____ in the district of _____ being a member/Members of the above named Company, hereby appoint _____ of _____ in the district of _____ as my/our Proxy to vote for me/us on my/our behalf at the Eighteenth Annual General Meeting of the Company to be held on Friday the 31st July, 2009 at 3.30 pm Bhaskara Auditorium, BM Birla Museum, Adarsh Nagar, Hyderabad 500063 and at any adjournment thereof.

Signed this _____ day of _____ 2009

Folio No./DP ID & Client ID: _____ No. of Shares held _____

Signature(s) of Member(s) _____

Affix Revenue Stamp of Fifteen paise

NOTE A The Proxy need not be a member.

B The Proxy form duly signed across the Revenue Stamp should reach the Company at ASTRA TOWERS Survey 12 (P) Kothaguda Post Kondapur Hitech City Hyderabad 500084. at least 48 hours before the time fixed for meeting.

Astra Microwave Products Limited

Registered Office: ASTRA TOWERS Survey 12 (P) Kothaguda Post Kondapur Hitech City Hyderabad 500084.

Attendance slip

I hereby record my presence at the Eighteenth Annual General Meeting of the Company at Bhaskara Auditorium, BM Birla Museum Adarsh Nagar Hyderabad 500063 on Friday the 31st July, 2009 at 3.30 pm.

Name of the Attending Member (in block letters) _____

Member's Folio No./DP ID & Client ID _____

Name of Proxy _____
(in block letters to be filled in if the Proxy attends instead of Member)

Number of shares held _____

Member's / Proxy Signature*

NOTE Shareholder/Proxy holder wishing to attend the meeting must bring this Attendance slip to the meeting and hand over the same at the entrance duly signed.

Please cut here

RF and microwave technologies
defense | space | meteorology | telecom



Astra Microwave Products Limited
Astra Towers, Survey 12(p)
Kondapur, Hi-tech City, Hyderabad 500084

www.astramwp.com