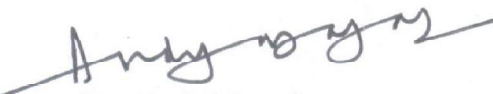



**FORMAT OF COVERING LETTER OF THE ANNUAL AUDIT REPORT TO BE
FILED WITH THE STOCK EXCHANGES**

1.	Name of the Company	Avantel Limited
2.	Annual financial statements for the year ended	31 st March, 2014
3.	Type of Audit observation	Unqualified
4.	Frequency of observation	N. A

For Avantel Limited


Dr. A. Vidya Sagar
Managing Director

For Avantel Limited

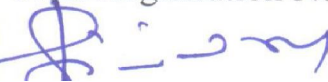

A. Sarada
Director (F&A) - CFO

For Avantel Limited


N. Naveen

For M/s Ramanatham & Rao
Chartered Accountants
Firm Registration No. 002943S





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Annual Report
2013 - 2014

BOARD OF DIRECTORS

Maj Gen. Dr. Rajinder Kumar Bagga, AVSM (Retd.)

Dr. A. Vidya Sagar

Mrs. A. Sarada

Shri N. Naveen

Shri Y. Kishore

Maj. Gen. Balakrishnan, VSM (Retd.)

Chairman

Managing Director

Director (Finance & Accounts)

Director

Director

Director

Statutory Auditors:

M/s. Ramanatham & Rao.,

P.B.No:2102,

Flat #302, Kala Mansion,

Sarojini Devi Road,

Secunderabad-500003

Registered Office:

CIN : L72200AP1990PLC011334

Sy. No. 141, Plot No 47/P, APIIC Industrial Park,

Gambheeram (V), Anandapuram (M),

Visakhapatnam-531 163, A.P.

Phone : +91 - 891 - 6698000

Fax : +91 - 891 - 6698004

Cost Auditor:

Mr. N.V.S. Kapardhi

Cost Accountant

SRT 148, S.R. Nagar,

Hyderabad - 500 038

Corporate Office:

Plot No 16, Sector-III, HUDA Techno Enclave,

Opp. K. Raheja IT Park, Madhapur,

Hyderabad-500 081

Phones : +91 - 40 - 6630 5000

Fax : +91 - 40 - 6630 5004

Registrar & Share Transfer Agents:

Karvy Computershare Private Limited

Plot No 17 to 24, Vittalrao Nagar

Madhapur, Hyderabad-500 081

Phones : 040-44655000

Fax : 040-23420814

Email : einward.ris@karvy.com

Bankers:

Canara Bank

Industrial Finance Branch

H.No. 3-5-874/19/1 to 3

Beside Old MLA Quarters, Hyderguda

Hyderabad - 500 029

Ph. No. 040-23436945

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NOTICE

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the members of the Company will be held on Thursday, 25th September, 2014 at 11.00 A.M. at the Registered Office of the Company at Sy No. 141, Plot No. 47/P, APJIC Industrial Park, Gambheeram(V), Anandapuram (M), Visakhapatnam, Andhra Pradesh - 531163 to transact the following business:

ORDINARY BUSINESS:

- 1) To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2014 and the Statement of Profit and Loss for the financial year ended on that date and the Report of Directors and the Auditors thereon;
- 2) To appoint a Director in place of Dr. A Vidya Sagar (DIN : 00026524) who retires by rotation and being eligible, offers himself for re-appointment;
- 3) To re-appoint auditors and fix their remuneration by passing the following resolution

“RESOLVED THAT, pursuant to the provisions of Section 139 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, and pursuant to the recommendations of the Audit Committee, M/s Ramanatham & Rao, Chartered Accountants (Firm registration No. 002934S), be and are hereby re-appointed as the statutory auditors of the Company, to hold office from the conclusion of this AGM to the conclusion of the 29th AGM (subject to ratification of the appointment by the members at every AGM held after this AGM) at such remuneration as may be decided by the Board of Directors.”

SPECIAL BUSINESS :

- 4) TO APPROVE THE REMUNERATION PAYABLE TO THE COST AUDITORS OF THE COMPANY FOR THE FINANCIAL YEAR 2014-15.

To consider and if, thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sec. 148 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Cost Records and

Audit) Rules, 2014, the consent of the members be and is here by accorded to pay a remuneration of ₹20,000/- per annum plus out of pocket expenses to Mr. N.V.S. Kapardhi Cost Accountant, the Cost Auditor of the Company for conducting the audit of the cost records of the Company for the financial year 2014-15.”

- 5) TO CONSIDER AND APPROVE THE APPOINTMENT OF MAJ GEN S BALAKRISHNAN, VSM (RETD.) (DIN: 00026612) AS DIRECTOR OF THE COMPANY

To consider and if, thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT Maj. Gen S. Balakrishnan VSM, (Retd) (DIN: 00026612) who was appointed as an Additional Director at the meeting of the Board of Directors held on 31st October, 2013 and who holds office as such upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

- 6) TO CONSIDER AND APPROVE THE APPOINTMENT OF MRS. A. SARADA (DIN: 00026543) AS DIRECTOR OF THE COMPANY

To consider and if, thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mrs. A. Sarada, (DIN: 00026543) who was appointed as an Additional Director at the meeting of the Board of Directors held on 14th May, 2014 and who holds office as such upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under section 160 of the Companies Act, 2013 proposing her candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

- 7) TO CONSIDER AND APPROVE THE APPOINTMENT OF MRS. A. SARADA (DIN: 00026543) AS WHOLE-TIME DIRECTOR OF THE COMPANY

To consider and if, thought fit, to pass with or without modification(s), the following resolution as an Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 196, 197 and 203 read with Schedule V and other applicable provisions of Companies Act, 2013, and the rules made thereunder, the approval of the members of the Company be and is hereby accorded for the appointment of Mrs. A. Sarada (DIN: 00026543) as the Director (Finance & Accounts) of the Company for a period of 3 (three) years w.e.f. 14th May, 2014 and the said Director shall be paid a remuneration of Rs 75,000 per month as approved by the Nomination and Remuneration Committee which shall also be the minimum remuneration payable in the event of loss or any inadequacy of profits in any particular financial year during her tenure.”

- 8) TO CONSIDER AND APPROVE THE APPOINTMENT OF MAJ GEN DR. R K BAGGA, AVSM (RETD) (DIN: 03505430) AS INDEPENDENT DIRECTOR OF THE COMPANY

To consider and if, thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution

“RESOLVED THAT, pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013, and the Rules made thereunder Maj Gen Dr. R K Bagga, AVSM, (Retd), (DIN: 03505430) an Independent Director and in respect of whom the Company has received a notice under Section 160 of the Companies Act, 2013 proposing his candidature for the office of director of the Company, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 5 years up to the conclusion of 29th Annual General Meeting.”

- 9) TO CONSIDER AND APPROVE THE APPOINTMENT OF SHRI NAVEEN NANDIGAM (DIN: 02726620) AS INDEPENDENT DIRECTOR OF THE COMPANY

To consider and if, thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution

“RESOLVED THAT, pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013, and the Rules made thereunder Shri Naveen Nandigam (DIN: 02726620) an Independent Director and in respect of whom the Company has received a notice under Section 160 of the Companies Act, 2013 proposing his candidature for the office of director of the Company, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 5 years up to the conclusion of 29th Annual General Meeting.”

- 10) TO CONSIDER AND APPROVE THE APPOINTMENT OF SHRI YALAMANCHILI KISHORE (DIN: 01633048) AS INDEPENDENT DIRECTOR OF THE COMPANY

To consider and if, thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution

“RESOLVED THAT, pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013, and the Rules made thereunder Shri Yalamanchili Kishore (DIN: 01633048) an Independent Director and in respect of whom the Company has received a notice under Section 160 of the Companies Act, 2013 proposing his candidature for the office of director of the Company, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 5 years up to the conclusion of 29th Annual General Meeting.”

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND TO VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxy forms in order to be effective must be received by the Company not less than 48 hours before the meeting.
2. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 20th September, 2014 to Thursday, 25th September, 2014, (both days inclusive) for the purpose of Annual General Meeting.
4. Members seeking information with regard to accounts of the Company are requested to send their queries, if any, so as to reach at least seven (7) days before the meeting, to enable the management to keep the information ready.
5. Members having physical shares are requested to notify immediately changes, if any, in their addresses to the Company, duly quoting their folio number. However, members holding shares in demat mode are requested to approach their respective Depository Participants, for updating the change of address.
6. Members are requested to bring their copy of the Annual Report to the meeting.
7. The annual report for the financial year 2013-14 has been sent through email to those members who have opted to receive electronic communication or who have registered their email addresses with the Company/depository participants. The annual report is also available on our website, i.e. www.avantel.in. The physical copy of the annual report has been sent

to those members who have either opted for the same or have not registered their email addresses with the Company/depository participant. The members will be entitled to a physical copy of the annual report for the financial year 2013-14, free of cost, upon sending a request to the Company Secretary at Plot No. 16, Sector III, HUDA Techno Park, Opp. Raheja IT Park, Madhapur, Hyderabad – 500081.

8. In accordance with the provisions of section 205C of the Companies Act, 1956, the un-claimed dividends pertaining to the financial years 2012-13, 2011-12, 2010-11, 2009-10, 2008-09, 2007-08 and 2006-07 will be transferred to the 'Investor Education and Protection Fund' of the Central Government on the dates mentioned below. Those shareholders, who have not en-cashed so far these dividend amounts may please claim the same by approaching the Registrars for payment thereof:

Dividend period	Due date of transfer
2006-07	27.10.2014
2007-08	23.10.2015
2008-09	20.10.2016
2009-10	03.11.2017
2010-11	01.10.2018
2011-12	28.07.2019
2012-13	01.09.2020

In terms of provisions of section 205C of the Companies Act, 1956, no claims shall lie against the Company or the aforesaid Fund in respect of individual amounts, which remains unclaimed or unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.

9. The Companies Act, 2013 and amended Clause 35B of the Listing Agreement requires a listed Company to provide e-voting facility to its shareholders, in respect of all shareholders' resolutions, to be passed at General Meetings. The Company is pleased to offer e-voting facility as an alternate, for all its Members to enable them to cast their vote electronically.

In case a Member desires to exercise his vote by using e-voting facility then he has to carefully follow the instructions as given for E-Voting. He can use the facility and log in any number of times till he has voted on the resolution or till the end of the voting period whichever is earlier.

10. Mr. Karra SVS Sastry, Practicing Company Secretary (Membership No.A18995) has been appointed by the Board as Scrutinizer for the purpose of ascertaining the requisite majority for all the businesses in a fair and transparent manner.
11. The results declared along with the scrutinizer's report will be placed on the website of the company.
12. Pursuant to Clause 49 of the Listing Agreement, brief profiles of Directors including those proposed to be appointed or re-appointed is annexed to this notice.

By Order of the Board

Place : Hyderabad
Date : 31.07.2014

Sona Rajora
Company Secretary

STATEMENT TO BE ANNEXED TO THE NOTICE

(Pursuant to Section 102(1) of the Companies Act, 2013)

Item No.4:

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 the Company is required to get its cost accounts Audited by a cost accountant in practice. The Board has, on the recommendation of the Audit Committee, approved the appointment of Mr. N.V.S. Kapardhi, Cost Accountant as the Cost Auditor of the Company to conduct Cost Audit for the financial year 2014- 15, at a remuneration of ₹ 20,000/- per annum plus out-of-pocket expenses.

Mr. N.V.S. Kapardhi has vast experience in the field of cost audit and has been conducting the audit of the cost records of the Company since the past few years under the provisions of the erstwhile Companies Act, 1956.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, the consent of the members is sought for passing an Ordinary Resolution as set out in Item No. 4 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year 2014-15.

None of the Directors / Key Managerial Personnel /Managers of the Company / their relatives are in any way concerned or interested, financially or otherwise, in this resolution.

The Board recommends the resolution for your approval.

Item No. 5:

Pursuant to the provisions of Section 161 and other applicable provisions of the Companies Act, 2013 read with Article 97 of the Articles of Association of the Company, Maj. Gen S. Balakrishnan, VSM (Retd) was appointed as an Additional Director of the Company in the Board Meeting held on 31st October, 2013. He continues to hold office until the conclusion of the ensuing AGM.

The Company has also received notice from member along with the deposit of requisite amount under Section 160 of the Act proposing his candidature for the office of Director of the Company. Further, his office will be liable to retire by rotation.

Maj. Gen S. Balakrishnan, VSM (Retd) is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as a Director. He holds 8,930 equity shares of the Company.

Save and except Maj. Gen S. Balakrishnan, VSM (Retd) and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel/Managers of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

The Board recommends the resolution for your approval.

Item No. 6 & 7:

Pursuant to the provisions of Section 161 and other applicable provisions of the Companies Act, 2013 read with Article 97 of the Articles of Association of the Company, Mrs. A Sarada

was appointed as an Additional Director of the Company in the Board Meeting held on 14th May, 2014. She continues to hold office until the conclusion of the ensuing AGM.

The Company has also received notice from member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mrs. A. Sarada for the office of Directors of the Company.

As per Section 149 of the Companies Act 2013 read with Companies (Appointment and Qualification of Directors) Rules 2014 and Clause 49 of the Listing Agreement every listed company is required to appoint a woman director on the Board.

In compliance with the aforesaid provisions, Mrs A Sarada was appointed as Whole Time Director (Finance & Accounts) & CFO in the Board Meeting held on 14th May, 2014 subject to the approval of members for period of 3 years w.e.f 14th May, 2014.

The resolutions seeks the approval of the members in terms of Sections 196, 197 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013, and the Rules made thereunder for the appointment of Mrs A Sarada as a Whole Time Director for a period of 3 (three) Years commencing from 14th May, 2014. A brief profile of Mrs. A. Sarada is also provided in the Directors profile section.

It is proposed that Mrs. A Sarada will be liable to retire by rotation. She holds 2,45,396 equity shares of the Company.

Mrs. A. Sarada is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given her consent to act as a Director.

Mrs. A. Sarada shall be deemed to be concerned or interested, to the extent of the aforesaid shareholding and Dr. A. Vidya Sagar, Managing Director of the Company, who is her relative and their other relatives, to the extent of their shareholding interest in the Company, may be deemed to be concerned or interested in the said resolutions.

Save and except the above, none of the other Directors / Key Managerial Personnel / managers of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

The Board recommends the above said resolutions for your approval.

Item No. 8, 9 & 10:

The proposed Directors were appointed as the Independent Directors liable to retire by rotation under the erstwhile

Companies Act, 1956. However, as per Section 152 of the Companies Act, 2013, Independent Directors are not liable to retire by rotation and can be appointed by the Board for a term not exceeding 5 years.

As per Section 149 of the Companies Act, 2013, an Independent Director can hold office for a term up to 5 (five) consecutive years on the Board of a company and he shall not be included in the total number of directors for retirement by rotation. Hence, it is proposed that Maj Gen Dr. R K Bagga, AVSM, (Retd), Shri Naveen Nandigam and Shri Yalamanchili Kishore be appointed for a term of 5 (five) years respectively, not liable to retire by rotation.

The Company has also received notices from members along with the deposit of requisite amount under Section 160 of the Act proposing the candidatures of each of the aforesaid Directors for the office of Directors of the Company.

The Directors are not disqualified from being appointed as Directors in terms of Section 164 of the Companies Act, 2013 and they do not hold any shares of the Company. The proposed directors are independent of the management.

The Directors had declared their independency as per the provisions of Sec. 149(6) in the first meeting of the Board held on 14th May, 2014.

Maj Gen Dr. R K Bagga, AVSM, (Retd), Shri Naveen Nandigam and Shri Yalamanchili Kishore and their relatives shall be deemed to be interested in the resolutions set out respectively at Item Nos. 8, 9 & 10 of the Notice with regard to their respective appointments to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel / managers of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

The Board recommends the above said resolutions for your approval.

By Order of the Board

Place : Hyderabad
Date : 31.07.2014

Sona Rajora
Company Secretary

BRIEF PROFILE OF DIRECTORS IN PURSUANCE OF LISTING AGREEMENT

Dr. A. Vidya Sagar:

Dr. A Vidya Sagar is an Engineering Master Graduate. He did his B.Tech from JNTU, Kakinada, Andhra Pradesh from 1977 to 1981 and also did his Master of Engineering from IIT, Kharagpur from 1981 to 1983. He also did Master of Business Administration from Osmania University, Hyderabad in the year 1989-1991. Dr. Sagar received Doctorate from JNTU, Hyderabad for his outstanding work on E- Learning.

Dr. Sagar promoted Avantel Ltd., in the year 1993. Avantel now has world-class infrastructure for design, manufacture and development of Wireless Products for Defence, Satellite Communications and Export Markets.

Dr. Sagar is a dedicated and committed personality with rich experience of more than 25 years in the telecommunications, software and satellite communication sectors.

Following are few of his career achievements:

- ◆ Designed Circuits and Micro Electronic Modules for Fighter Aircrafts and Electronic Warfare Systems.
- ◆ Designed Communications Equipment for Ground-to-Air and Air-to-Air Communications in Fighter Aircrafts.
- ◆ Project Appraisal for Techno-Economic feasibility of Technology driven SMEs in the areas of Electronics, Telecom, Information Technology and Medical Services, Software Development and Project Management.

Other Directorships : Nil

He does not hold any Chairmanship or Membership of any Committee in any other Company.

Mrs. A. Sarada

She has done Bachelor of Communication and Journalism from Padmavati University and Masters in Business Administration from Madhurai Kamraj University. Mrs A Sarada was associated with the Company from 1992 to 2000 as Director (Accounts). During these 8 years of her journey, she made significant contributions to the growth of the Company.

Mrs A Sarada was associated with the Company from 1992 to 2000 as Director (Accounts). During these 8 years of her journey, she made significant contributions to the growth of the Company.

Other Directorships : M/s. Wiki Kids Ltd. (Director)

She does not hold any Chairmanship or Membership of any Committee in any other Company.

Maj. Gen. S. Balakrishnan, VSM (Retd)

Maj Gen S Balakrishnan, VSM (Retd) has done engineering in 1959. Later, in 1977 he did his M.tech with distinction. He has also done Ptsc from IAT, Pune with honours. He had done PGDIE&M from JNTU, Hyderabad. He is also a fellow of the Indian Institute of Engineers (India).

Maj Gen S Balakrishnan, VSM (Retd) belongs to the Corps of Electrical and Mechanical Engineers (EME) of the Indian Army and was responsible to maintain all equipments/ systems like Wireless sets, Radars, Vehicles, Instruments and Armaments held by the Army.

For the good work done by him, he has received the Prestigious Awards, namely the Commendation of the Chief of Army Staff (Twice) and the distinguished Vasist Seva Medal (VSM) from the President of India in 1993.

He has rich experience in Project Management of Electronic Warfare System (EW). He was responsible for the Technical Co-ordination in Defence Electronic Research Laboratory prior to taking up the Project Management Work.

Other Directorships : Nil

He does not hold any Chairmanship or Membership of any Committee in any other Company.

BRIEF PROFILE OF INDEPENDENT DIRECTORS IN PURSUANCE OF SCHEDULE IV OF THE COMPANIES ACT, 2013

Maj. Gen. Dr. Rajinder Kumar Bagga, AVSM (Retd.) :

Maj. Gen. Dr. R.K. Bagga, AVSM (Retd.), is the Advisor (Outreach Division) at International Institute of Information Technology Hyderabad, since July 2004. He is responsible for International Programs, Research by international and national collaborations for IIIT-H. Dr. Bagga was a Professor and CMC Chair in the area of Information Technology and guided Research & Consultancy Assignments for Government and Corporate Sectors at Administrative Staff College of India (ASCI).

Dr. Bagga joined Army in 1958 and superannuated as Director- Computer and Information Centre & Associate Director, DRDL, Hyderabad, after 40 years in uniform. A product of National Defence Academy Kharakvasla, he obtained M Tech(CS) from IIT Kanpur, PhD from Osmania University and MA, LLB from Agra University, while in Service.

Maj. Gen. Dr. R.K. Bagga (Retd.) has received the prestigious ATI VISHISHT SEVA MEDAL (AVSM) on 26th January, 1987,

for his contribution to Missile Programme of DRDO. He was honoured with CSI - FELLOWSHIP AWARD in 1998. He was an active Indian representative of International Federation of Information Processing (IFIP) from 1992-95. He was Chairman, Computer Society of India - Div VII (Data Security) from 2003-2005, Chairman Div V (Data Comm.) from 2001-2003 and Chairman of Hyderabad Chapter. He has held the post of Chairman, Hyderabad Section of Institute of Electrical and Electronic Engineers (USA) and Chairman of India Council IEEE, Computer Society (USA). His areas of interest include e-Security, e-Governance and Simulation. He is at present Chairman of the Company.

Other Directorships : Nil

He does not hold any Chairmanship or Membership of any Committee in any other Company.

Shri Yalamanchili Kishore:

Shri Yalamanchili Kishore has done B.Tech in Electronics and Communication Engineering and M.Tech in Controls and Instrumentation from IIT, Bombay.

Shri Kishore is having 28 years of experience spanning all aspects of software products delivery - Presales, Consulting, Implementation, Engineering and Support – to global customers. Currently, he is associated with SEEC Technologies Asia Pvt Ltd., Hyderabad, as a Sr. Vice President - Product Development.

Some of the notable achievements of Shri Kishore are successful in setting up of off-shore product development

team for SEEC Composite Application Suite and in delivering quality products on time using offshore delivery model. He was also involved in setting up of software engineering practices, monitoring and improvement of quality processes.

Other Directorships : Nil

He does not hold any Chairmanship or Membership of any Committee in any other Company.

Shri Naveen Nandigam

Shri Naveen Nandigam is a fellow member of Institute of Chartered Accountants of India (ICAI) and he has been in CA practice since 1990.

In the year 1993 with a passion to make a difference to the student community he started DIGVIJAY Coaching Center at Hyderabad to provide professional coaching to students pursuing CA, CS, CWA courses in India. Over the past 20 years, his committed passion and expertised team of faculties has produced more than 1000 CA, CS and CWA qualified professionals in India.

Shri Naveen Nandigan balances CA profession as well as his coaching assignments with each other.

Other Directorships : Sai Silks (Kalamandir) Ltd.

He is the Chairman / Member of following Committees of Sai Silks (Kalamandir) Ltd.

Audit Committee - Chairman

Remuneration Committee - Chairman

Shareholders and Investors Grievance Committee - Member

ELECTRONIC VOTING PARTICULARS

Pursuant to the provisions of Section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-voting facility to the members to cast their votes electronically on all resolutions set forth in the Notice convening the 24th Annual General Meeting to be held on Thursday, 25th September 2014, at 11.00 A. M. The Company has engaged the services of Karvy Computershare Pvt. Ltd to provide the E-Voting facility.

The E-Voting facility is available at the link <https://evoting.karvy.com>

The period of E-voting is set out below:

Commencement of e-Voting	End of e-Voting
Friday, 19th September, 2014 (9.00 a.m.)	Sunday, 21st September, 2014 (6.00 p.m.)

Note: Please read the instructions printed over leaf carefully before exercising your vote.

PROCEDURE AND INSTRUCTIONS FOR E-VOTING

- (a) In case of Shareholders' receiving e-mail from Karvy Computershare Pvt. Ltd
The instructions for e-Voting are as under:

- i) Open your web browser during the voting period and navigate to 'https://evoting.karvy.com'
- ii) Enter the login credentials (i.e., user-id & password) mentioned on the Postal Ballot Form. Your folio/DP Client ID will be your User-ID.

User – ID	<p>For Members holding shares in Demat Form:</p> <p>a) For NSDI :- 8 Character DP ID followed by 8 Digits Client ID</p> <p>b) For CDSL :- 16 digits beneficiary ID</p> <p>For Members holding shares in Physical Form:</p> <ul style="list-style-type: none"> • Event no. followed by Folio Number registered with the company
Password	Your Unique password is printed on the Postal Ballot Form / via email forwarded through the electronic notice
Captcha	Enter the Verification code i.e., please enter the alphabets and numbers in the exact way as they are displayed for security reasons.

- iii) Please contact our toll free No. 1-800-34-54-001 for any further clarifications.
- iv) After entering these details appropriately, click on "LOGIN".
- v) Members holding shares in Demat/Physical form will now reach Password Change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. Kindly note that this password can be used by the Demat holders for voting for resolution of any other Company on which they are eligible to vote, provided that Company opts for e-voting through Karvy Computershare Private Limited e-Voting platform. System will prompt you to change your password and update any contact details like mobile #, email ID etc on 1st login. You may also enter the Secret Question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- vi) You need to login again with the new credentials.
- vii) On successful login, system will prompt to select the 'Event' i.e., 'Company Name'.
- viii) If you are holding shares in Demat form and had logged on to "https://evoting.karvy.com" and casted your vote earlier for any company, then your exiting login id and password are to be used.
- ix) On the voting page, you will see Resolution Description and against the same the option 'FOR/AGAINST/ABSTAIN' for voting. Enter the number of shares (which represents number of votes) under 'FOR/AGAINST/ABSTAIN' or alternatively you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR/AGAINST' taken together should not exceed your total shareholding. If the shareholder do not wants to cast, select 'ABSTAIN'
- x) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xi) Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
- xii) Corporate/Institutional Members (corporate /FIs/FILs/Trust/Mutual Funds/Banks, etc) are required to send scan (PDF format) of the relevant Board resolution to the Scrutinizer through e-mail to avantelscrutinizer@gmail.com with copy to evoting@karvy.com. The file scanned image of the Board Resolution should be in the naming format "Corporate Name_e-voting Avantel."
- xiii) The voting rights of the shareholders shall be in proportion to the shares held by them, of the paid-up equity share capital of the company as on the cut-off date of Friday, 22nd August, 2014.

By Order of the Board

Place : Hyderabad
Date : 31.07.2014

Sona Rajora
Company Secretary

DIRECTORS' REPORT

Dear Members,

Your Directors take pleasure in presenting the Twenty Fourth Annual Report on the operations of your Company and the Audited Accounts for the financial year ended 31st March, 2014 together with the Auditors' Report thereon.

FINANCIAL PERFORMANCE OF THE COMPANY:

Your Company's results for the year in comparison with the previous year are given below in a summarized format:

Particulars	(₹In Lakhs)	
	Current Year 2013-14	Previous Year 2012-13
Income	1318.91	4315.67
Expenses	1122.84	3270.64
Operating Profit	196.07	1045.03
Depreciation	198.99	126.40
Financial expenses	112.27	99.04
Profit/(Loss) before Tax (PBT)	(115.19)	819.59
Provision for tax:		
Current & Deferred	11.82	167.67
Profit/(Loss) after Tax (PAT)	(103.37)	651.92
Profit brought forward	984.05	623.25
Profit Available for Appropriation	880.68	1275.17
Appropriations:		
Transferred to General Reserve	-	160.00
Proposed Dividend	-	112.07
Corporate Dividend Tax	-	19.05
Balance carried to balance sheet	880.68	984.05
Earnings Per Share (EPS)		
- Basic	-	14.54
- Diluted	-	14.54

Your company's financial performance during the current year 2013-14 is quite unsatisfactory when compared to the last year as most of the orders for important projects have been delayed due to reasons beyond the control of the Company. However we are happy to inform you that we have now received the supply orders from Ministry of Defence and we are confident that the financial year 2014-15 will show good results.

1. DIVIDEND:

The Board of Directors does not recommend any dividend for the financial year under review due to the reason that the company has incurred loss of ₹115.19 lakhs for the year ending 31st March, 2014.

2. MANAGEMENT'S DISCUSSION AND ANALYSIS:

A. Macro-Economic Overview: Prospects of Indian Economy in 2014 -15

In the recent past, the Indian economy had to overcome varied challenges such as growth slowdown and inflationary pressures. The slowdown manifested in the decline in the growth of Gross Domestic Product (at factor cost at constant 2004-05 prices) from 8.9 per cent in 2010-11 to 6.7 per cent in 2011-12 and 4.5 per cent in 2012-13. With the economy projected to have registered a growth rate of 4.9 per cent in 2013-14, the declining trend in growth seems to have reversed. The World Economic Outlook (WEO) update released by the International Monetary Fund in January 2014 has revised the growth projection for the world economy slightly upwards to 3.0 per cent and 3.7 per cent for 2013 and 2014 respectively. From 2014 onwards, global growth prospects are projected to improve over the medium term at a gradual pace. (Source: India budget.nic.inub 2014-15).

B. Defence Overview 2014 – 2015

The current Defence Procurement Procedure (DPP)-2013 explicitly backs indigenous procurement over foreign purchases. It stipulates that Indian defence companies will get access to the military's long-term equipment roadmap, providing them with the time needed for developing the military's future equipment requirements; with a level playing field between the Defence Public Sector Undertakings (DPSUs) and private defence companies; simplifies the "Buy & Make (Indian)" procedure to benefit Indian industry; and defines ambiguous terms in the DPP like "indigenous content."

DPP-2013 lays down an order of preference for categories, in which building and buying in India is at the top and buying over-the-counter abroad is the last priority. The order of preference is: (1) “Buy (Indian)” (2) “Buy & Make (Indian)” (3) “Make” (4) “Buy & Make with ToT” and (5) “Buy (Global)”. Any proposal to select a particular category must now state reasons for excluding the higher preferred category/categories”. But DPP-2013’s most far-reaching change lies in its stringent definition of “indigenous equipment”. The successive DPPs of 2002, 2005, 2006, 2008, 2009 and 2011 have regarded all equipment purchased from Indian suppliers as “indigenous”, even when it contains 80-90 per cent foreign-sourced items, with just 10-20 per cent Indian components, that too in secondary fields like assembly and delivery. Now DPP-2013 rules that, “Import content in the products supplied by the sub-vendors will not qualify towards indigenous content”.

The new definition of “indigenous content” requires the following to be deducted from the cost of indigenous equipment: the direct costs of all materials, components, sub-assemblies, assemblies and products imported into India; the costs of all services obtained from non-Indian entities; all royalties, licence fees, technical fees etc. that are paid abroad. While vendors are allowed to self-certify the true value of indigenisation, certain safeguards have been put in place, such as the banning or suspending of a vendor for up to five years if any false certification is detected.

In addition to the steady evolution of the DPP over the years, there is recognition that the “Make” procedure needs to be simplified to attract more Indian private players into defence production. In addition to simplifying procedures in successive DPPs, a full-fledged exercise is underway to rewrite the ‘Make’ and the ‘Fast Track’ Procedure. This MoD insiders hope, might be completed by the end of this year.

MoD has also released the “Technology Perspective & Capability Road Map” (TPCR 2013), to provide the industry an overview of the direction in which the Armed Forces intend to head in terms of capability over the next 15 years, which in turn would drive the technology in the developmental process. It is based on the LTIPP of the Armed Forces. The document has been put up in the public domain in line with the vision of former defence minister Shri AK Antony, Raksha Mantri, to establish a level playing field for the Indian defence industry, both public sector and private sector. The new policy also entitles private companies to access to important details from the military’s 15-year Long Term Integrated Perspective Plan (LTIPP). This will allow industry the lead-time needed to meet future equipment needs.

ACCOMPLISHMENTS:

- Developed Satellite based Voice Communication Terminals for MR Aircrafts for Indian Defense Services.
- Developed and supplied Satellite Mobile Radio (SMR) for ISRO.
- Developed and supplied L-Band Demodulators for ISRO.
- Developed and supplied High Power Broad Band Power amplifier in the Frequency Band of 1 -2.5GHz, 500W for DRDO.
- Developed and supplied Portable Multimedia Terminals for ISRO.
- Developed Voice and Data Terminals using Auto tracking unit. (ATU).
- Developed Data Terminals for Helicopters, Submarines & Marine Commandos.

C. OVRVIEW OF OPERATIONS:

The Company has recorded a total income of ₹1318.91 Lacs as against ₹4315.67 Lacs for the previous year and has incurred a loss during the year at ₹103.37 lakhs as against profit after tax of ₹ 651.92 lakhs for the previous year.

D. OUTLOOK AND STRATEGY FOR CURRENT YEAR:

Your Company has developed Mobile Satellite Services based products and UHF Communication Systems and continue to offer solutions for various applications. Your company is looking forward to growth in this segment by offering integrated solutions for Airborne, Underwater platforms and special operations. The Company is also developing I KW HF- communication system for Indian Navy. The Priority segments include provision of MSS for Helicopters and UHF Satcom for MR class Aircrafts & Helicopters of Indian Navy.

E. INTERNAL CONTROL SYSTEMS:

Periodical internal quality audits and management review meetings ensure successful implementation of the Quality Management System. The ISO compliance Management Information System seamlessly integrates all the intra and inter-departmental activities of the organization, simultaneously ensuring data integrity and effective monitoring of the day-to-day operations. In addition, the Company has appointed independent internal auditors to carry out the internal audit on a regular basis. The internal audit is supplemented by external audit and periodic review by the Management.

F. INDUSTRIAL RELATIONS:

Your Company had harmonious relations throughout the year at all levels of the organization and would endeavor to maintain this cordial relationship in the future as well. Your Directors wish to place on record their deep sense of appreciation for the valuable work done and co-operation extended by the employees at all levels.

3. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Board of Directors hereby confirms that: -

- i. In the preparation of the annual accounts, the applicable Accounting Standards have been followed and there is no material departure.

- ii. Appropriate accounting policies have been selected and applied consistently and have 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 as at 31st March, 2014 and of the Profit of the Company for the year ended on that date.
- iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
- iv. Annual accounts have been prepared on a 'going concern' basis.

4. DEPOSITS:

During the year, the Company has not accepted any deposits covered under the provisions of Sec. 58A of the Companies Act, 1956, read with Companies (Acceptance of the Deposit Rules), 1975.

5. PARTICULARS OF EMPLOYEES:

The particulars of employees, which are required to be given under Sec 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Amendment Rules, 2011:

- a. Particulars of employees who are in receipt of ₹60 lakhs or more per annum: NIL
- b. Particulars of employees employed for a part of the financial year with a salary of ₹5 lakh or above per month : NIL

6. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT INCLUDING NUMBER OF PEOPLE EMPLOYED.

The Company believes that the quality of the employees is the key to its success in the long run and is committed to provide necessary human resource development and training opportunities to equip them with skills, enabling them to adopt the contemporary technology advancements.

An atmosphere of cordial relations with the employees has prevailed in the organization all over the year

During the year, the Company has organized training programmes for all the categories of employees in different segments to enable them to sharpen their skills, thereby increasing the overall efficiency of the organization

As on 31st March 2014, the employee strength stands at 165.

7. CONSERVATION OF ENERGY & FOREIGN EXCHANGE INFLOW AND OUTFLOW:

The details, as required under Sec 217(1) (e) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, are given in Annexure-I.

8. TECHNOLOGY, PATENTS, R&D AND INNOVATION:

Your Company has submitted five applications to the Patent office, Government of India, for grant of Patents under different R&D inventions. All are published in the Patents Journal and are waiting for further examination in chronological order of applications filed. The members will be informed of the grant of patents as and when they happen.

9. STATUTORY COMPLIANCE:

During the year, the company has complied with all the statutory provisions in all respects with regard to all the affairs of the Company.

10. CORPORATE GOVERNANCE:

The Company is committed to achieve the highest standards of corporate governance and it complies not with just letter of law but also spirit of law.

As required under Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on Corporate Governance practices followed by the Company together with a certificate from a Statutory Auditors of the company confirming compliance is annexed as part of the Annual Report in Annexure- II.

11. SECRETERIAL COMPLIANCE CERTIFICATE

Certificate from a Practicing Company Secretary as stipulated in Section 383A of the Companies Act, 1956 read with Companies (Compliance Certificate)

Rules, 2001 is annexed as part of the Annual Report in Annexure- III.

12. LISTING FEES:

The Company has paid the listing fees for the year 2014-15 to BSE Limited in pursuance of the Listing Agreement.

13. SHIFTING OF REGISTERED OFFICE:

During the year under review, the Company has shifted its Registered Office w.e.f 5th September, 2013 from Plot No. 16, Sector III, Huda Techno Enclave, Opp. K Raheja IT Park, Madhapur, Hyderabad-500081 to the Sy No. 141, Plot No 47/P, APIIC Industrial Park, Gambheeram (V), Anandapuram (M), Vishakhapatnam, Andhra Pradesh – 531163 by passing a Special Resolution through postal ballot.

14. AUDITORS:

M/s. Ramanatham & Rao, Chartered Accountants, the Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment for a term of 5 (five) years subject to the ratification by the members at every AGM in accordance with the provisions of Sec. 139 of the Companies Act, 2013 and the rules made thereunder.

The Company has received written consent from the Auditors and a confirmation to the effect that their re-appointment, if made, would be within the limits prescribed under Section 141 of the Companies Act, 2013 and the rules made thereunder.

15. COST AUDIT REPORT:

The Company has received the cost audit report from Mr. N.V.S. Kapardhi, Cost Accountant, the Cost Auditor for the financial year 2013-2014. There are no qualifications or remarks made by the cost auditors in their report.

The Board has reappointed Mr. N.V.S. Kapardhi, Cost Accountant, as Cost Auditor to carry out the Cost audit of the Company for the financial year 2014-15.

16. DIRECTORS:

During the year, the Board has appointed Maj. Gen S. Balakrishnan, VSM (Retd) as additional director in its

Board meeting held on 31st October, 2013 who holds office as such till the ensuing AGM.

The Board has also appointed Mrs A Sarada as Whole-Time Director (Finance & Accounts) of the Company for a term of 3 (three) years subject to the approval of members in their Meeting held on 14th May, 2014.

Pursuant to provision of Section 152 of the Companies Act, 2013 read with the rules made thereunder and Clause 49 of the Listing Agreement, all the Independent Directors are being appointed for a term of 5 (five) years and are not liable to retire by rotation.

In accordance with the provisions of Section 152 of the Companies Act, 2013, Dr. Vidya Sagar, Managing Director of the Company will retire by rotation and being eligible, offers himself for the re-appointment.

17. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

As per provisions of section 135 of the Companies Act, 2013 and the Rules made thereunder every Company meeting a specific criteria shall constitute a Corporate Social Responsibility Committee.

Keeping in view of the above legal requirements and in deference to the public interest, the Board in its Meeting held on 31st July, 2014 has constituted the Corporate Social Responsibility Committee with the following Directors.

Mrs. A. Sarada : Chairperson
Mr. N. Naveen : Member
Mr. Y. Kishore : Member

The terms of reference of the Committee covers the matters specified under section 135 and Schedule V of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

18. WHISTLE BLOWER POLICY:

In pursuance of the provisions of the section 177 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 and amended clause 49 of the listing agreement, the Board has established a vigil mechanism and adopted the Whistle Blower Policy for Directors and employees of the Company to enable them to report their genuine concerns about unethical behaviour, actual or suspected fraud, malpractices, or violation of the Company's code of conduct without any fear.

Shri Naveen Nandigam has been designated as the Ethics Counsellor for the purpose of effective implementation of the Whistle Blower Policy and redressal of complaints made under this policy.

19. DEMATERIALISATION OF SHARES:

As on 31st March, 2014, 97.69% of paid up capital is in dematerialized form.

20. ACKNOWLEDGEMENT:

Your Directors express their sincere appreciation and gratitude to Canara Bank, Industrial Finance Branch, Hyderabad, for their continued support and to all employees, shareholders, suppliers, customers and various statutory authorities, who have extended their immense support to the Company during the Financial Year under review.

For **Avantel Limited**

Y. Kishore
Chairman of the Meeting

Place : Hyderabad
Date : 31.07.2014

Annexure – I to the Directors’ Report

Information pursuant to Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

- A. Conservation of Energy :** Not applicable
- B. Particulars with respect to absorption of Technology, Research and Development (R&D) specific areas, in which R & D was carried out by the Company:**

Some of the important product details:

- ✓ MSS Transceivers for Helicopters.
- ✓ UHF Radio System for MR class Aircrafts
- ✓ Developed Real time Train Tracking and information system using SBC for Indian Railways
- ✓ Vessel Monitoring Systems using ATU for coastal surveillance.
- ✓ 1 KW HF Power Amplifier

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

The Company could offer indigenous, customized strategic solutions to Indian defense services including Indian Navy, Indian Coast Guard and Indian Army.

Future plan of Action:

The Company is designing and developing the following systems:

- ✓ UHF Radios for Helicopters
- ✓ MSS Terminals for Naval Helicopters.
- ✓ Development of MSS Terminals for Next Generation Satellite.
- ✓ Real Time Train Tracking Information System for Indian Railways
- ✓ 1 KW HF Radio for Indian Navy.
- ✓ MSS Terminals for Submarines.

Expenditure on Research & Development:

	₹ in Lakhs
Capital	9.32
Recurring	589.43
Total	598.75
Total R & D expenditure as % of Turnover	45.40

- C. Foreign Exchange Earnings and Outgo:**

The foreign exchange earnings and outgo during the year under review are as follows:

Foreign exchange earnings	: ₹4.26 Lakhs
Foreign exchange outgo	: ₹338.31 Lakhs

Annexure – II to the Directors' Report

Report on Corporate Governance

1. Company's Philosophy on Corporate Governance

Corporate Governance is based on the Principles of equity, fairness, integrity, transparency, accountability and commitment to values. Your Company adopts a business process which is aimed at enhancing an organization's wealth while being committed to high ethical values and conduct.

Your Company believes in complying with the spirit of the law and not just the letter of the law. We follow the policy of continual disclosure of accurate financial and governance information on our website to ensure investors awareness and protection. Our Board consists of experienced and participative independent directors which ensure independent and unbiased decision making process.

Your Company ensures application of best governance practices, adherence to high ethical values, healthy stakeholder relations and achievement of our objectives while meeting the stakeholder's needs

The Company has also adopted Code of Conduct for the Board of Directors and other Senior Management Personnel and also Whistle Blower Policy to enable the directors employees and to report their concerns directly to the Chairman of the Audit Committee.

2. Board of Directors:

i. Composition

Name of the Director	Designation	No. of shares held in the Company and (%) of holding	
Maj. Gen. Dr R.K.Bagga (Retd)	Chairman & Non Executive Director	NIL	NIL
Dr. A. Vidya Sagar	Managing Director	8,46,720	20.24
Mrs. A. Sarada (appointed w.e.f 14.05.2014)	Whole Time Director	2,45,396	5.87
Shri N. Naveen	Independent Director	NIL	NIL
Sri Y. Kishore	Independent Director	NIL	NIL
Maj. Gen. S. Balakrishnan, VSM (Retd) (appointed w.e.f 31.10.2013)	Professional & Non Executive Director	8930	0.21

ii. Attendance of each Director and other details:

Name of the Director	Category	No of Directorships in other Boards	No. of Memberships/ Chairmanships of other Company's Committees	No. of Board meetings attended during the year	Whether attended last AGM
Dr. A. Vidyasagar	Promoter Executive	Nil	Nil	7	Yes
Mrs A Sarada (appointed w.e.f 14.05.2014)	Promoter Executive	1	Nil	NA	NA
Shri N. Naveen	Non-Promoter Non- Executive	1	Nil	7	Yes
Maj. Gen. Dr. Rajinder Kumar Bagga, AVSM (Retd.)	Non-Promoter Non- Executive	Nil	Nil	7	Yes
Shri Y. Kishore	Non-Promoter Non- Executive	Nil	Nil	7	Yes
Maj. Gen. S. Balakrishnan, VSM (Retd) (appointed w.e.f 31.10.2013)	Non-Promoter Non- Executive	Nil	Nil	1	NA

iii. Number of Board Meetings held during the financial year 2013-14:

During the financial year 2013-14, total Seven Board meetings were held on the following dates:

- 1) 06.05.2013
- 2) 07.06.2013
- 3) 14.06.2013
- 4) 27.07.2013
- 5) 14.08.2013
- 6) 31.10.2013
- 7) 10.02.2014

3. Audit Committee:

i. Brief description of terms of reference:

The Committee comprises of Non-Executive Independent Directors and has been formed to monitor and provide effective supervision of the financial control and reporting process. The terms of reference of the Committee covers the matters specified for Audit Committee under Clause 49 of the Listing agreement as well as section 177 of the Companies Act, 2013. This inter- alia, include review of the financial reporting process, internal audit process, adequacy of internal control systems, management audit and risk management policies and also recommend appointment of the statutory auditors and their remuneration.

ii. Composition: Chairman, Members & Attendance:

The constitution of Audit Committee and attendance is as follows:

S.No.	Name of the Director	Category	Designation	No. of meetings attended out of four
1	Shri N. Naveen	Non- Promoter Non-Executive Independent Director	Chairman	4
3	Shri Y. Kishore	Non-Promoter Non- Executive Independent Director	Member	4
4	Maj. Gen. Dr. R.K. Bagga, AVSM (Retd.).	Non-Promoter Non- Executive Independent Director	Member	4

iii. During the financial year 2013-14, the Audit committee met Four times on the following dates:

- 1) 06.05.2013
- 2) 14.08.2013
- 3) 31.10.2013
- 4) 10.02.2014

4. Nomination and Remuneration Committee:

i. Brief description of terms of reference:

The terms of reference of the Committee covers the matters specified under Section 178 of the Companies Act, 2013. The Company does not remunerate the Non-Executive Directors of the Company except for the payment of sitting fees for attending such meetings of the Board or Committees thereof. Remuneration of the Executive Directors is recommended by the Nomination and Remuneration Committee to the Board and approved by the shareholders.

ii. Composition of Committee and Attendance:

No Nomination and Remuneration Committee meeting was held during the financial year 2013-14.

The name of the Committee has been renamed as Nomination and Remuneration Committee and has been reconstituted with the following Non-Executive Independent Directors.

S.No.	Name of the Director	Category	Designation
1	Sri Y. Kishore	Non-Promoter Non-Executive Independent Director	Chairman
2	Maj. Gen. Dr. R.K. Bagga, AVSM (Retd.)	Non-Promoter Non-Executive Independent Director	Member
3	Shri N. Naveen	Non-Promoter Non-Executive Independent Director	Member

iii. Details of remuneration to all the Directors:

a) The aggregate of salary & perquisites paid for the year 2013-14 to the Executive Directors is as under:

Dr. A. Vidyasagar, Managing Director : ₹ 22,32,420/-

b) The aggregate of sitting fees paid to the Non-Executive Directors is as under:

	₹	
Maj Gen. Dr R K Bagga, AVSM (Retd)	:	1,12,500/-
Shri N. Naveen	:	82,500/-
Shri Y. Kishore	:	1,12,500/-
Maj. Gen. S. Balakrishnan, VSM (Retd)	:	7,500/-

5. Stakeholders Relationship Committee:

i. Composition of Committee:

The name of Committee has been renamed as Stakeholders Relationship Committee which comprises of the following Directors:

Maj. Gen. Dr. R.K. Bagga, AVSM (Retd.)	:	Chairman
Shri Y. Kishore	:	Member
Dr. A. Vidyasagar	:	Member

ii. Name and designation of Compliance Officer:

Ms Sona Rajora, Company Secretary is the Compliance Officer. The Committee deals with investors' complaints regarding transfer/ transmission of shares, non-receipt of certificates, dividends and such other related matters and it also recommends measures for providing efficient services to investors. Seven meetings of the Committee were held during the year ended 31st March 2014.

All the complaints received from the investors were resolved within reasonable period of time. Total 12 complaints were received from the investors during the year 2013-14 and all of them have been resolved expeditiously. There was no outstanding complaint as on 31st March 2014.

6. Corporate Social Responsibility Committee:

At your Company Social Responsibility is an integral part of the value system and the core values. Pursuant to the provisions of Section 135 of the Companies Act, 2013 and the Rules made thereunder, the Board in its meeting held on 31st July, 2014 has constituted the Corporate Social Responsibility Committee.

i. Composition of Committee:

The Corporate Social Responsibility Committee consists of the following Directors:

Mrs. A. Sarada	:	Chairperson
Mr. N. Naveen	:	Member
Mr. Y. Kishore	:	Member

The terms of reference of the Committee covers the matters specified under section 135 and Schedule V of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

ii. Terms of Reference:

The terms of reference of the Committee covers the matters as specified under Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

7. Whistle Blower Policy

In pursuance of the provisions of the section 177 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 and amended clause 49 of the listing agreement, the Board has established a vigil mechanism and adopted the Whistle Blower Policy for Directors, employees to enable them to report their concerns about unethical behaviour, actual or suspected fraud, malpractices, or violation of the Company's code of conduct without any fear.

Shri Naveen Nandigam has been designated as the Ethics Counsellor for the purpose of effective implementation of the Whistle Blower Policy and redressal of complaints made under this policy.

8. General Body Meetings:

i) The location and time of the last three Annual General Meetings are as follows:

Year	AGM	Location	Date	Time
2012-13	AGM	Plot No 16, Sector-III, HUDA Techno Enclave, Madhapur, Hyderabad-081	27.07.2013	11.00 AM
2011-12	AGM	———— Do ————	21.06.2012	11.00 AM
2010-11	AGM	———— Do ————	25.08.2011	11.00 AM

ii) Special Resolutions passed in the last three Annual General Meetings:

AGM Date	Description of Item
27th July, 2013	Re-appointment of Dr. A. Vidyasagar, Managing Director, for another three years;

During the last three years, no Extra-ordinary General Meeting was conducted.

iii) Postal Ballot:

During the year, the Company has successfully completed two postal ballots in order to seek consent of its members for the purpose of approval of Buy-Back of Equity Shares and Shifting of registered office from Hyderabad to Visakhapatnam. Mr. Karra SVS Sastry, Practicing Company Secretary was appointed as scrutinizer to conduct the said Postal Ballot process in a fair and transparent manner.

Buy-Back of Equity Shares:

The process of postal ballot was completed on 27th July, 2013 wherein the the resolution was proposed and passed as Special Resolution. The result of the same was announced and intimated to stock exchanges on 27th July, 2013. The summary of voting Pattern as extracted from the Report of the Scrutinizer is hereunder

No. of postal ballot forms received	No. of invalid postal ballot forms	No. of valid postal ballot forms	Total No. of Votes cast	In favour of the resolution		Against the resolution	
				No. of votes	% of total No. of votes	No. of votes	% of total No. of votes
110	3	107	4,36,140	4,35,619	99.88	521	0.12

Shifting of Registered Office from Hyderabad to Vishakapatnam :

The said process was completed on 5th September, 2014, wherein the resolution was proposed and passed as Special Resolution. The result of the same was announced and intimated to stock exchanges on 5th September, 2014. The summary of voting Pattern as extracted from the Report of the Scrutinizer is hereunder:

No. of postal ballot forms received	No. of invalid postal ballot forms	No. of valid postal ballot forms	Total No. of Votes cast	In favour of the resolution		Against the resolution	
				No. of votes	% of total No. of votes	No. of votes	% of total No. of votes
78	5	73	20,64,474	20,63,708	99.96	766	0.04

iv) Special Resolution proposed to be conducted through Postal Ballot:

As of now there is no proposal to pass any Special resolution through Postal Ballot process. Special resolutions by way of Postal Ballot, if required to be passed in the future, will be decided at the relevant time.

9. Disclosures:

- During 2013-14, there were no materially significant related party transactions i.e transactions of the Company of material nature with its Promoters, the Directors or the Management, their subsidiaries or relative etc., that may have potential conflict with the interests of Company, at large.
- There has not been any non-compliance by the Company and no penalty or strictures have been imposed on the Company by Stock Exchange or SEBI or any Statutory Authority on any matter related to capital market.

10. Means of Communication:

The Company's website www.avantel.in hosts the quarterly, half-yearly and yearly financial results for the easy accessibility of the investors. The Company publishes the periodical financial results in Financial Express/ Business Standard and Andhra Bhoomi/ Andhra Prabha newspapers. The Management Discussion & Analysis Report forms part of the Annual Report.

11. General Shareholder information:

- Corporate Identity Number:** The CIN allotted by the Ministry of Corporate Affairs (MCA), Government of India is L72200API990PLC011334 and the Company Registration number is 011334.
- AGM:** The Twenty Fourth Annual General Meeting of the Company will be held on Thursday, 25th September, 2014, at 11.00 AM at the Registered Office of the Company at Sy No.141, Plot No.47/P, APIIC Industrial Park, Gambheeram(V), Anandapuram (M), Visakhapatnam, Andhra Pradesh – 531163.
- Financial Calendar:** The Company follows April to March as its financial year. The financial results are declared, as per the provisions of Listing Agreement.
- Date of Book Closure:** The Share Transfer Books of the Company shall remain closed from Friday, 19th September, 2014 to Thursday, 25th September, 2014 (both days inclusive) for the purpose of ensuing Annual General Meeting.
- Listing on Stock Exchange & Stock Code:** The Company's shares are listed at BSE Limited, 1st Floor, New Trading Ring, Phiroze Jeejebhay Towers, Dalal Street, Mumbai.

Scrip Code is 532406.

Demat ISIN Numbers in NSDL & CDSL INE005B01019

vi. Market price Data: High, Low during each month in last Financial Year:

(Source: BSE Website)

Month	BSE, Mumbai	
	High (₹)	Low (₹)
April,2013	69.00	59.55
May,2013	71.00	56.55
June,2013	67.90	57.50
July,2013	66.40	53.10
August,2013	63.95	48.25
September,2013	56.00	49.50
October,2013	53.50	47.05
November,2013	47.00	40.25
December,2013	46.50	39.20
January,2014	48.45	39.00
February,2014	49.75	42.10
March,2014	52.55	42.00

vii. Registrar and Share Transfer Agents:

Karvy Computershare Private Ltd,
Plot No 17 to 24, Vittalrao Nagar,
Madhapur, Hyderabad-500 081
Phone: 040-44655188

viii. Share Transfer System:

Transfer of securities in physical form, if any, are registered and, duly transferred share certificates will be dispatched within thirty days from the date of receipt, provided the documents are in order.

With regard to the shares in Demat mode, the procedure adopted is as per the provisions of Depositories Act, 1996 and the regulations made thereunder.

ix. Distribution of holding:

a) Share Holding Pattern as on 31st March, 2014:

S.No.	Particulars	No. of Shares held	% of share holding
1	Company Promoters	1666064	39.83
2	HUF	90327	2.16
3	Bodies Corporates	286403	6.85
4	Resident Individuals	2092085	50.01
5	Non-Resident Indians	41756	1.00
6	Clearing Members	6365	0.15
	Total	4183000	100.00

b) Details of entities/persons holding more than 1% of share capital of the Company as on 31st March, 2014:

S.No.	Particulars	No. of Shares held	% of share holding
1	Vidyasagar Abburi	846720	20.24
2	K. Swapna	282048	6.74
3	Siddhatha Sagar Abburi	294849	7.05
4	Sarada Abburi	245396	5.87
5	Sailaja Abburi	242479	5.80
6	K. Satish	102759	2.46
7	Hindustan Candle Mfg. Company Pvt. Ltd	70286	1.68
8	Nagendra Babu Nagabhyrava	48000	1.15
9	Vasudhaiva Kutumbkam Consultancy & Broking Pvt Ltd	47378	1.13
10	Bilkis Zubair Hawa Faisal Zubair Hawa	46700	1.12
	Total	2226615	53.24

c) Distribution schedule as on 31st March 2014:

S.No.	Category (No. of Shares)	No. of Holders	% to Holders	No. of Shares	% of Equity
1	Upto 1 - 500	3762	88.14	496848	11.88
2	501 - 1000	239	5.60	202055	4.83
3	1001 - 2000	112	2.62	171466	4.10
4	2001 - 3000	48	1.12	126014	3.01
5	3001 - 4000	20	0.47	70436	1.68
6	4001 - 5000	14	0.33	67633	1.62
7	5001 - 10000	30	0.70	220549	5.27
8	10001 and above	43	1.01	2827999	67.61
	Total	4268	100.00	4183000	100.00

x. Dematerialization of shares and liquidity:

As on 31st March, 2014, 97.69% (4086356 equity shares) of paid up share capital were in dematerialized form.

The Company has not issued any GDRs/ ADRs/ Warrants or any convertible instruments.

Registered Office:

Avantel Limited,
CIN : L72200AP1990PLC011334
Sy. No. 141, Plot No: 47P, APIIC Industrial Park,
Gambheeram(V), Anandapuram(M),
Visakhapatnam-531163, AP

Address for correspondence:

Avantel Limited
Plot No: 16, Sector- III, HUDA Techno Enclave,
Madhapur, Opp. K. Raheja IT Park, Hyderabad – 500 081.
Ph: 91 40 6630 5000
Fax: 91 40 6630 5004, E-mail: & info@avantel.in

By order of the Board

Place: Hyderabad
Date : 31.07.2014

Y. Kishore
Chairman of the Meeting

ANNEXURE-III

COMPLIANCE CERTIFICATE

FORM

(See Rule 3)

COMPLIANCE CERTIFICATE

CIN: L72200AP1990PLC011334

Authorized Capital : ₹ 70,000,000.00

Paid up Capital : ₹ 41,836,000.00

To

The Members,

M/s. AVANTEL LIMITED

Sy No.141,Plot No.47/P, APIIC Industrial Park,

Gambheeram(V), Anandapuram (M),

Visakhapatnam - 531163

Andhra Pradesh (w.e.f. 05.09.2013)

I have examined the registers, records, books and papers of **M/s. AVANTEL 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 31st March, 2014. In my opinion and to the best of my information and according to the information provided and examinations carried out by me and explanations furnished to me by the company, its officers and agents, I 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 there under have been duly recorded.
2. The Company has duly filed forms and returns as stated in **Annexure B** to this certificate, with the Registrar of Companies, Andhra Pradesh, Regional Director, Central Government within the time prescribed under the Act and the rules made there under.
3. The Company being Public Limited Company during the period under review has minimum prescribed paid up share capital.
4. The Board of Director duly met 7 (Seven) times on 06.05.2013, 07.06.2013, 14.06.2013, 27.07.2013, 14.08.2013, 31.10.2013 and 10.02.2014 in respect of which proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has closed its Register of Members from 24th July, 2013 to 26th July, 2013 (both days inclusive) and compliance of Section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31/03/2013 was held on 27/07/2013 after giving due notice to the members of the company and the resolution passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meetings were held during the Financial Year under review.
8. Based on representations, the Company has not advanced any loan to its directors and/or persons or firms or companies falling within the purview of Section 295 of the Act during the Financial Year under review.
9. Based on representations, the Company has not entered into any contracts falling within the purview of Section 297 of the Act during the Financial Year under review.

10. The company has made necessary entries in the register maintained under Section 301 of the Act.
11. Based on representations, there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or central Government.
12. The Company has not issued any duplicate share certificates during the Financial Year under review.
13. The company has:
 - i. Duly delivered all certificates on lodgment thereof for transfer;
 - ii. Deposited the amount of dividend declared in a separate bank account within five days from the date of declaration of dividend;
 - iii. Posted warrants for dividends to all the members within a period of 30 days from the date of declaration and that all unclaimed/unpaid dividend has been transferred to Unpaid Dividend Account of the Company ;
 - iv. No amount was required to be transferred to Investor Protection Fund during the Financial Year under review.
 - v. Duly complied with the requirements of Section 217 of the Act for the Financial Year under review.
14. The Board of Directors of the Company is duly constituted, Maj. Gen. (Retd) R K Bagga, AVSM and Mr. Y. Kishore Directors, who were liable to retire by rotation were re-appointed as Directors in the 23rd Annual General Meeting held on 27th July, 2013 and Maj. Gen (Retd) Subramanian Balakrishnan VSM was appointed as an Additional Director by the Board on 31/10/2013.
15. During the year under review, Dr. A. Vidya Sagar was re-appointed as Managing Director of the Company and the said reappointment has been made in compliance with the provisions of Section 269 read with Schedule XIII to the Act.
16. The Company has not appointed any sole selling agents during the Financial Year under review.
17. As per the information provided no approvals were required to be obtained during the year from the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act.
18. The directors have disclosed their interest in other firms or 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 under review.
20. The company has bought back 3,00,000 Equity Shares at an average price of ₹ 67.46 per share (including brokerage and other charges) during the financial year ending 31/03/2014 in compliance with the provisions of the Act.
21. The company has not redeemed preference shares/debentures during the Financial Year under review.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of Section 58A and 58AA of the Act, during the financial year under review.
24. The amount borrowed by the company from directors, members, public, financial institutions, banks and others during the financial year ending 31/03/2014 is within the borrowing limits of the company.
25. The company has not made loans and investments or given guarantees or provided securities to other bodies corporate.
26. The company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the financial year under review.

27. The company has not altered the provisions of the memorandum with respect to the objects of the company during the Financial Year under review.
28. The company has not altered the provisions of the memorandum with respect to name of the company during the financial year under review.
29. The company has not altered the provisions of the memorandum with respect to share capital during the financial year under review.
30. The company has not altered its articles of association during the financial year under review.
31. As per the information provided no prosecution was initiated against or no show cause notice was received by the company for alleged offences under the Act and no fines and penalties or any other punishment imposed on the company.
32. The company has not received any security deposit from its employees during the financial year under review.
33. As per the information available the company has not created any provident fund for its employees or class of employees and hence the provisions of Section 418 are not applicable.

Place: Hyderabad
Date: 31/07/2014

Karra SVS Sastry
Practicing Company Secretary
C.P.No. 11331

ANNEXURE 'A'

Registers as maintained by the Company under the Companies Act, 1956

1. Share Transfer Register U/s. 108
2. Register of Members and Index u/s.150
3. File regarding Annual Returns u/s. 163
4. Minutes of Board Meetings and General Meetings u/s. 193
5. Books of Accounts u/s.209
6. Register of Contract in which Directors are interested u/s.301
7. Register of Directors u/s. 303
8. Register of Directors Shareholding u/s.307
9. Register of charges u/s. 143
10. Fixed Assets Register

ANNEXURE 'B'
Return and Documents filed with Registrar of Companies

The Company has filed following Forms with the Registrar of Companies, A.P.

Sl.No	Forms / Returns	Section	Purpose	Remarks
1	Form 25C	269(2)	Return of Appointment of MD	Filed with the Normal Fee on 23/04/2013
2	Form 8	125 135	Modification Of Charge	Filed with ROC with Normal Fee on 30/04/2013
3	Form 62-4A	77A 192A	Submission of Calendar of Events and Board Resolutions	Filed with the Normal Fee on 07/05/2013
4	Form 4C	77A	Return of Buy back	Filed with the Normal Fee on 24/06/2013
5	Form 23D	233B	Cost Audit Report	Filed with ROC on 25/06/2013
6	Form 62	77A 192A	Submission of Calendar of Events and Board Resolutions	Filed with the Normal Fee on 26/06/2013
7	Form 23	192	Appointment of MD	Filed with ROC with Normal Fee 10/08/2013
8	Form 62	77A 192A	Submission of Calendar of Events and Board Resolutions	Filed with the Normal Fee on 10/08/2013
9	Form 66	383A	Compliance Certificate for the year ending 31/03/2013	Filed with ROC with Normal Fee on 10/08/2013
10	Form 8	125 135	Modification Of Charge	Filed with ROC with Normal Fee on 17/08/2013
11	Form 23ACA XBRL Form 23AC XBRL	220	Annual Results As on 31/03/2013	Filed with ROC with Normal Fee on 26/08/2013
12	Annual Return Form 20B	159	As on 27/07/2013	Filed with ROC with Normal Fee on 03/09/2013
13	Form 23	192	Shifting of Registered Office	Filed with ROC with Normal Fee on 10/09/2013
14	Form 18	146	Shifting of Registered Office	Filed with ROC with Normal Fee on 10/09/2013
15	Form 18	146	Shifting of Registered Office	Filed with ROC with Normal Fee on 12/09/2013
16	Form 32	260	Appointment of Additional Director	Filed with ROC with Normal Fee on 08/11/2013
17	Form-5 INV	Rule 3	IEPF	Filed with ROC on 16/12/2013

Place : Hyderabad
Date : 31.07.2014

Karra SVS Sastry
Practicing Company Secretary
C.PNo.11331

DECLARATION BY CHAIRMAN ON CODE OF CONDUCT

I, Y. Kishore, Director of Avantel Ltd., hereby confirm pursuant to Clause 49(1)(D) of the Listing Agreement that:

- The Board of Directors of Avantel Limited has laid down a Code of Conduct for all Board Members and Senior Management of the Company. The Code of Conduct has also been posted in the Company's website viz www.avantel.in
- All the Board Members and Senior Management Personnel have affirmed their compliance with the said Code of Conduct for the year ended 31st March, 2014.

For Avantel Limited

Place : Hyderabad
Date : 31.07.2014

Y. Kishore
Chairman of the Meeting

To
The Members
AVANTEL LIMITED

We have examined the compliance of the conditions of Corporate Governance by Avantel Limited for the year ended 31st March, 2014 as stipulated in Clause 49 of the Listing Agreement of the Company with Stock Exchanges in India.

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 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 Listing Agreement.

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

For **RAMANATHAM & RAO**
CHARTERED ACCOUNTANTS
Firm Registration No.2934S

(K. SREENIVASAN)
PARTNER
Membership No.206421

Place : Hyderabad
Date : 31.07.2014

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATE

We have reviewed the financial statements, read with the cash flow statement of Avantel Limited for the year ended 31st March 2014 and that to the best of our knowledge and belief, we state that:

1.
 - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
 - ii) These statements present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable laws and regulations
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or in violation of the Company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, and steps taken or proposed to be taken for rectifying these deficiencies.
4. We have indicated to the Auditors and Audit Committee
 - i) Significant changes in accounting policies made during the year and that the same have been disclosed suitably in the notes to the financial statements, and
 - ii) Instances of significant of fraud of which we have become aware and the involvement therein, if any, of the Management or an employee.

Place : Hyderabad
Date : 14.05.2014

Dr. A. Vidya Sagar
CEO & MD

M.S.S. Prasad
CFO-GM-F&A

INDEPENDENT AUDITORS' REPORT

To
The Members of AVANTEL LIMITED,

Report on the Financial Statements

We have audited the accompanying financial statements of the AVANTEL LIMITED (the Company) which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial

statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (ii) in the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 ; and
 - e) on the basis of written representations received from the directors as on 31st March, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **RAMANATHAM & RAO**
Chartered Accountants
Firm Registration No.002934S

(**CA K SREENIVASAN**)
Partner

Place : Hyderabad
Date : 14th May, 2014

ICAI Membership No. 206421

Annexure to the Auditors' Report

The Annexure referred to in paragraph I of our report to the members of Avantel Limited for the year ended 31st March, 2014:

- 1.1 The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- 1.2 The fixed assets have been physically verified by the management. There is a regular programme of verification of fixed assets, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies have been noticed on such verification.
- 1.3 There was no substantial disposal of fixed assets during the year, which would affect the going concern status of the company.
- 2.1 The inventory has been physically verified during the year by the management. In our opinion, the frequency of the verification is reasonable.
- 2.2 The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- 2.3 The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- 3.1 In our opinion and according to the information and explanations given to us, the company has neither granted nor taken any loans, secured or unsecured, from companies, firms or parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clauses (iii)(a) to (iii)(g) of the Order is not applicable.
- 4.1 In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to 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 of the company.
- 5.1 According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- 5.2 In our opinion and according to the information and explanations given to us, there were no transactions exceeding the value of rupees five lakhs made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956.
- 6.1 The Company has not accepted any deposits from the public. Hence the provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975, do not apply to this Company.
- 7.1 In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- 8.1 We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of the company's products to which the said rules are made applicable, and are of the opinion that prima-facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records since the same will be carried out by the cost auditors with a view to determine whether they are accurate.
- 9.1 The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, Investor Education protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- 9.2 According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, Investor Education protection fund,

- employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty and excise duty were in arrears, as at 31st March, 2014 for a period of more than six months from the date they became payable.
- 9.3 According to the information and explanation given to us, there are no dues of income tax, sales tax, wealth tax, service tax, custom duty and excise duty which have not been deposited on account of any dispute.
- 10.1 In our opinion, the company does not have accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- 11.1 In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions or banks. There is no overdue amount at the end of the year.
- 12.1 According to the information and explanations given to us and based on the documents and records produced to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13.1 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 Order are not applicable to the company.
- 14.1 According to the information and explanations given to us, the company is not dealing in or trading in shares, securities debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the company.
- 15.1 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.
- 16.1 The Company did not have any term loans outstanding during the year.
- 17.1 On the basis of information received from the management and on an overall examination of the balance sheet of the company as at 31st March, 2014, we report that no funds raised on short-term basis have been used for long-term investment.
- 18.1 According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- 19.1 According to the information and explanations given to us, during the period covered by our audit report, the company had not issued any debentures. Accordingly, the provisions of clause 4(xix) of the Order are not applicable to the company.
- 20.1 According to the information and explanations given to us, during the period covered by our audit report, the company had not raised money by public issue. Accordingly, the provisions of clause 4(xx) of the Order are not applicable to the company.
- 21.1 According to the information and explanations given to us, no material fraud on or by the company has been noticed or reported during the course of our audit.

For **RAMANATHAM & RAO**
Chartered Accountants
Firm Registration No.002934S

(CA K SREENIVASAN)

Place : Hyderabad
Date : 14th May, 2014
Partner
ICAI Membership No. 206421

BALANCE SHEET AS AT MARCH 31, 2014

Particulars	Note No.	31st March, 2014 ₹	31st March, 2013 ₹
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2.1	41,836,000	44,836,000
(b) Reserves and Surplus	2.2	165,259,869	193,629,794
(c) Money received against share warrants		-	-
(2) Share application money pending allotment			
(3) Non-Current Liabilities			
(a) Long-term borrowings	2.3	54,900,000	-
(b) Deferred tax liabilities (Net)		-	-
(c) Other Long term liabilities		-	-
(d) Long-term provisions	2.4	1,944,253	474,278
(4) Current Liabilities			
(a) Short-term borrowings	2.5	50,425,584	37,580,763
(b) Trade payables	2.6	10,612,505	2,471,002
(c) Other current liabilities	2.7	11,769,139	13,297,085
(d) Short-term provisions	2.8	1,348,889	37,239,104
Total		338,096,238	329,528,026
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	2.9	153,893,816	163,689,146
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
(b) Non-current investments		-	-
(c) Deferred tax assets (net)	2.10	3,860,500	3,074,090
(d) Long term loans and advances		-	-
(e) Other non-current assets	2.11	4,578,890	2,128,750
(2) Current assets			
(a) Current investments	-	-	-
(b) Inventories	2.12	121,044,257	10,766,929
(c) Trade receivables	2.13	43,129,914	116,620,083
(d) Cash and cash equivalents	2.14(a)	2,125,091	9,108,739
(e) Other Bank Balances	2.14(b)	1,870,200	3,940,191
(f) Short-term loans and advances	2.15	7,593,570	20,200,098
Total		338,096,238	329,528,026

III. Significant Accounting Policies & Notes on Accounts | & 2

per our report of even date
for **RAMANATHAM & RAO**
Chartered Accountants
Firm Registration No. 002934S
(CA K SREENIVASAN)

Partner
ICAI Membership No. 206421

for and on behalf of Avantel Limited

A.VIDYA SAGAR
Managing Director

N. NAVEEN
Director

Place : Hyderabad
Date : 14.05.2014

SONA RAJORA
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDING MARCH 31, 2014

Particulars	Note No.	31st March, 2014 ₹	31st March, 2013 ₹
I. Revenue from operations	2.16	130,053,803	429,460,074
II. Other Income	2.17	1,837,790	2,107,114
III. Total Revenue (I + II)		131,891,593	431,567,188
IV. Expenses:			
Cost of materials consumed	2.18	76,040,425	154,144,820
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	2.19	(108,942,137)	25,058,939
Employee benefit expense	2.20	48,214,862	46,141,690
Manufacturing Expenses	2.21	10,700,103	22,741,511
Research and Development Expenses	2.22	58,942,840	47,755,508
Selling and Distribution Expenses	2.23	6,765,934	12,336,661
Financial costs	2.24	11,226,913	9,904,678
Depreciation and amortization expense	2.25	19,898,881	12,640,396
Other Expenses	2.26	19,225,106	18,777,213
Prior Period Expenditure	2.27	1,337,699	106,080
Total Expenses		143,410,626	349,607,496
V. Profit (Loss) before exceptional and extraordinary items and tax (III-IV)		(11,519,033)	81,959,692
VI. Exceptional Items		-	-
VII. Profit (Loss) before extraordinary items and tax (V - VI)		(11,519,033)	81,959,692
VIII. Extraordinary Items		-	-
IX. Profit (Loss) before tax (VII - VIII)		(11,519,033)	81,959,692
X. Tax expense:			
(1) Current tax	2.28	-	17,342,000
(2) Short(Excess) Provision of earliar years		(395,525)	768,345
(3) Deferred tax		786,410	(1,342,910)
XI. Profit/(Loss) for the perid from continuing operations (IX - X)		(10,337,098)	65,192,257
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
XV. Profit/(Loss) for the period (XI + XIV)		(10,337,098)	65,192,257
XVI. Earning per equity share:			
(1) Basic		-	14.54
(2) Diluted		-	14.54
Significant Accounting Policies & Notes on Accounts	I & 2		

per our report of even date
for **RAMANATHAM & RAO**
Chartered Accountants
Firm Registration No. 002934S
(CA K SREENIVASAN)
Partner
ICAI Membership No. 206421

for and on behalf of Avantel Limited

A.VIDYA SAGAR
Managing Director

N. NAVEEN
Director

Place : Hyderabad
Date : 14.05.2014

SONA RAJORA
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

Particulars	31st March, 2014	31st March, 2013
	₹	₹
A. Cash flows from operating activities		
Profit (Loss) before taxation	(11,519,033)	81,959,692
Adjustments for:		
Depreciation & Amortization	19,898,881	12,640,396
Interest expense	8,103,057	7,996,209
Miscellaneous Receipts	(1,287,055)	(1,806,839)
Profit on sale of Fixed Assets	(17,999)	(44,483)
Interest Income	(532,736)	(255,792)
Buy Back Expenses	1,684,807	-
Operating Profit before Working Capital Changes	16,329,922	100,489,183
Working capital changes:		
Decrease/(Increase) in trade receivables	73,490,169	(45,263,651)
Decrease/ (Increase) in inventories	(110,277,328)	36,231,925
Decrease/ (Increase) in Other Non-Current Assets	(2,450,140)	(441,556)
Decrease / (Increase) in Loans & Advances	4,033,502	2,153,126
Increase/ (Decrease) in Long Term Liabilities	1,469,975	(1,191,407)
Increase/ (Decrease) in trade payables	8,141,503	(3,889,972)
Increase/(Decrease) in Other Short Term Liabilities	(6,963,947)	8,391,901
Cash generated from operations	(16,226,344)	96,479,549
Income taxes paid	(9,250,912)	(18,653,360)
Net cash from operating activities	Total (A)	77,826,189
B. Cash flows from investing activities		
Purchase of Fixed Assets	(10,897,810)	(89,520,662)
Sale of Fixed Assets	17,999	44,483
Increase in Capital Work in Progress	-	25,825,410
Interest Received	532,736	255,792
Miscellaneous Receipts	1,287,055	1,806,839
Net cash used in investing activities	Total (B)	(61,588,138)
C. Cash flows from financing activities		
Increase in Long Term Loans	54,900,000	-
Increase in Short Term Borrowings	12,844,821	11,462,762
Buyback of Shares and Expenses	(21,923,375)	-
Interest paid	(8,103,057)	(7,996,209)
Dividend Paid, including Dividend Tax	(12,234,752)	(10,420,509)
Net cash used in financing activities	Total (C)	(6,953,956)
D. Net Increase/(Decrease) in Cash & Cash Equivalents (A) + (B) + (C)	(9,053,639)	9,284,095
Cash and cash equivalents at beginning of the year	13,048,930	3,764,835
Cash and cash equivalents at end of the year	3,995,291	13,048,930

per our report of even date
for **RAMANATHAM & RAO**
Chartered Accountants
Firm Registration No. 002934S
(CA K SREENIVASAN)

Partner
ICAI Membership No. 206421

for and on behalf of Avantel Limited

A.VIDYA SAGAR
Managing Director

N. NAVEEN
Director

Place : Hyderabad
Date : 14.05.2014

SONA RAJORA
Company Secretary

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

Corporate Information:

Avantel Limited is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed in one stock exchange in India. The company is engaged in manufacturing of Telecom Products and rendering related customer support/other services. The company caters to both domestic and international markets. The company is having in-house Research & Development (R & D) facility at Visakhapatnam.

I. Significant Accounting Policies:

a) Basis of Accounting:

The Financial Statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 and the relevant Provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under historical conversion.

b) Use of Estimates:

The preparation of Financial Statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c) Fixed Assets:

Fixed Assets are stated at cost, less accumulated depreciation and impairment if any. Direct costs are capitalized until fixed assets are ready for use.

d) Depreciation:

Depreciation on all assets is provided on the "Straight Line Method" over the useful lives of the assets estimated by the Management. Depreciation for assets purchased/sold during the period is proportionately charged. Individual low cost assets (acquired for ₹ 5,000/- or less) are depreciated at 100 % in the year of acquisition/ purchase. The Management estimates the useful lives for fixed assets as follows:

- | | | |
|----------------------------|---|----------|
| (i) Buildings | - | 20 Years |
| (ii) Computers | - | 3 Years |
| (iii) Furniture & Fixtures | - | 5 Years |
| (iv) Plant & Machinery | - | 4 Years |
| (v) Vehicles | - | 4 Years |

e) Inventories:

Inventories are valued at lower of cost or net realizable value. Basis of determination of cost remain as follows:

- (i) Raw Materials, Packing materials, Stores & Spares: - On FIFO basis.
- (ii) Work-in-process: At cost of inputs plus overheads up to the stage of completion.
- (iii) Finished goods are valued at lower of cost or net realizable value.

f) Revenue recognition:

Revenue is recognized to the extent that is possible that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

(i) Sale of Goods:

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer on delivery of the goods. The Company collects sales tax and value added tax (VAT) on behalf of the Government and therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

(ii) Income from Services:

Revenues from maintenance contracts are recognized pro-rata over the period of the contract as and when services are rendered.

(iii) Interest:

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

g) Foreign Currency transactions:

Initial recognition:

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion:

Foreign currency monetary items are reported at the rate prevailing on the balance sheet date.

Exchange Differences:

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, are recognized as income or as expense in the period in which they arise.

h) Research & Development:

All expenses incurred for Research & Development are charged to revenue as incurred. Capital Expenditure incurred during the year on Research & Development is shown as additions to Fixed Assets.

i) Retirement Benefits:

Short Term Employee Benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, performance incentives, etc., are recognized as an expense at the undiscounted amount in the Profit and Loss Account of the year in which the employee renders the related service.

Post Employment benefits:

(i) Defined Contribution Plans:

Payments made to a defined contribution plan such as provident Fund are charged as an expense in the Profit and Loss Account as they fall due.

(ii) Defined Benefit Plans:

Company's liability towards gratuity to past employees is determined using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past services are recognized on a straight-line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognized immediately in the statement of profit and loss Account as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government Securities where the currency and terms of the Government Securities are consistent with the currency and estimate terms of the defined benefit obligations.

j) 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.

k) Taxes on Income:

Tax on Income for the Current period is determined on the basis of taxable income and tax credits computed in accordance with the Provisions of the Income Tax Act, 1961 and based on expected outcome of assessments/appeals.

Deferred tax is recognized on timing differences between the accounting income and taxable income for the year and quantified using the tax rates and laws enacted or substantially enacted as on the Balance Sheet date.

Deferred Tax assets are recognized and carried forward to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

l) Segment Accounting:

The company is considered to be a single segment company engaged in the manufacture of telecom products and providing related customer support services. Consequently, the company has in its primary segment only one reportable business segment as prescribed in Accounting Standard 17 (AS-17) "Segment Reporting" issued by ICAI.

m) Provisions :

A provision is recognized if, as a result of past event, the company has a present legal obligation that can be estimated reliably, and it is possible that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of the economic benefits required to settle the obligation at the reporting date.

Warranty Provisions:

Provisions for Warranty related costs are recognized when the product is sold or service is provided. Provision is based on historical experience. The estimate of such warranty related costs is revised annually.

n) Contingent Liabilities & Contingent Assets:

Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. A contingent asset is neither recognized nor disclosed in the financial statements.

o) Cash and Cash equivalents:

Cash and Cash equivalents for the purpose of Cash flow statement comprise of Cash in Hand, Cash at Bank and Short Term Margin Money/ deposits with original maturity of less than one year.

p) Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

q) Earning per Share:

Basic earning per share is computed by dividing the net profit after tax by weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

2. NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2014

The Financial Statements have been prepared in the format prescribed by the Revised Schedule VI to the Companies Act, 1956. Previous year figures have been recast / restated to confirm to the classification of the current year. Amounts in the financial statements are presented in Rupees. All the figures have been rounded to nearest rupee.

Note No.	31st March, 2014 ₹	31st March, 2013 ₹
2.1 SHARE CAPITAL		
Equity Share Capital		
Authorised Share capital		
70,00,000 Equity Shares of ₹ 10/- each	70,00,000	70,00,000
Issued, subscribed & fully paid share capital		
44,83,000 (Previous year 44,83,000) Equity Shares of ₹ 10/- each fully paid	44,830,000	44,830,000
Less: Buyback of 3,00,000 shares of ₹ 10/- each	30,00,000	-
Add: Forfeited shares (Amount originally paid up)	6,000	6,000
Total	41,836,000	44,836,000

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period.

	31st March, 2014	31st March, 2013
Equity Shares:		
At the beginning of the period		
No. of shares	4,483,000	4,483,000
Amount in ₹	44,830,000	44,830,000
Issued during the period		
No. of shares	-	-
Amount in ₹	-	-
Less: Buy back of shares		
No. of shares	300,000	-
Amount in ₹	3,000,000	-
Outstanding at the end of the period		
No. of shares	4,183,000	4,483,000
Amount in ₹	41,830,000	44,830,000

b) Terms/rights attached to equity Shares.

The company has only one class of equity shares having a par value of ₹10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

c) Aggregate number of shares bought back during the period of five years immediately preceding the reporting date:

	2013-14	2012-13	2011-12	2010-11	2009-10
No. of Equity Shares bought back by the company During the year	300,000	-	223,473	-	446,243
Aggregate Number of Equity Shares bought back by the company	969,716	669,716.00	669,716	446,243	446,243

d) Details of Shareholders holding more than 5% shares in the company:

Name of the Shareholder Equity Shares of ₹10/- each fully paid	31-03-2014		31-03-2013	
	No of Shares Held	% of Holding	No of Shares Held	% of Holding
1. Sri Vidya Sagar Abburi	846,720	20.24	816,720	18.22
2. Smt K Swapna	282,048	6.74	282,048	6.29
3. Smt. Sarada Abburi	245,396	5.87	237,396	5.30
4. Ms. Sailaja Abburi	242,479	5.80	229,930	5.13
5. Sri Sagar Sidhartha Abburi	294,849	7.05	269,849	6.02

Note No.	31st March, 2014 ₹	31st March, 2013 ₹
2.2 RESERVES AND SURPLUS		
a) Capital Redemption Reserves		
Opening Balance	6,697,160	6,697,160
Add: Current Year Transfer	3,000,000	-
Less: Written Back in Current Year		
Closing Balance	<u>9,697,160</u>	<u>6,697,160</u>
b) Securities Premium Reserves		
Opening Balance	7,906,104	7,906,104
Add: Forefitted Shares (Amount originally paid up)	24,000	24,000
Add: Current Year Transfer	-	-
Less: Adjusted against Buyback of Share Premium	-	-
Closing Balance	<u>7,930,104</u>	<u>7,930,104</u>
c) Revaluation Reserves		
Opening Balance	15,003,362	15,797,622
Add: Current Year Transfer	-	-
Less: Written Back in Current Year	(794,260)	(794,260)
Closing Balance	<u>14,209,102</u>	<u>15,003,362</u>
d) General Reserve		
Opening Balance	65,593,493	49,593,493
Add: Current Year Transfer	-	16,000,000
Less: Adjusted against Buyback of Shares	20,238,568	-
Less: Written Back in Current Year	-	-
Closing Balance	<u>45,354,925</u>	<u>65,593,493</u>
e) Surplus		
Opening Balance	98,405,675	62,325,633
Profit (Loss) for the year	(10,337,098)	65,192,257
Less: Appropriations		
i) Transfer to General Reserve	-	(16,000,000)
ii) Proposed Final Equity Dividend	-	(11,207,500)
iii) Tax On Proposed Dividend	-	(1,904,715)
Closing Balance	<u>88,068,578</u>	<u>98,405,675</u>
Total	<u>165,259,869</u>	<u>193,629,794</u>
2.3 LONG-TERM BORROWINGS	54,900,000	-
Term Loan from Canara Bank: (Equitable Mortgage of land and buildings situated at plot No.47, survey No.141, APIIC Industrial Park, Gambheeram (V), Visakhapatnam, Collateral Security of land and buildings and hypothecation of Plant and Machinery situated at Madhapur, Hypothecation of Stocks and Book Debts and personal guarantee of Dr. A.Vidya Sagar, Managing Director of the Company).		
Total	<u>54,900,000</u>	<u>-</u>

Note No.	31st March, 2014 ₹	31st March, 2013 ₹
2.4 LONG-TERM PROVISIONS		
Provision for employee benefits	1,944,253	474,278
Total	<u>1,944,253</u>	<u>474,278</u>
2.5 SHORT-TERMS BORROWINGS		
Secured Loan payable on demand from Canara Bank		
Canara Bank OCC (Open Cash Credit from Canara Bank is secured by way of hypothecation of Stocks, Book debts, Plant & Machinery and other fixed assets of the company and Collateral Security of Land & Buildings situated at Plot No.16, HUDA Techno Enclave, Madapur, Hyderabad and personal guarantee of the Managing Director of the Company)	50,425,584	37,580,763
Total	<u>50,425,584</u>	<u>37,580,763</u>
2.6 TRADE PAYABLES		
Trade Payables-Due to Micro, Small & Medium Enterprises	9,211,625	1,064,296
Trade Payables-Others	1,400,880	1,406,706
Total	<u>10,612,505</u>	<u>2,471,002</u>
2.7 OTHER CURRENT LIABILITIES		
Unpaid dividends	1,048,880	859,226
Other payables	-	-
Sundry Creditors - Capital Goods	1,051,762	4,435,112
Liabilities for Expenses	3,675,980	2,569,338
Advance from Customers	276,527	276,527
Interest accrued and due	84,431	-
Provisions for Warranty Expenses	5,631,559	5,156,882
Total	<u>11,769,139</u>	<u>13,297,085</u>
2.8 SHORT-TERM PROVISIONS		
Provision for employee benefits		
Salary & Reimbursements	668,648	1,279,610
Contributions	172,479	197,121
Provision for Statutory Liabilities	507,762	5,308,158
Provision for Taxation	-	17,342,000
Provision for Dividend	-	11,207,500
Provision for Dividend Tax	-	1,904,715
Total	<u>1,348,889</u>	<u>37,239,104</u>

**Note No. 2.9
FIXED ASSETS**

Sl. No.	Description of the Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		Balance as at 01-04-2013	Additions/ Acquired during the year	(Disposals)	Balance as at 31-03-2014	Balance as at 01-04-2013	Depreciation charged for the year	(On Disposals)	Balance as at 31-03-2014	Balance as at 31-03-2013
		₹	₹	₹	₹	₹	₹	₹	₹	₹
	Tangible Assets									
1	Land	36,235,378	925,612	-	37,160,990	-	-	-	37,160,990	36,235,378
2	Buildings									
	Freehold	105,475,587	2,028,394	-	107,503,981	18,805,703	5,157,805	-	83,540,473	86,669,884
3	Furniture & Fixtures	6,915,718	1,233,409	-	8,149,127	2,732,823	1,203,361	-	4,212,943	4,182,895
4	Plant and Machinery (Assembly & Testing)	35,201,020	545,890	-	35,746,910	25,393,702	4,438,992	-	5,914,216	9,807,318
5	Computers	10,264,327	2,037,726	-	12,302,053	8,501,946	1,405,105	-	2,395,002	1,762,381
6	Office Equipment & Electricals	19,141,591	2,777,843	(67,298)	21,852,136	3,642,691	4,287,679	(67,298)	13,989,064	15,498,900
7	Vehicles	4,877,213	416,718	-	5,293,931	2,035,288	875,623	-	2,383,020	2,841,925
8	R & D Equipments	38,759,899	932,218	-	39,692,117	32,069,433	3,324,576	-	4,298,108	6,690,466
	Total	256,870,733	10,897,810	(67,298)	267,701,245	93,181,586	20,693,141	(67,298)	153,893,816	163,689,146
	Previous year	177,547,039	90,641,350	(11,317,657)	256,870,733	89,943,899	13,434,656	(10,196,969)	163,689,146	87,603,139

Note No.	3 1st March, 2014 ₹	3 1st March, 2013 ₹
2.10 DEFERRED TAX ASSET (NET)		
Fixed Assets	1,314,550	1,135,430
Employee Benefits	719,770	266,490
Others	1,826,180	1,672,170
Total	<u>3,860,500</u>	<u>3,074,090</u>
2.11 OTHER NON-CURRENT ASSETS		
a) Long Term Deposits:		
In Margin Money/ Deposit A/c with original maturity of more than one year	4,002,990	1,554,650
b) Others:		
Deposits Recoverable	575,900	574,100
Total	<u>4,578,890</u>	<u>2,128,750</u>
2.12 INVENTORIES		
Raw materials		
a) Indigenous	4,504,462	3,437,759
b) Imported	2,482,834	2,263,223
Raw materials - R & D	2,010,555	1,961,678
Work in progress	112,046,406	3,104,269
Total	<u>121,044,257</u>	<u>10,766,929</u>
2.13 TRADE RECEIVABLES		
Unsecured, considered good		
Trade Receivables Outstanding for a period exceeding six months from the date they are due for payment	9,763,488	7,674,424
Other Trade Receivables	33,366,426	108,945,659
Total	<u>43,129,914</u>	<u>116,620,083</u>
2.14 CASH AND CASH EQUIVALENTS		
a) Balances with banks:		
i) in Current Accounts	1,037,159	8,221,866
ii) in unpaid dividend account	1,048,880	869,226
iii) Cheques/Drafts on hand	-	-
iv) Fixed Deposits	-	-
Cash on hand	39,052	17,647
Total	<u>2,125,091</u>	<u>9,108,739</u>
b) Other Bank Balances:		
Current:		
In Margin Money/ Deposit A/c with original maturity of less than one Year	1,870,200	3,940,191
Total	<u>1,870,200</u>	<u>3,940,191</u>

Note No.	3 1st March, 2014 ₹	3 1st March, 2013 ₹
2.15 SHORT TERM LOANS AND ADVANCES		
Unsecured, considered good, receivable in cash or in kind for value to be received		
a) Advance Income Tax	2,576,498	11,149,524
b) Prepaid Expenditure	3,004,194	3,815,056
c) Balance with Govt. Departments	523,897	2,545,367
d) Advance for Capital Works / Land	-	914,197
e) Accrued Interest / Income	490,417	234,284
f) Advance to Suppliers	227,280	846,111
g) Other Advances	771,284	695,559
Total	7,593,570	20,200,098
2.16 REVENUE FROM OPERATIONS:		
a) Revenue from - Sale of products		
Domestic	103,100,440	437,641,617
Export	426,550	3,115,500
Sub-Total	103,526,990	440,757,117
b) Revenue from - Sale of Services		
Domestic	33,179,086	29,173,973
Export	-	-
Sub-Total	33,179,086	29,173,973
c) Other operating revenues		
Scrap Sales	-	48,668
Sub-Total	-	48,668
Sub-Total (a)+(b)+(c)	136,706,076	469,979,758
d) Less: Excise Duty & Service Tax	6,652,273	40,519,684
Total	130,053,803	429,460,074
2.17 OTHER INCOME		
Interest income	532,736	255,792
Profit on Sale of Fixed Assets	17,999	44,483
Miscellaneous Receipts	1,287,055	1,806,839
Total	1,837,790	2,107,114

Note No.	3 1st March, 2014 ₹	3 1st March, 2013 ₹
2.18 COST OF RAW MATERIALS AND COMPONENTS CONSUMED		
a) Indigenous:		
i) Inventory at the Beginning of the Year	3,437,759	11,592,121
ii) Add: Purchases	50,050,009	89,560,482
	<u>53,487,768</u>	<u>101,152,603</u>
iii) Less: Inventory at the End of the Year	(4,504,462)	(3,437,759)
iv) Cost of Raw Materials Consumed	<u>48,983,306</u>	<u>97,714,844</u>
b) Imported:		
i) Inventory at the Beginning of the Year	2,263,223	4,826,869
ii) Add: Purchases	27,276,730	53,866,330
	<u>29,539,953</u>	<u>58,693,199</u>
iii) Less: Inventory at the End of the Year	(2,482,834)	(2,263,223)
iv) Cost of Raw Materials Consumed	<u>27,057,119</u>	<u>56,429,976</u>
Total	<u>76,040,425</u>	<u>154,144,820</u>
2.19 (INCREASE)/DECREASE IN INVENTORIES:		
Inventories at the Beginning of the Year		
Work in Progress	3,104,269	28,163,208
	<u>3,104,269</u>	<u>28,163,208</u>
Inventories at the End of the Year		
Work in Progress	112,046,406	3,104,269
	<u>112,046,406</u>	<u>3,104,269</u>
Total	<u>(108,942,137)</u>	<u>25,058,939</u>
<p>As the items of raw materials, material produced and materials consumed and items of finished goods produced are heterogeneous in nature, type and quality and numerous in quantity, it is not possible to give full details of materials consumed, raw materials purchased and closing stock of inventory as required under para 5(ii) & 5(iii) of the general instructions for preparation of the Statement of Profit and Loss as per the revised schedule VI to the Companies Act, 1956.</p>		
2.20 EMPLOYEE BENEFITS EXPENSES		
Salaries and wages	40,223,676	40,436,105
Directors Remuneration	2,232,420	1,700,140
Bonus	267,909	277,735
Exgratia & Gratuity	2,550,922	385,033
Training & Recruitment	380,316	310,911
Contribution to provident and other funds	841,344	818,911
Staff welfare expenses	1,718,275	2,212,855
Total	<u>48,214,862</u>	<u>46,141,690</u>

Note No.	3 1st March, 2014 ₹	3 1st March, 2013 ₹
2.21 MANUFACTURING EXPENSES:		
Manpower Hire Charges	1,264,906	5,385,581
Jobwork Charges	2,447,085	10,565,212
Power and fuel	3,793,466	3,157,407
Consumption of stores and spare parts	444,212	898,151
Freight Inwards	162,470	208,301
Repairs & Maintenance - Plant & Machinery	1,100,748	620,563
Testing Charges	592,866	598,021
Installation & Commissioning Charges	894,350	1,308,275
Total	10,700,103	22,741,511
2.22 R & D EXPENDITURE:		
Opening Stock	1,961,678	2,416,656
Purchases	21,131,118	14,504,777
	23,092,796	16,921,433
Closing Stock	2,010,555	1,961,678
Materials Consumed - R & D	21,082,241	14,959,755
Jobwork Charges	490,461	299,590
R & D Salaries	25,485,976	25,656,392
Contributions to Provident Fund & Other Funds	419,857	510,952
Consumables	51,369	141,169
Repairs & Maintenance - Plant & Machinery	619,950	795,481
Professional & Consultancy	3,668,554	1,367,140
Testing and Designing Charges	5,024,403	1,116,549
Travelling & Conveyance	1,305,572	862,885
Technical Transfer Fees	471,811	1,712,586
Other Expenses	322,646	333,009
Total	58,942,840	47,755,508
2.23 SELLING & DISTRIBUTION EXPENDITURE:		
Freight Outwards	249,409	980,603
Packing Materials	340,960	2,135,315
Business Promotion	843,169	593,599
Travelling Expenses	2,103,054	2,560,596
Late Delivery Charges	10,472	1,123,127
Warranty Expenses	1,298,855	3,435,971
Customer Support Expenses	1,920,015	1,507,450
Total	6,765,934	12,336,661

Note No.	3 1st March, 2014 ₹	3 1st March, 2013 ₹
2.24 FINANCE COSTS		
Interest expenses:		
Interest on working capital limits	2,799,583	7,996,209
Interest on Term Loan	5,303,474	-
Bank Charges	3,123,856	1,908,469
Total	<u>11,226,913</u>	<u>9,904,678</u>
2.25 DEPRECIATION AND AMORTISATION EXPENSES:		
Depreciation on Tangible Assets	20,693,141	13,434,656
Less: Recoupment from Revaluation Reserve	(794,260)	(794,260)
Total	<u>19,898,881</u>	<u>12,640,396</u>
2.26 OTHER EXPENDITURE:		
Repairs & Maintenance:		
Buildings	2,895,461	2,893,960
Vehicles	809,611	502,623
Others	2,421,760	1,386,147
Rates & Taxes	538,046	884,193
Rent	-	838,530
Insurance	331,636	400,524
Postage & Telephones	1,639,273	1,237,062
Printing & Stationery	745,688	1,211,985
Auditors Remuneration:		
As Auditor	175,000	150,000
For Certification	30,618	15,500
Professional & Consultancy	1,969,675	1,518,110
Travelling & Conveyance	1,640,126	3,031,426
Secretarial Expenses	439,981	358,162
Buyback of shares expenses	1,684,807	-
Watch & Ward	1,537,708	1,233,310
Directors Sitting Fee	315,000	225,000
Exchange Fluctuations	-	210,479
Assets written off	-	555,170
Donations	521,000	1,210,000
Office Maintenance	621,503	352,715
Accounts written off	376,851	-
Miscellaneous Expenses	531,362	562,317
Total	<u>19,225,106</u>	<u>18,777,213</u>

Note No.	3 1st March, 2014 ₹	3 1st March, 2013 ₹
2.27 PRIOR PERIOD EXPENSES		
Prior Period Expenses	1,337,699	106,080
Total	<u>1,337,699</u>	<u>106,080</u>
2.28 CURRENT TAX		
<p>Current Tax for the previous year represents the Minimum Alternative Tax (MAT) payable by the company on the book profits of for the year. However, the company is not recognising the MAT credit entitlement determined under section 115JAA(2A) of the Income Tax Act, 1961 during the current year and earlier years as possibility of paying the Income Tax under the normal provisions of the Income Tax Act, 1961 in future is uncertain because the company claims weighted deduction under section 35(2AB) of the Income Tax Act, 1961.</p>		
2.29 CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)		
Contingent liabilities		
Claims against the company not acknowledged as debt		
Guarantees	56,301,978	56,695,193
Total	<u>56,301,978</u>	<u>56,695,193</u>

2.30 Employee Retirement Benefits:

Gratuity:

The Company has established a trust viz. Avantel Employees Group Gratuity Trust vide the trust deed dated 28th day of January 2002. The Trust has entered into a scheme of insurance with the Life Insurance Corporation of India to cover gratuity liability payable by the company and the premium payable thereof are provided by contributions made by the company to the trust, specifically, for insuring the gratuity benefits. The scheme provided for death-cum-retirement gratuity to the eligible employees of the company as defined in the rules of the scheme. The accrued liability of the company in respect of gratuity payable is covered in the manner aforesaid. Effective April 1, 2007, the Company has adopted the Accounting Standard 15 (Revised 2005) on "Employee Benefits" issued by the Institute of Chartered Accountants of India.

Defined Benefit Plans:

The following table sets forth the status of the Gratuity plan of the company and the amount recognized in the Balance Sheet.

Particulars	2013-14 ₹	2012-13 ₹
Projected benefit Obligation at the beginning of the year	4,335,033.00	4,222,135.00
Current Service cost	369,419.00	472,625.00
Interest Cost	346,803.00	337,771.00
Actuarial (Gain)/Loss	1,353,973.00	819.00
Benefits Paid	(2,559,316.00)	(698,317.00)
Projected benefit Obligation at the end of the year	3,845,912.00	4,335,033.00
Amount recognized in the balance sheet		
Projected benefit obligation at the end of the year	3,845,912.00	4,335,033.00
Fair value of plan assets at the end of the year	901,659.00	2,360,755.00
Funded status of the plans-asset/(liability) recognized in the balance sheet	(2,944,253.00)	(1,974,278.00)
Cost for the period:		
Current service cost	369,419.00	472,625.00
Interest cost	346,803.00	337,771.00
Expected return on plan asset	-	-
Net actuarial (gain)/loss recognized in the period	1,353,973.00	819.00
Net cost recognized in Profit & Loss Account	1,842,655.00	811,215.00
Assumptions:		
Discount rate	8%	8%
Estimated rate of return on plan assets	9%	9%
Expected rate of salary increase	7%	7%

Defined Contribution Plans:

In respect of defined contribution plans (Provident Fund), an amount of ₹9,87,170/- (Previous Year- ₹10,23,428/-) has been recognized in the Profit & Loss Account during the period.

2.31 CONSUMPTION OF RAW MATERIALS:

Raw Material	%	2013-2014 ₹	%	2012-2013 ₹
Indigenous	64.42	48,983,306.00	63.39	97,714,844.00
Imported	35.58	27,057,119.00	36.61	56,429,976.00
Total	100	76,040,425.00	100	154,144,820.00

Note No.		31st March, 2014 ₹	31st March, 2013 ₹
2.32	VALUE OF IMPORTS (CALCULATED IN CIF VALUE):		
	Materials	33,419,809.00	58,869,939.00
	Capital Equipment	-	3,786,064.00
	Total	33,419,809.00	62,656,003.00
2.33	EXPENDITURE IN FOREIGN CURRENCY:		
	Purchases (Imports)	33,596,798.00	62,656,003.00
	Foreign Travel	233,820.00	-
	Total	33,830,618.00	62,656,003.00
2.34	EARNINGS IN FOREIGN CURRENCY (FOB VALUE OF EXPORTS):		
	Sales	426,550.00	-
2.35	EARNINGS PER SHARE:		
a)	Profit/ (Loss) after Tax	₹ -	65,192,257.00
b)	The weighted average number of ordinary shares for		
	- Basic EPS	Nos 4,183,000.00	4,483,000.00
	- Diluted EPS	Nos 4,183,000.00	4,483,000.00
c)	The nominal value per Ordinary Share	₹ 10.00	10.00
d)	Earnings per Share		
	- Basic	₹ 0.00	14.54
	- Diluted	₹ 0.00	14.54

2.36 RELATED PARTY DISCLOSURE AS PER ACCOUNTING STANDARD - 18:

a) List of Related Parties

Parties with whom the company has entered into transactions during the year/where control exists

i) Key Management Personnel

Dr. Abburi Vidyasagar

Mr. N. Divakar

ii) Relative of Key Management Personnel

Mrs. Abburi Sarada

b) Transaction with Related Parties

Particulars	Nature of Transaction	2013-2014 ₹	2012-2013 ₹
Dr. Abburi Vidyasagar	Remuneration	1,800,000.00	1,200,000.00
Mr. N. Divakar	Remuneration	-	90,000.00
Mrs. Abburi Sarada	Rent	432,420.00	410,140.00

Note: Related party relationships have been identified by the management and relied upon by the auditors.

2.37 Sundry Creditors includes ₹92,11,625/-(previous year 10,64,296/-) due to Small Scale & Ancillary undertakings. There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days at the Balance Sheet date. The above information has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

2.38 In the opinion of the Board of Directors and to the best of their knowledge and belief, the value on realization of Current Assets, Loans and Advances in the ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet.

2.39 Balances of Sundry Debtors, Sundry Creditors, and Loans and Advances are subject to confirmation.

per our report of even date
for **RAMANATHAM & RAO**
Chartered Accountants
Firm Registration No. 002934S
(CA K SREENIVASAN)
Partner
ICAI Membership No. 206421

for and on behalf of Avantel Limited

A.VIDYA SAGAR
Managing Director

N. NAVEEN
Director

Place : Hyderabad
Date : 14.05.2014

SONA RAJORA
Company Secretary



AVANTEL LIMITED

CIN: L72200AP1990PLC011334

Registered Office: Sy. No. 141, Plot No. 47/P, APIIC Industrial Park, Gambheeram (V),
Anandapuram (M), Visakhapatnam, Andhra Pradesh -531163.

ATTENDANCE SLIP

I hereby record my presence at the 24th Annual General Meeting of the Company held on the Thursday, 25th September, 2014 at 11.00 a.m. at the Registered Office of the Company at Plot No. 47/P, APIIC Industrial Park, Gambheeram (V), Anandapuram (M), Visakhapatnam, Andhra Pradesh -531163.

Name of the Attending Shareholder _____

(In Block Letters)

Name of the Proxy _____

(To be filled in if the Proxy attends instead of the Shareholder)

SIGNATURE OF THE SHAREHOLDER / PROXY

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

No. of Shares Held : _____

Note : Shareholders/proxy holders are requested to bring the Attendance Slips with them, duly completed.



AVANTEL LIMITED

CIN: L72200AP1990PLC011334

Registered Office: Sy. No. 141, Plot No. 47/P, APIIC Industrial Park, Gambheeram (V),
Anandapuram (M), Visakhapatnam, Andhra Pradesh -531163.

Name of the member(s) :

Registered Address :

E-Mail Id :

Folio No/ Client Id :

DP ID :

I/We, being the member (s) of _____ shares of the above named company, hereby appoint

1. Name: _____

Address :

E-mail Id :

Signature : _____ or failing him

2. Name : _____

Address:

E-mail Id :

Signature: _____ or failing him

3. Name : _____

Address:

E-mail Id:

Signature: _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 24th Annual General Meeting of the company, to be held on the Thursday of 25th September, 2014 at 11 A.M at the Registered Office of the Company at Sy. No. 141, Plot No.47/P, APIIC Industrial Park, Gambheeram(V), Anandapuram(M), Visakhapatnam, Andhra Pradesh - 531163 and at any adjournment thereof in respect of such resolutions as are indicated below:



S. No.	RESOLUTIONS
1.	Consider and adopt the Audited Balance Sheet and Statement of Profit and Loss
2.	Re-appointment of Dr. A. Vidya Sagar as the Director of the Company who retires by rotation
3.	Re-appointment of Statutory Auditors of the Company
4.	Approval of the Remuneration to the Cost Auditors of the Company
5.	Appointment of Maj. Gen S. Balakrishnan VSM, (Retd) as Director of the Company
6.	Appointment of Mrs. A. Sarada as Director of the Company
7.	Appointment of Mrs. A. Sarada as Whole Time Director of the Company
8.	Appointment of Maj. Gen Dr. R K Bagga, AVSM, (Retd) as the Independent Director of the Company
9.	Appointment of Shri Naveen Nandigam as the Independent Director of the Company
10.	Appointment of Shri Yalamanchili Kishore as the Independent Director of the Company

Signed this..... day of..... 2014

Signature of shareholder

Signature of Proxy holder(s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

Affix
Revenue
Stamp

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AVANTEL LIMITED

Registered Office

Sy No. 141, Plot No. 47/P, APIIC Industrial Park

Gambheeram (V), Anandapuram (M)

Visakhapatnam-531 163. A.P.

Phone: +91 - 891 - 6698000

Fax: +91 - 891 - 6698004