

Annual Report 2011 - 12



# **Growth beyond Success**



ASTRA MICROWAVE PRODUCTS LIMITED

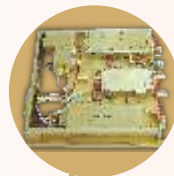
# Vision



To be at the forefront of the telecommunication revolution through research and development.

Investing in technologies that can lead to leadership.

Employing the finest talent to reach the top through excellence.



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## QUICK INFORMATION

|                                      |                                                                                                                                                                                                              |
|--------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Board of Directors</b>            | :<br>Dr.Shiban K Koul, Chairman<br>Mr.B.Malla Reddy, Managing Director<br>Mr.P.A.Chitrakar, COO<br>Mrs.C.Prameelamma, Director (Technical)<br>Mr.Atim Kabra<br>Mr.J.Venkatadas                               |
| <b>Sr. General Manager (F&amp;A)</b> | : Mr. S. Gurunatha Reddy                                                                                                                                                                                     |
| <b>Company Secretary</b>             | : Mr. T. Anjaneyulu                                                                                                                                                                                          |
| <b>Auditors</b>                      | :<br>M/s. Amar & Raju<br>Chartered Accountants<br>Flat No: 201, KOR Residency,<br>H.No:8-3-966/16, Road No:3,<br>Nagarjuna Nagar, Srinagar Colony,<br>Hyderabad – 500 073.                                   |
| <b>Bankers</b>                       | :<br><br>Canara Bank, Prime Corporate Branch,<br>Secunderabad<br><br>HDFC Bank Ltd.<br>Lakdikapul, Hyderabad.<br><br>State Bank of India<br>Overseas Branch, Hyderabad.                                      |
| <b>Registered Office</b>             | :<br>ASTRA Towers, Survey No.12(P),<br>Kothaguda Post, Kondapur,<br>Hitechcity, Hyderabad – 500 084.<br>Phone: 040-30618000 / 8001<br><b>Website: <a href="http://www.astramwp.com">www.astramwp.com</a></b> |

## Factories

- : **Unit I**  
Plot No.12, ANRICH Industrial Estate,  
Miyapur, IDA Bollarum,  
Medak (District) – 502 325 A.P.
- Unit II**  
Plot No.56A, 56B and 57A,  
ANRICH Industrial Estate,  
Miyapur, IDA Bollarum,  
Medak (District) – 502 325 A.P.
- Unit III**  
Survey No.1/1, Imarat Kancha,  
Raviryala Village, Maheswaram Mandal,  
Rangareddy (District) – 500 010 A.P.
- Unit IV**  
Plot No: 18, 19, 20 & 21 (Part)  
Hardware Park, Sy.No: 1/1,  
Imarat Kancha of Ravirayal Village,  
Maheswaram Mandal, R.R.Dist.

## Registrars

- : Purva Sharegistry (India) Pvt. Ltd.,  
Shiv Shakti Industrial Estate,  
Unit No.9 , Ground Floor,  
7 B J R Boricha Marg,  
Lower Parel, Mumbai - 400 011  
Tele:91-022-23016761  
Email:busicomp@vsnl.com

## Listing

- : The Bombay Stock Exchange Ltd.,  
The National Stock Exchange of India Ltd.

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty First Annual General Meeting of the Members of Astra Microwave Products Limited will be held at Hotel Daspatha, Road No:37, Jubilee Hills, Hyderabad – 500 033, on Monday, the 30th July, 2012 at 3.00 P.M. for the transaction of the following business:-

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2012, 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. P.A. 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.

### SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution: “RESOLVED THAT, in modification of the resolution, limiting the borrowing powers of the Board of Directors of the Company upto Rs. 250 crores (Rupees Two hundred and fifty crores only) in excess of the aggregate of the paid up capital of the company and its free reserves, passed by the company at the Fourteenth Annual General Meeting of the Company held on 25th July, 2005, the Board of Directors of the Company be and is hereby authorized under Section 293(1)(d) of the Companies Act, 1956, to borrow from time to time all such sums of money as they may deem requisite for the purpose of the business of the Company provided that the moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from the company’s bankers in the ordinary course of business) shall not exceed the aggregate of the paid up capital and free reserves by more than Rs. 500 crores (Rupees Five hundred crores only).”
7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution: “RESOLVED THAT, in modification of the resolution passed at the Fourteenth Annual General Meeting of the Company held on 25th July, 2005, the consent of the Company be and is hereby accorded to the Board of Directors pursuant to the provisions of Section 293(1)(a) of the Companies Act, 1956 and other applicable provisions, if any, read with Article 32 of the Articles of Association of the Company, for the creation of such mortgages, charges and hypothecations, on all immovable and movable properties of the company, both present and future, up to an amount not exceeding the aggregate of the paid up capital and free reserves by more than Rs. 500 crores (Rupees Five hundred crores only) in favour of lending Financial Institution (s) / Corporate Body (s) / person (s) / Corporation (s) / Government (s) / Lenders (s) / Bank (s) for moneys borrowed or to be borrowed.”

FURTHER RESOLVED THAT the Board of Directors of the company be and are hereby authorized to finalise the terms and conditions for creating the aforesaid mortgages and / or charges and to do all such acts and things as may be necessary for giving effect to this resolution.”

By order of the Board  
For **Astra Microwave Products Limited**

Hyderabad  
26th April, 2012

**B.Malla Reddy**  
Managing Director

### NOTES:

1. A Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote in the meeting and the proxy need not be a member of the Company.
2. The instrument appointing the proxy must be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.
3. Members / proxies should bring duly filled Attendance Slips sent herewith to attend the meeting.
4. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.
5. The register of members and share transfer books of the Company will remain closed from 23rd July, 2012 to 30th July, 2012 (both days inclusive).

6. The dividend of Rs.0.70/- per share for the year ended March 31, 2012 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 30th July, 2012. 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.
7. Members whose shareholding is in the electronic mode are requested to inform change of address and updates of savings bank account details to their respective depository participants. Members are encouraged to utilize the Electronic Clearing System (ECS) for receiving dividends. While members holding shares in physical form, may write to the Registrar and Transfer Agent for any change in their addresses immediately so as to enable the Company to dispatch dividend warrants at their correct addresses.
8. Members wishing to claim dividends, which remain unclaimed are requested to correspond with the Company Secretary, at the Company's registered office. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 205A of the Companies Act, 1956, be transferred to the Investor Education and Protection Fund.
9. Astra is concerned about the environment and utilizes natural resources in a sustainable way. The Ministry of Corporate Affairs (MCA), Government of India, has by its Circular Nos. 17/2011 and 18/2011, dated April 21, 2011 and April 29, 2011 respectively, permitted companies to send official documents to their shareholders electronically as part of its green initiatives in corporate governance.

Recognizing the spirit of the circular issued by the MCA, we are sending documents like the Notice convening the general meetings, Financial Statements, Directors' Report, Auditors' Report, etc, to the email address provided by you with your depositories.

We request you to update your email address with your depository participant to ensure that the annual report and other documents reach you on your preferred email account.

#### **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 6 and 7 of the accompanying notice dated 26th April, 2012.

##### **Item: 6**

The Board of Directors of the Company were authorized by the Members of the Company under section 293(1)(d) of the Companies Act, 1956 at the Fourteenth Annual General Meeting of the Company held on 25th July, 2005 to borrow funds upto Rs. 250 crores (Rupees Two hundred and fifty crores only) in excess of the aggregate of the paid up capital and free reserves (other than temporary loans obtained from the company's bankers in the ordinary course of business).

In order to meet the increased long term fund requirements and for financing the present and future projects of the Company, the Board of Directors request the members to accord their consent to borrow funds upto Rs. 500 crores (Rupees Five hundred crores only) in excess of the aggregate of the Company's paid up capital and free reserves in terms of Section 293(1)(d) of the Companies Act, 1956.

The resolution has accordingly been proposed for approval by the shareholders pursuant to Section 293(1)(d) of the Companies Act, 1956.

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

##### **Item:7**

As per the existing limits, the Board of Directors have powers to create charge on the movable and immovable assets of the company up to an amount of Rs. 250 crores (Rupees Two hundred and fifty crores only) in excess of the aggregate of the paid up capital and free reserves in favour of lending Financial Institution (s) / Bank (s) etc.,

To meet the increasing requirements of the funds, the Board of Directors are required to borrow funds from time to time, for which mortgages / charges / hypothecations are to be created on the movable and immovable assets of the company and hence it is considered necessary to enhance the said limit upto Rs. 500 crores (Rupees Five hundred crores only) in excess of the aggregate of the Company's paid up capital and free reserves.

The resolution has accordingly been proposed for approval by the shareholders pursuant to Section 293(1)(a) of the Companies Act, 1956.

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

By order of the Board  
For **Astra Microwave Products Limited**

Hyderabad  
26th April, 2012

**B.Malla Reddy**  
Managing Director



## DIRECTORS' REPORT

**To the members,**

We are delighted to present the report on our business and operations for the year ended March 31, 2012.

### FINANCIAL PERFORMANCE

| Particulars                  | ₹ in lacs |         |
|------------------------------|-----------|---------|
|                              | 2011-12   | 2010-11 |
| Sales                        | 20375     | 16120   |
| Profit before depreciation   | 5409      | 3684    |
| Depreciation                 | 1244      | 1242    |
| Profit before tax            | 4381      | 2438    |
| Provision for taxation       | 1061      | 578     |
| Profit after tax             | 3320      | 1860    |
| EPS (in ₹)                   | 4.06      | 2.27    |
| Paid up Equity Share capital | 1636      | 1636    |
| Reserves                     | 15494     | 12839   |
| Dividend (in percentage)     | 35        | 25      |

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 ₹ 0.70/- per equity share of ₹ 2/- for the financial year 2011-12. 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 30th July, 2012.

### TRANSFER TO RESERVES

Your Directors have proposed to transfer ₹ 350 lacs to the General Reserve retaining ₹ 2304 lacs 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

In accordance with the provisions of the Companies Act, 1956, Mr.P.A.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;
- 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**

The Company sold entire investments held in the subsidiary company during the financial year.

#### **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.

#### **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 II to the Directors' Report.

#### **EMPLOYEE RELATIONS**

Employee relations were cordial during the year and the Board would like to place on record 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.

**For and on behalf of the Board of Directors**

Hyderabad  
26<sup>th</sup> April, 2012

**Mr. B. Malla Reddy**  
Managing Director

**Mr. P. A. Chitrakar**  
COO

## 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.

During the year the R&D wing of the Company has developed innovative designs useful for manufacture of cost effective products. The research and development efforts of the Company are customer need 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.

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

| Particulars                                                | ₹ in lacs |         |
|------------------------------------------------------------|-----------|---------|
|                                                            | 2011-12   | 2010-11 |
| a. Capital                                                 | 163       | Nil     |
| b. Recurring                                               | 711       | 399     |
| c. Total                                                   | 874       | 399     |
| d. Total R&D expenditure as a percentage of total turnover | 4.46%     | 2.47%   |

### 3. Technology Absorption, Adoption and Innovation

The Company works on in house technology. However, the company has one contract for Technology, Transfer, Absorption and adoption with a foreign company for a specific program which enables us to supply sub-systems for a Radar program of DRDO labs. Since, the program is still in absorption and development stage no quantitative details are available as of now.

### 4. Particulars of foreign exchange earnings and outgo

The Company did well in exports due to Defence Offset opportunities and has bright prospects for the future also. Foreign Exchange outgo and earnings

| Particulars                       | ₹ in lacs     |             |
|-----------------------------------|---------------|-------------|
|                                   | 2011-12       | 2010-11     |
| Foreign Exchange outgo:           |               |             |
| On account of raw materials       | 6446          | 5762        |
| On account of capital goods&Tools | 600           | 500         |
| On account of revenue expenses    | 47            | 35          |
| On account of equity dividend     | 1.50          | 1.00        |
| <b>Total</b>                      | <b>7094.5</b> | <b>6298</b> |
| Foreign Exchange Earnings         | 1565          | 3427        |

**For and on behalf of the Board of Directors**