

10th ANNUAL REPORT



ASTRA MICROWAVE PRODUCTS LIMITED

Total RF & Microwave Solutions

ASTRA MICROWAVE PRODUCTS LIMITED

| | | |
|---------------------------|---|--|
| REGISTERED OFFICE | : | 1-2-64/A, First Floor, Vikram Chambers, Parklane, Secunderabad. |
| BOARD OF DIRECTORS | : | Dr. R.P. Shenoy - Chairman B. Malla Reddy - Managing Director P.A. Chitrakar J. Venkatadas C. Prameelamma Dr. M. Srihari Rao |
| AUDITORS | : | Amar & Raju Chartered Accountants Road No. 3, Banjara Hills, Hyderabad. |
| BANKERS | : | Canara Bank, Industrial Finance Branch, Sec. |
| FACTORS | : | Canbank Factors Ltd., Hyderabad |
| FACTORIES | : | Unit-I Plot No. 12, ANRICH Industrial Estate, Miyapur, Bollaram, A.P. Unit-II Plot No. 56A, 56B and 57A, ANRICH Industrial Estate, Miyapur, Bollaram, A.P. |
| REGISTRARS | : | Purva Sharegistry (India) Pvt. Ltd., 33, Printing House, 28-D, Police Court Lane, Behind Old Handloom House, Fort, Bombay - 400 001. |



NOTICE

Notice is hereby given that the Tenth Annual General Meeting of the shareholders of the company will be held at Hotel ^{BELSONS TAJ} Secunderabad -500 003 on Monday July 09,2001 at 11 A.M. to transact the following business.

ORDINARY BUSINESS

- 1) To consider and adopt the audited accounts of the Company for the year ended March 31,2001 together with the reports of the Auditors and Directors thereon
- 2) To declare dividend on equity share capital.
- 3) To appoint a Director in place of Dr.R.P.Shenoy, Director who retires by rotation and being eligible offers himself for re-appointment.
- 4) To consider and if thought fit to pass the following resolution with or without modification as an ordinary resolution.

“Resolved that M/s Amar&Raju, Chartered Accountants, Hyderabad be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting on such remuneration as may be determined by the Board of Directors.”

SPECIAL BUSINESS

- 5) To consider and if thought fit to pass with or without modification the following as an ordinary resolution.
“Resolved that Dr.Sri Hari Rao who retires at this Annual General Meeting be and is hereby appointed as Director of the Company for a period of three years.”
- 6) To consider and if thought fit, to pass with or without modification the following resolution as an ordinary resolution.
“Resolved that subject to the provisions of section 198,309,310&311 and applicable provisions, if any, read with schedule XIII of the Companies Act, 1956 approval of the shareholders be and is hereby accorded to increase the remuneration of B.Malla Reddy, Managing Director as per the terms set out in the Explanatory Statement annexed hereto.”
- 7) To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution.
“Resolved that subject to the provisions of section 198,309,310&311 and applicable provisions, if any, read with schedule XIII of the Companies Act, 1956 approval of the shareholders be and is hereby accorded to increase the remuneration of P.A. Chitrakar, Director (Engineering) as per the terms set out in the Explanatory Statement annexed hereto.”
- 8) To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution.
“Resolved that subject to the provisions of section 198,309,310&311 and applicable provisions, if any, read with schedule XIII of the Companies Act, 1956 approval of the shareholders be and is hereby accorded to increase the remuneration of C.Prameelamma, Director (Technical) as per the terms set out in the Explanatory Statement annexed hereto.”
- 9) Any other business that may be brought up with the permission of the chair.

By order of the Board

(B.MALLA REDDY)
Managing Director

Hyderabad,
May 28,2001.



ANNEXURE TO THE NOTICE

Explanatory Statement

As required by section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out material facts relating to the business under items 5 to 8 of the accompanying Notice dated 28th May, 2001.

Item:5

Dr.Sri Hari Rao was appointed as Additional Director at the Board of Directors Meeting held on 25th April, 2001. He holds office up to the date of ensuing Annual General Meeting and being eligible offers himself for re-appointment as Director liable to retire by rotation.

Dr.Sri Hari Rao is an NRI settled in U.S.A but has maintained close contacts with our Company. He has shown keen interest to associate with the company as an investor and guide to explore new markets.

His association will help the company to further strengthen its outlook.

None of the Directors except Dr.Sri Hari Rao may be deemed to be concerned or interested in the resolution.

Directors recommend the resolution for approval.

Item:6

From the last year onwards the Board of Directors have put in place a policy of rewarding the whole time Directors with performance related allowance. Subject to the approval of the members the Board of Directors have revised performance allowance payable to Mr.B.Malla Reddy, Managing Director to Rs.6 lacs from Rs.3 lacs per annum. The revised incentive is payable during the financial year 2001-02. There are no further changes in the remuneration payable as approved by the members in the last Annual General Meeting.

Mr.B.Malla Reddy is concerned and has interest in the proposed resolution to the extent of his remuneration as Managing Director. No other Directors of the Company has any interest or concern in the proposed resolution.

The Directors recommend the proposed resolution for approval of the shareholders.

Item:7

From the last year onwards the Board of Directors have put in place a policy of rewarding the whole time Directors with performance related allowance. Subject to the approval of the members the Board of Directors have revised performance allowance payable to Mr.P.A.Chitrakar, Director(Engineering) to Rs.6 lacs from Rs.3 lacs per annum. The revised incentive is payable during the financial year 2001-02. There are no further changes in the remuneration payable as approved by the members in the last Annual General Meeting.

Mr.P.A.Chitrakar is concerned and has interest in the proposed resolution to the extent of his remuneration as Director(Engineering). No other Directors of the Company has any interest or concern in the proposed resolution.

The Directors recommend the proposed resolution for approval of the shareholders.

Item:8

From the last year onwards the Board of Directors have put in place a policy of rewarding the whole time Directors with performance related allowance. Subject to the approval of the members the Board of Directors have revised performance allowance payable to Mrs.C.Prameelamma, Director (Technical) to Rs.6 lacs from Rs.3 lacs per annum. The revised incentive is payable during the financial year 2001-02. There are no further changes in the remuneration payable as approved by the members in the last Annual General Meeting.

Mrs.C.Prameelamma is concerned and has interest in the proposed resolution to the extent of her remuneration as Director(Technical).No other Directors of the Company has any interest or concern in the proposed resolution.

The Directors recommend the proposed resolution for approval of the shareholders.

Notes :

- 1) A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of himself and such 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 meeting.The members/proxies desirous of attending the meeting are requested to hand over the attendance slip duly filled in and signed at the meeting venue.
- 2) The register of members and share transfer books of the Company will remain closed from 1st July,2001 to 8th July,2001(both days inclusive) for the purpose of payment of dividend.
- 3) Members are requested to bring their copy of the Annual Report while attending the Annual General Meeting.
- 4) Members are requested to intimate immediately any change in their address registered with the Company.





ASTRA MICROWAVE PRODUCTS LIMITED

DIRECTORS REPORT

Your Directors have pleasure in presenting this Tenth Annual Report, together with the Audited Accounts for the year ended March 31, 2001.

Summary of Financial Results

| Particulars | Rs.in lacs | |
|----------------------------|--------------|-----------------------|
| | For the year | For the previous year |
| Gross sales | 1371.91 | 848.73 |
| Profit before depreciation | 429.66 | 200.20 |
| Depreciation | 27.33 | 17.79 |
| Profit before tax | 402.33 | 182.42 |
| Provision for taxation | 55.00 | 42.00 |
| Profit after tax | 347.33 | 140.42 |
| Dividend | 52.40 | 33.17 |
| EPS(Rs) | 9.65 | 8.46 |

Performance during the year :

The Company's performance during the year has exceeded the projections both in terms of volume of sales and profitability. The Company has proved its strength as a supplier of components for the Cellular industry.

Sales have grown from Rs. 8.48 crores to Rs. 13.72 crores, showing an increase of 62% over the previous year. The after tax profit has gone up from Rs. 1.40 crores to Rs. 3.47 crores, showing an increase of 147% over the previous year.

During the year, the Company has issued a bonus of 1:1 through capitalisation of share premium, and hence the paid up capital has gone up to Rs. 360 lacs. The earnings per share shown above are on the enhanced capital. The dividend recommended for payment has also gone up due to an increase in the paid up capital.

Prospects for the current year :

The prospects for the current year look bright, and there is an expected increase in sales and profitability. The Company will continue to focus on its niche markets, viz. Defence, VSAT and Cellular communication.

Defense related business was a critical contributor during the year, and will constitute a key market for the coming year as well.

The VSAT Antenna market has done well during the previous year and is expected to improve further during the current year. The general infrastructure problems existing in the country for VSAT operations are gradually being overcome, and the market has stabilised to a large extent.

Dividend

Dividend recommended by your Directors is @ Rs. 1.50 per share.

Deposits

During the year the Company has accepted deposits from the public as per the terms of Section 58A of the Company's Act 1956.

- 1) The total number of depositors of the Company whose deposits have not been claimed by the depositors or paid by the Company after the date of which the deposit became due for repayment or for renewal, as the case may be, according to the contract with the depositor or the provisions of these directions, whichever may be applicable, will be deemed as "Nil".
- 2) The total amounts due to the depositors and remaining unclaimed or unpaid will be deemed as "Nil".

Directors

Dr. R.P. Shenoy, Director, retires by rotation at the conclusion of this Annual General Meeting, and offers himself for re-appointment.

Auditors

M/s. Amar & Raju, Chartered Accountants who are the present auditors of the Company, retire at the conclusion of this Annual General Meeting, and are eligible for re-appointment.

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

Disclosures

Disclosures in terms of the Company's (particulars of employees) rules, 1975 will be deemed as "Nil".

Disclosures in terms of Company's (Disclosures of particulars in the report of the Board of Directors) rules, 1989 in respect of conservation of energy, technology absorption, foreign exchange earnings and outgo, are attached (Annexure I) and forms part of this report.

Directors responsibility statement under 217(2) (A)(A) of the Company's Act 1956 is attached (Annexure II) and forms part of this report.

Employee relations

Employee relations have been cordial during the year, and the Board would like to place on record its appreciation of the employees performance in qualitative and quantitative parameters.

Acknowledgements

Your Directors place on record their grateful thanks to Canara Bank, Canbank Factors Ltd., and various Government agencies and departments, for their kind assistance and cooperation extended to the Company. The Board of Directors thanks all the shareholders of M/s. ASTRA Microwave Products Ltd., for reposing their confidence in them.

For and on behalf of the Board of Directors

(B. MALLA REDDY)

Managing Director

Hyderabad

April 25, 2001

ANNEXURE-I

Disclosure of particulars in respect of conservation of energy, technology, absorption and foreign exchange earnings and out go required under Companies (Disclosure of particulars in the Director's Report) rules 1988.

- A) Conservation of energy : Not applicable
 B) Technology absorption : Efforts made in Research, Development and Technology absorption are furnished in the prescribed Form-B-enclosed herewith

FORM:B

A) Research & Development (R&D) :

1) Specific areas in which R & D is carried out by the Company:

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 and order based and hence it is a continuous process. The areas of effort is directly related to the type of products sold during the year.

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

The benefits of development are reflected in the volume of business done in the current year.

3) Future plans of action:

Apart from customer and order based R&D which is a continuous and part of regular operations of the Company, the Company is continuously working in design and development of new products to meet the market demands and also to become cost effective.

4) Expenditure on R & D:

- | | | |
|--|---|-------------------|
| a) Capital | : | Rs. 1,63,02,686/- |
| b) Recurring | : | Rs. 41,49,995/- |
| c) Total | : | Rs. 2,04,52,681/- |
| d) Total R & D expenditure as a percentage of total turnover | : | 14.94% |

B) Technology absorption, adoption and innovation

1) Efforts in brief made towards technology absorption, adoption and innovation :

The entire existing product range is the result of in-house Research and Development efforts.

2) Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.,

Most of the products manufactured by the Company are import substitutes developed out of in-house R&D efforts.

3) In case of imported technology (imported during the last five years reckoned from the beginning of the financial year) following may be furnished

- | | | |
|------------------------|---|---------------------------|
| i) Technology imported | : | No Technology is imported |
| ii) Year of import | : | Not applicable |

- iii) Has technology been fully absorbed : Not applicable
- iv) If not fully absorbed, areas where this has taken place, reasons therefore and future plans of actions : Not applicable

C) Particulars of foreign exchange earning and outgo

a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services, export plans :

The company has not made significant efforts during the year as it has concentrated more in developing new products for the domestic market. The company will review its strategy and plan for the export growth in the coming years.

| | | |
|---|---------------------------|------------|
| b) Foreign Exchange outgo and earnings | : | Rs.in lacs |
| i) Foreign Exchange outgo | : | |
| | # Import of raw-materials | 170.61 |
| | # Travel | 5.38 |
| | # Imported capital goods | 35.79 |
| | # Imported tools & spares | 2.88 |
| | # Technical know-how | NIL |
| | # Interest | NIL |
| | # Dividend | NIL |
| | # Others | NIL |
| ii) Foreign Exchange Earnings | : | |
| | # FOB value of exports | 7.64 |

ANNEXURE-II

DIRECTORS RESPONSIBILITY STATEMENT UNDER SECTION 217(2)(A)(A) of the Companies Act.1956.

(Forming part of the Directors Report)

The Directors hereby state that:

- (i) in the preparation of Annual Accounts the applicable accounting standards have been followed along with proper explanations relating to material departures.
- (ii) the Directors had selected such accounting policies applied them consistently and made judgements 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.
- (iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (v) the Directors had prepared the annual accounts on a going concern basis.