

FORM- A

Format of covering letter of the Annual Report to be filed with the Stock Exchange

1.	Name of the Company	Avantel Limited
2.	Annual financial statements for the year ended	31 st March, 2015
3.	Type of Audit observation	Un-qualified
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
Audit Committee Chairman

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

for **Ramanatham & Rao**
Chartered Accountants
FR No.S-2934

K.SREENIVASAN
Partner
M.No.206421

Avantel Limited

Registered Office

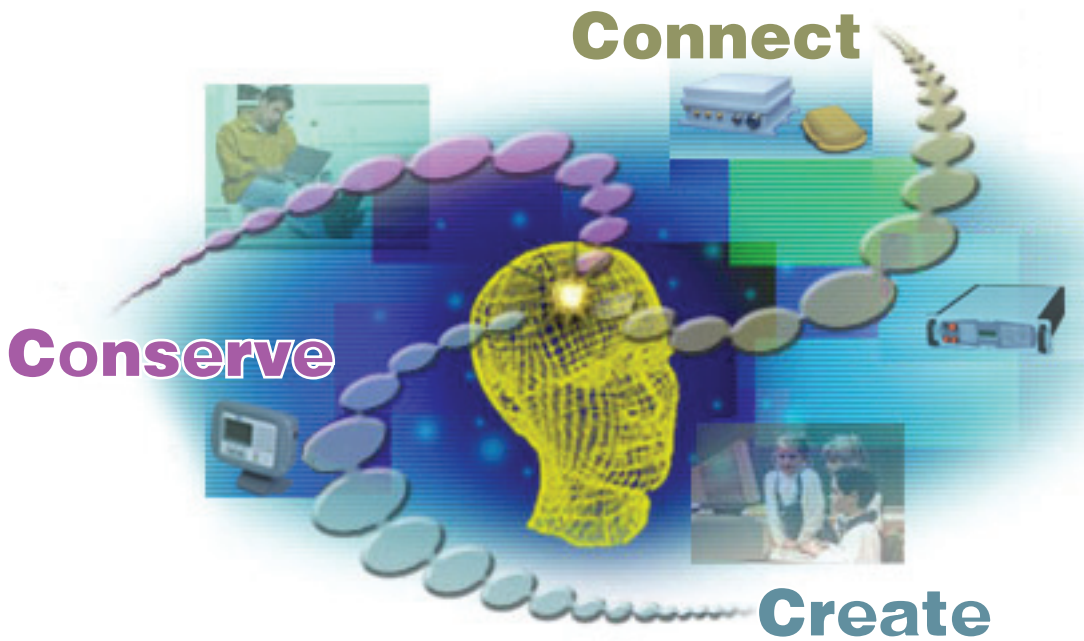
Plot No : 47/P, APIIC Industrial Park
Gambheeram (V), Anandapuram (M)
Visakhapatnam - 531 163. A.P.
Tel : +91-891-6698000
Fax : +91-891-6698004

Corporate Office

Plot No. 16, Sector-III, HUDA Techno Enclave
Opp. K. Raheja IT Park, Madhapur
Hyderabad - 500 081. India
Tel : +91-40-6630 5000
Fax : +91-40-6630 5004

CIN - L72200AP1990PLC011334

www.avantel.in
info@avantel.in



Annual Report 2014 - 2015

COMPANY INFORMATION

BOARD OF DIRECTORS

Dr. Abburi Vidyasagar	-	Managing Director
Smt. Abburi Sarada	-	Whole-Time Director
Shri Subramanaiya Balakrishnan	-	Director
Shri Yalamanchili Kishore	-	Independent Director
Shri Naveen Nandigam	-	Independent Director
Shri Raghu Prasad Pidikiti	-	Additional Independent Director (w.e.f. 25.10.2014)
Dr. R. K. Bagga, AVSM (Retd.)	-	Chairman and Independent Director (upto 09.12.2014)

Chief Financial Officer

Smt. Abburi Sarada

Company Secretary & Compliance Officer

Lokesh Agarwal

Registered Office:**CIN : L72200AP1990PLC011334**

Sy. No. 141, Plot No 47/P, APIIC Industrial Park,
Gambheeram (V), Anandapuram (M),
Visakhapatnam - 531 163, Andhra Pradesh
Phone: +91 - 891 - 6698000
Fax: +91 - 891 - 6698004

Corporate Office:

Plot No. 16, Sector-III, HUDA Techno Enclave,
Opp. K. Raheja IT Park,
Madhapur, Hyderabad -500 081, Telangana.
Phone: +91 - 40 - 6630 5000,
Fax: +91 - 40 - 6630 5004

Registrars & Share Transfer Agents:

M/s. Karvy Computershare Pvt. Ltd,
Karvy Selenium Tower B, Plot 31-32,
Gachibowli, Financial District, Nanakramguda,
Hyderabad - 500 032, Telangana.
Phones: 040 - 6716 1565
Email: einward.ris@karvy.com

Statutory Auditors:

M/s. Ramanatham & Rao,
Chartered Accountants
P. B. No. 2102, Flat No. 302, Kala Mansion,
Sarojini Devi Road, Secunderabad-500003.

Internal Auditors:

M/s. Ramesh & Co.,
6-3-661/B/1, Plot No:78, Sangeeth Nagar,
Somajiguda, Hyderabad-500082.
Tel No:040-23311864/30686266.

Secretarial Auditors:

M /s. P. S. Rao & Associates,
Company Secretaries
Flat No.10, 4th Floor, D. No.6-3-347/22/2
Ishwarya Nilayam, Opp: Sai Baba Temple,
Dwarakapuri Colony, Punjagutta,
Hyderabad- 500 082, Telangana.,India.

Bankers:

Canara Bank
Industrial Finance Branch,
H. No. 3-5-874/19/1 to 3,
Beside Old MLA Quarters,
Hyderguda
Hyderabad – 500 029, Telangana.
Ph. No. 040 – 23436945

Board Committees

Audit Committee:

Shri N. Naveen	-	Chairman
Shri Y. Kishore	-	Member
Shri Raghu Prasad Pidikiti	-	Member

Nomination and Remuneration Committee:

Shri Y. Kishore	-	Chairman
Shri N. Naveen	-	Member
Shri Raghu Prasad Pidikiti	-	Member

Stakeholders Relationship Committee:

Shri Raghu Prasad Pidikiti	-	Chairman
Shri Y. Kishore	-	Member
Dr. A.Vidyasagar	-	Member

Corporate Social Responsibility Committee:

Smt. A. Sarada	-	Chairperson
Shri N. Naveen	-	Member
Shri Y. Kishore	-	Member
Shri B.V. K. Durga Prasad	-	Member

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NOTICE

Notice is hereby given that the 25th Annual General Meeting of the Members of the Company will be held on Friday, September 18, 2015, at 11:00 AM at Sy. No. 141, Plot No. 47/P, APIIC Industrial Park, Gambheeram (V), Anandapuram (M), Visakhapatnam, Andhra Pradesh – 531163 to transact the following items of business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Financial Statements of the Company for the year 2014- 2015 together with the Report of the Board of Directors and Auditors thereon.
2. To declare dividend of ₹ 1.50/- per Equity Share of ₹ 10/- each to the shareholders for the financial year 2014-15.
3. To appoint a Director in place of Mr. Subramaniya Balakrishnan (holding DIN 00026612), who retires by rotation and being eligible, offers himself for re-appointment as Director.
4. 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 Section 139, 141 and 142 of the Companies Act, 2013, read with Companies (Audit and Auditors) Rules, 2014 and all other applicable provisions, if any, of the Companies Act, 2013, Consent of the Company be and is hereby accorded to ratify the appointment of M/s. Ramanatham & Rao, Chartered Accountants, (ICAI Registration No. 002934S), as statutory auditors of the Company to hold office till the conclusion of the 29th Annual General Meeting of the Company to be held in the year 2019

and the Board of Directors be and is hereby authorized to fix their remuneration, in accordance with the recommendation of the Audit Committee in consultation with the auditors.”

SPECIAL BUSINESS:

5. To consider and appoint Shri Raghu Prasad Pidikiti (DIN 01660157) as an 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 section 149, 150, 152, 160 and all other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri Raghu Prasad Pidikiti (DIN 01660157), who was appointed as an Additional Director of the Company by the Board of Directors as per Section 161(1) of the Companies Act, 2013 and who holds office only upto the date of this Annual General Meeting and in respect of whom the Company has received a Notice in writing from a member proposing his term as an Independent Director for a period of five years, be and is hereby appointed as an Independent Director of the Company, for a period of five consecutive years from the ensuing Annual General Meeting.”

By order of the Board of Directors
For **Avantel Limited**,

Place : Hyderabad
Date : 29.07.2015

Lokesh Agarwal
Company Secretary

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on poll instead of himself/herself and such proxy need not be a member of the Company. Appointing a proxy does not prevent a member from attending the meeting in person if he/she so wishes.
2. Proxies in order to be effective must be received by the Company at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. (a) The Company has notified closure of Register of Members and Share Transfer Books from 12th September, 2015 to 18th September, 2015 (both days inclusive) for determining the names of members eligible for dividend on Equity Shares, if declared at the Meeting.
- (b) The dividend on Equity Shares, if declared at the Meeting, will be credited / dispatched within 15 days from the date of AGM to those members whose names shall appear on Companies Register of Members on 11th September, 2015, in respect of the shares held in dematerialized form, the dividend will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.
4. Statement as required under Section 102 of the Companies Act, 2013, in respect of special business is annexed hereto.
5. In case you are holding the Company's shares in dematerialized form, please contact your depository participant and give suitable instructions to update your bank details in your demat account and to notify any changes with respect to their addresses email id, ECS mandate.

In case you are holding Company's shares in physical form, please inform Company's STA viz. M/s. Karvy Computershare Pvt. Ltd., Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, by enclosing a photocopy of blank cancelled cheque of your bank account.
6. M/s. Karvy Computershare Pvt. Ltd., Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, Phones: 040 - 6716 1565 Email: einward.ris@karvy.com is the Registrar & Share Transfer Agent (STA) of the Company. All communications in respect of share transfers and change in the address of the members may be communicated to them.
7. Members holding shares in the same name under different Ledger Folios are requested to apply for consolidation of such Folios and send the relevant share certificates to the Share Transfer Agent/Company.
8. Corporate members intending to send their authorised representatives to attend the meeting are requested to send to the Company a certified copy of the Board resolution authorising their representative to attend and vote on their behalf at the meeting.
9. Members holding shares in physical form are informed to furnish their bank account details to the STA to have printed the same on the dividend warrants so as to avoid any possible fraudulent encashment / misuse of dividend warrants by others.
10. Members seeking any information or clarification on the accounts are requested to send queries in writing to the Registered Office of the Company, at least one week before the date of the meeting. Replies will be provided in respect of such written queries at the meeting.
11. Members/Proxies are requested to bring the attendance slip filled in for attending the Meeting.
12. Members who hold shares in physical form can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in single name are advised, in their own interest to avail of the nomination facility. Members holding shares in dematerialized form may contact their respective depository participant(s) for recording nomination in respect of their shares.
13. Pursuant to Section 124 of the Companies Act, 2013, the amount of dividend remaining unpaid or unclaimed

for a period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company is required to be transferred to the Investor Education and Protection Fund set up by the Government of India.

Members who haven't yet encashed their dividend warrants from the financial year 2007-08 onwards are requested to make their claims to the Company without any further delay.

14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / STA.

E-VOTING:

The business as set out in the Notice may be transacted through electronic voting system and the Company is providing facility for voting by electronic means. 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 as an alternate to its members to cast their votes electronically on all resolutions set forth in the Notice convening the 25th Annual General Meeting. The Company has engaged the services of M/s. Karvy Computershare Pvt. Ltd, to provide the e-voting facility.

The Members whose names appear in the Register of Members / List of Beneficial Owners as on 11th September, 2015 (Cut-off date), are entitled to vote on the resolutions set forth in this Notice.

The e-voting period will commence on Tuesday, 15th September, 2015 (09:00 hrs) and will end on Thursday, 17th September, 2015 (17:00 hrs). During this period, shareholders of the Company holding shares either in physical form or in dematerialized form, as on the Cut-off date may cast their vote electronically. The e-voting

module shall be disabled by M/s. Karvy Computershare Pvt. Ltd for voting thereafter. Members will not be able to cast their votes electronically beyond the date & time mentioned above.

The Company has appointed Mr. M B Suneel, Practising Company Secretary, to act as Scrutinizer and to conduct and scrutinize the electronic voting process and poll at the Annual General Meeting in a fair and transparent manner. The members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereunder.

PROCEDURE FOR E-VOTING:

Instructions and other information relating to remote e-voting are as under:

I. Please take note of the below:

- (A) In case a Member receiving an email from Karvy [for Members whose email IDs are registered with the Company/Depository Participant(s)]:
- (i) Launch internet browser by typing the URL: <https://evoting.karvy.com>.
 - (ii) Enter the login credentials (i.e. User ID and Password as mentioned in the Covering Letter). Your Folio No. / DP ID-Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
 - (iii) After entering these details appropriately, click on "LOGIN".
 - (iv) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any

- other person and that you take utmost care to keep your password confidential.
- (v) You need to login again with the new credentials.
 - (vi) On successful login, the system will prompt you to select the “EVENT” i.e., Avantel Limited.
 - (vii) On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off date under “FOR/AGAINST” 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 as mentioned in the Covering Letter. You may also choose the option “ABSTAIN”. If the shareholder does not indicate either “FOR” or “AGAINST” it will be treated as “ABSTAIN” and the shares held will not be counted under either head.
 - (viii) Shareholders holding multiple folios/demat accounts shall choose the voting process separately for each folios/demat accounts.
 - (ix) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
 - (x) You may then cast your vote by selecting an appropriate option and click on “Submit”.
 - (xi) A confirmation box will be displayed. Click “OK” to confirm else “CANCEL” to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on all the Resolution(s).
 - (xii) Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter, etc. together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer/Company at e-mail ID: cssunil1427@gmail.com/lokeshagarwal@avantel.in with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format “Corporate Name_ EVENT NO.” The documents should reach the Scrutinizer and such other person on or before 17th September, 2015, 17.00 hours.
- (B) In case of Members receiving physical copy of the AGM Notice by Courier [for Members whose email IDs are not registered with the Company/Depository Participant(s)]:
 - (i) User ID and initial password as provided in the Covering Letter.
 - (ii) Please follow all steps from Sr. No. (i) to (xii) as mentioned in (A) above, to cast your vote.
 - (C) In case a person has become the Member of the Company after the dispatch of AGM Notice but on or before the Cut-off date i.e. 11th September, 2015, may write to the Karvy on the email ID: varghese@karvy.com (or) contact Mr. P. A. Varghese on 040-33215424, at Karvy Computershare Private Limited, Unit – Avantel Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032, requesting for the User ID and Password. After receipt of the above credentials, please follow all the steps from Sr. No. (i) to (xii) as mentioned in (A) above, to cast the vote.
2. The remote e-voting period commences on 15th September, 2015 at 9.00 hours and ends on 17th September, 2015 at 17.00 hours. During this period, the Members of the Company holding shares in physical form or in dematerialized form, as on the Cut-off date, being 11th September, 2015, may cast their vote by electronic means in the manner and process set out herein above. The e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently. Further, the Members who have cast their vote electronically shall not vote at the AGM.
 3. The members who have cast their vote by remote e-voting may also attend the AGM but shall not be entitled to cast their vote again.

4. The Company has engaged the services of Karvy Computershare Private Limited ("Karvy") as the Agency to provide e-voting facility to the members of the Company.
5. The Board of Directors of the Company has appointed Mr. M. B. Suneel, Practising Company Secretary as Scrutinizer to scrutinize the votes cast through remote e-voting process and votes cast at the 25th AGM in a fair and transparent manner and he has communicated his willingness to be appointed as such.
6. Voting rights shall be reckoned on the paid up value of shares registered in the name of the member / beneficial owner (in case of electronic shareholding) as on the Cut-off date i.e. 11th September, 2015.
7. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the Cut-off date, i.e. 11th September, 2015, only shall be entitled to avail the facility of remote e-voting/voting at 25th AGM.
8. The remote e-voting facility will be available during the following period: Commencement of remote e-voting: From 9.00 hours (IST) on 15th September, 2015. End of remote e-voting: Up to 17.00 hours (IST) on 17th September, 2015. The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by Karvy upon expiry of the aforesaid period.
9. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, will first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and will make, not later than 48 hours from the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairperson or a person authorised by him in writing who shall countersign the same. The Chairperson or a person authorised by him in writing will declare the result of voting forthwith.
10. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. 18th September, 2015.
11. The Results on resolutions shall be declared not later than 48 hours from the conclusion of the AGM of the Company and the resolutions will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favour of the Resolutions.
12. The results declared along with the scrutinizer's report(s) will be available on the website of the Company (www.avantel.in) and on service provider's website (<https://evoting.karvy.com>) and will be communicated to the BSE Limited within 48 hours from the conclusion of the AGM.

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No.5:

In accordance with the provisions of Section 149 read with schedule IV to the Companies Act, 2013, appointment of an Independent Director requires approval of members. Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors have proposed that Shri Raghu Prasad Pidikiti be appointed as Non-Executive Independent Director on the Board, whose office is not liable to retire by rotation.

The appointment of Shri Raghu Prasad Pidikiti shall be effective upon approval by the members in the Meeting.

The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Shri Raghu Prasad Pidikiti for the office of Director of the Company. The Company has received a declaration from Shri Raghu Prasad Pidikiti that he meets the criteria of independence as prescribed under sub-section(6) of Section 149 of the Act, and prescribed under Clause 49 of the listing agreement. Shri Raghu Prasad Pidikiti is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as Director.

Brief Resume of Shri Raghu Prasad Pidikiti:

Shri Raghu Prasad Pidikiti is a B. Tech (Civil Engg) from JNTU College of engineering, Kakinada in the year 1979. He was a Managing Partner of M/s. Westcoast Construction Company from 1980 to 1994. During this period the Partnership firm executed various civil engineering projects like dams, pre-stressed concrete structures in Goa, water supply schemes for Coimbatore and Madurai and Railway gauge conversion works between Bangalore and Mysore. He then promoted a limited Company M/s. Delta Construction Systems Limited in 1994 (name changed to D C S Limited in 2013) with his brothers and friends and undertook various projects mostly in the hydro-electric and irrigation sectors like tunnels shafts power houses and lift irrigation projects in various states in India, industrial projects like captive power plant and sub-station works, urban infrastructure projects like metro works in Delhi metro and Chennai Metro underground works.

Diversified during this period into mining related works and the Company was instrumental in introducing various innovative and leading methods in mining like:

- Introduction of eco-friendly mining methods in coal and limestone using surface miners and mega rock breakers
- Blind pumping of concrete for construction of underground water dams to depths of 200m and lengths of more than 700m in Singareni Collieries
- Promoting, introducing and transferring technology for highwall mining of coal to extract locked up coal for which the Company was awarded "TECHNOLOGY AWARD FOR PHYSICAL SCIENCES INCLUDING ENGINEERING – 2011" by Council of Scientific & Industrial Research for implementing the technology for Extraction Design of Locked-Up Coal by Highwall Mining in India

He has promoted DCS Limited (formerly Delta construction system Limited) in the year 1994 which is involved in construction of heavy civil and underground mining infrastructure works. Currently he is the Managing Director of DCS Limited.

He also promoted, with industry professionals, a trading Company M/s. DCS Trading & Services Pvt. Ltd (name changed to DCS TECHNO SERVICES PVT LTD in 2013) which is the distributor for KENNAMETAL USA for their construction and mining tools for the entire sub-continent apart from representing promoting and marketing various construction and mining related attachments, consumables spares and building construction related equipment like tower cranes, hoists, etc.

CURRENT POSITIONS:

1. Managing Director in D C S Limited
2. Director in DCS Techno Services Limited

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri Raghu Prasad Pidikiti as a Non-Executive Independent Director. Accordingly, the Board recommends the resolution in relation to

appointment of Shri Raghu Prasad Pidikiti as a Non-Executive Independent Director, for the approval by the shareholders of the Company.

Copy of the draft letter for appointment of Shri Raghu Prasad Pidikiti as a Non-Executive Director setting out the terms and conditions is available for inspection by members at the registered office of the Company.

Except Shri Raghu Prasad Pidikiti, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 5. This

Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement entered by the Company with the Stock Exchange.

Your Directors recommend the Resolution for your approval.

By order of the Board of Directors
For **Avantel Limited,**

Place : Hyderabad
Date : 29.07.2015

Lokesh Agarwal
Company Secretary

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting herewith the 25th Annual Report on the business of Your Company together with the Audited Accounts for the financial year ended 31st March, 2015.

FINANCIAL SUMMARY:

(₹In Lakhs)

Particulars	Financial Year 2014-15	Financial Year 2013-14
Total Revenue	2,607.75	1,318.91
Expenses	2121.34	1122.84
Operating Profit	486.41	196.07
Depreciation	188.66	198.99
Financial Expenses	176.40	112.27
Profit/ (Loss) before Tax (PBT)	121.34	(115.19)
Provision for Taxation		
Current Tax	29.36	11.82
Profit after Tax	89.33	(103.37)
Brought forward from previous year	880.68	984.05
Profit available for appropriation	896.82	880.68
Provision for proposed Dividend	60.81	-
Provision for Dividend Tax	12.38	-
Balance Carried to Balance Sheet	896.82	880.68

There are no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of this report.

COMPANY PERFORMANCE:

Your Company posted good financial results during the year under review. Turnover of the Company has increased from ₹ 1300.53 Lakhs to ₹ 2524.39Lakhs and the Company has made a net profit of ₹ 89.33 Lakhs in the year under review when compared to a loss of ₹ 103.37 Lakhs in the previous year.

DIVIDEND:

Your Directors recommended a dividend of ₹ 1.50/- i.e. 15% per equity share of ₹ 10/- each for the financial year

2014-2015. The dividend payout is subject to the approval of the members at the ensuing Annual General Meeting.

The Dividend will be paid to members whose names appear in the register of members as on 11.09.2015 and in respect of shares held in dematerialized form, it will be paid to the members whose names are furnished by NSDL and CDSL as beneficial owners as on that date.

DIRECTORS AND KEY MANAGERIAL PERSONNEL:

The Board of Directors appointed Shri Raghu Prasad Pidikiti, as an Additional Director of the Company who holds office till the ensuing Annual General Meeting. The Board, based on the recommendation of Nomination and Remuneration Committee considered the appointment of Shri Raghu Prasad Pidikiti, as the Director subject to approval of shareholders.

In accordance with the provisions of Section 152 of the Companies Act, 2013, Shri Subramanaiya Balakrishnan, Director of the Company retires by rotation and being eligible, has offered himself for re-appointment.

Maj Gen. Dr. Rajinder Kumar Bagga, AVSM (Retd) resigned from the office of the Director w.e.f 9th December, 2014.

Ms. Sona Rajora, Associate member of the Institute of Company Secretaries of India, New Delhi. (Membership No. A35468) was appointed as the Company Secretary and Compliance Officer of the Company by the Board of Directors of the Company on 14.05.2014.

Ms. Sona Rajora, resigned as the Company Secretary and Compliance Officer of the Company with effect from close of business hours of 25th March, 2015.

Mr. Lokesh Agarwal, Associate member of the Institute of Company Secretaries of India, New Delhi. (Membership No. A35764) was appointed as the Company Secretary and Compliance Officer of the Company by the Board of Directors of the Company on 29th April, 2015.

A Brief Profile of the Directors of the Company is annexed herewith as "Annexure-I" to this report.

STATUTORY AUDITORS:

At the Annual General Meeting (AGM) held on September 25, 2014, M/s. Ramanatham & Rao, Chartered Accountants, were appointed as Statutory Auditor of the Company to hold office from the conclusion of AGM till 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. In terms of the first proviso to Section 139 of the Companies

Act, 2013, the appointment of the auditor shall be placed for ratification at every Annual General Meeting. Accordingly, the appointment of M/s. Ramanatham & Rao, Chartered Accountants, as statutory auditors of the Company, is hereby placed for ratification by the shareholders. In this regard, the Company has received a certificate from the auditors to the effect that if they are reappointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

INTERNAL AUDITORS:

The Board of Directors based on the recommendation of the Audit Committee has re-appointed M/s. Ramesh & Co., Chartered Accountants, Hyderabad, as the Internal Auditors of your Company. The Internal Auditors are submitting their reports on quarterly basis.

SECRETARIAL AUDITORS:

M/s. P. S. Rao & Associates, Practising Company Secretaries, were appointed to carry out the Secretarial Audit of the Company for the financial year 2014-15, as required under Section 204 of the Companies Act, 2013 and Rule 9 of Companies (Appointment and Remuneration of Managerial personnel) Rule, 2014. The secretarial audit report for FY 2014-15 forms part of this Report as **Annexure-II**.

CORPORATE SOCIAL RESPONSIBILITY (CSR):

The Company as part of its Corporate Social Responsibility (CSR) initiative adopted ZPH School with a strength of 2000 students at Chandrampalem, Madhurawada, Visakhapatnam. It had remodeled the school with various basic facilities and amenities.

A report on CSR Activities as required under Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014 is enclosed herewith as **Annexure – III**.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE OUTGO:

Information required under section 134(3)(m) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014, is enclosed herewith as **Annexure-IV**.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS:

The Company has in place an Internal Control System, commensurate with the size, scale and complexity of its

operations. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

SUBSIDIARIES:

The Company has no subsidiaries as on 31st March, 2015.

NOMINATION AND REMUNERATION POLICY:

A committee of the Board named as “Nomination and Remuneration Committee” has been constituted to comply with the provisions of section 178, Schedule IV of the Companies Act, 2013 and Clause 49 of the Listing Agreement and to recommend a policy of the Company on directors’ appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters and to frame proper systems for identification, appointment of Directors & KMPs, fixing of Remuneration and Evaluation of their performance and to recommend the same to the Board from time to time. The policy is also posted in the investors section of the Company’s website.

FIXED DEPOSITS:

Your Company has not accepted any fixed deposits during the financial year 2014-15 and as such no principal or interest was outstanding as on the date of the Balance sheet.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

Details of the Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 are given in the notes to the financial statements pertaining to the year under review.

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to Section 134 (5) of the Companies Act, 2013 Your Directors’ confirm that:

- i) In preparation of annual accounts for the financial year ended 31st March, 2015 the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2015 and of the profit and loss of the Company for the year;

- iii) The Directors have taken proper and sufficient care for their maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The Directors had prepared the annual accounts on a 'going concern' basis;
- v) The directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- vi) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

VIGIL MECHANISM:

The Company has a Whistle Blower Policy framed to deal with instance of fraud and mismanagement, if any, in the Company. The details of the Policy are explained in the Corporate Governance Report and also posted on the website of the Company www.avantel.in on the following link <http://www.avantel.in/inversteinfo.php>

RELATED PARTY TRANSACTIONS:

Related party transactions entered during the financial year under review are disclosed in Note No. 2.36 to the Financial Statements of the Company for the financial year ended 31st March, 2015. The transactions entered were at arm's length basis and were in the ordinary course of business. There were no material significant related party transactions with the Company's Promoters, Directors, Management or their relatives, which could have had a potential conflict with the interests of the Company. Form AOC-2, containing the note on the aforesaid related party transactions is enclosed herewith as **Annexure -V**.

The Policy on the Related Party Transactions as approved by the Board is uploaded on the website of the Company.

EXTRACT OF ANNUAL RETURN:

The details forming part of the extract of the Annual Return in Form MGT-9 is annexed herewith as **Annexure -VI**.

MANAGEMENT DISCUSSION AND ANALYSIS:

Pursuant to the provisions of Clause 49 of the Listing Agreement, a report on Management Discussion & Analysis is herewith annexed as **Annexure- VII**.

PARTICULARS OF EMPLOYEES:

The information required pursuant to Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is herewith annexed as **Annexure- VIII**.

CORPORATE GOVERNANCE REPORT:

Your Company has complied with the requirements of Clause 49 of the Listing Agreement entered with the Stock Exchange. Report on Corporate Governance including Auditor's Certificate on compliance with the Code of Corporate Governance specified under the said clause is enclosed as **Annexure- IX**.

HUMAN RESOURCES:

Your Company considers its Human Resources as the key to achieve its objectives. Keeping this in view, your Company takes utmost care to attract and retain quality employees. The employees are sufficiently empowered and such work environment propels them to achieve higher levels of performance. The unflinching commitment of the employees is the driving force behind the Company's vision. Your Company appreciates the spirit of its dedicated employees.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

ACKNOWLEDGMENTS:

Your Directors take this opportunity to express their sincere appreciation to the shareholders, customers, bankers, suppliers and other business associates for the excellent support and co-operation extended by them.

Your Directors gratefully acknowledge the ongoing co-operation and support provided by the Central and State Governments, Stock Exchange, SEBI, RBI and other Regulatory Bodies.

For **Avantel Limited**

Place : Hyderabad
Date : 29.07.2015

Y. Kishore
Chairman of the Meeting

ANNEXURE-I

DIRECTORS PROFILE

I. SHRI DR. A. VIDYASAGAR:

Name	Dr. A. Vidyasagar
DIN	00026524
Designation	Managing Director
Age	55 years
Date of appointment on the Board of the Company	01.08.1992
No. of Shares of ₹ 10/- each held as on date	8,06,720
Relationship between Directors inter se	Husband of Mrs. A. Sarada (Director and CFO)

Dr. A. Vidyasagar 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 during the year 1989-1991. He also received Doctorate from JNTU, Hyderabad for his outstanding work on E- Learning.

Dr. A. Vidyasagar promoted Avantel Ltd., in the year 1990. Avantel now has world-class infrastructure for design, manufacture and development of Wireless Products for Defence, Satellite Communications and Export Markets.

Dr. A. Vidyasagar is a dedicated and committed personality with rich experience of more than 26 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.

2. SHRI YALAMANCHILI KISHORE:

Name	Yalamanchili Kishore
DIN	01633048
Designation	Independent Director
Age	56 Years
Date of appointment on the Board of the Company	30.04.2011
No. of Shares of ₹ 10/- each held as on date	Nil
Relationship between Directors inter se	N.A

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

He possesses around 29 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 Y. 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.

3. SHRI NAVEEN NANDIGAM:

Name	Naveen Nandigam
DIN	02726620
Designation	Independent Director
Age	53 Years
Date of appointment on the Board of the Company	30.10.2010
No. of Shares of ₹ 10/- each held as on date	Nil
Relationship between Directors inter se	N.A

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

In the year 1993, having a passionate interest in making 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 21 years, his committed passion with his team of faculties has produced more than 1000 CA, CS and CWA fully qualified professionals in India.

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

4. SMT. A. SARADA:

Name	A. Sarada
DIN	00026543
Designation	Director & CFO
Age	51 Years
Date of appointment on the Board of the Company	14.05.2014
No. of Shares of ₹ 10/- each held as on date	2,19,449
Relationship between Directors inter se	Wife of Dr. A. Vidyasagar (M.D)

Mrs. A. Sarada has done Bachelor of Communication and Journalism from Padmavati University and Masters in Business Administration from Madhurai Kamraj University. She was associated and served the Company from 1992 to 2008 as Director (Accounts). During these 16 years of her journey, she made significant contributions to the growth of the Company.

She is presently serving the Company as the Whole-time Director and Chief Financial Officer of the Company.

5. SHRI MAJ. GEN (RETD) S. BALAKRISHNAN, VSM:

Name	Maj. Gen (Retd) S. Balakrishnan, VSM
DIN	00026612
Designation	Director
Age	78 Years
Date of appointment on the Board of the Company	31.10.2013
No. of Shares of ₹ 10/- each held as on date	Nil
Relationship between Directors inter se	N. A.

Major General S. Balakrishnan, VSM, is an engineering graduate of 1959 batch. Later, in 1977, he did his M. tech with distinction. He has also done PTSC from IAT, Pune with honors. 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 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 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.

6. SHRI RAGHU PRASAD PIDIKITI:

Name	Raghu Prasad Pidikiti
DIN	01660157
Designation	Additional Director
Age	58 Years
Date of appointment on the Board of the Company	25.10.2014
No. of Shares of ₹ 10/- each held as on date	Nil
Relationship between Directors inter se	N.A.

Shri Raghu Prasad Pidikiti is a B. Tech (Civil Engg) from JNTU college of engineering, Kakinada in the year 1979. He was a Managing Partner of M/s. Westcoast Construction Company from 1980 to 1994.

He also promoted with industry professionals a trading Company M/s. DCS Trading & Services Pvt. Ltd (name changed to DCS TECHNO SERVICES PVT LTD in 2013) which is the distributor for KENNAMETAL USA for their construction and mining tools for the entire sub-continent apart from representing promoting and marketing various construction and mining related attachments, consumables spares and building construction related equipment like tower cranes, hoists, etc.

He is presently serving the Company as the Additional Director and now the resolution is put for his appointment as Independent director of the Company.

Shri Raghu Prasad Pidikiti is a B. Tech (Civil Engg) from JNTU College of engineering, Kakinada in the year 1979. He was a Managing Partner of M/s. Westcoast Construction Company from 1980 to 1994. During this period the Partnership firm executed various civil engineering projects like dams, pre-stressed concrete structures in Goa, water supply schemes for Coimbatore and Madurai and Railway guage conversion works between Bangalore and Mysore. He then promoted a limited Company M/s. Delta Construction Systems Limited in 1994 (name changed to D C S Limited in 2013) with his brothers and friends and undertook various projects mostly in the hydro-electric and irrigation sectors like tunnels shafts power houses and lift irrigation projects in various states in India, industrial projects like captive power plant and sub-station works, urban infrastructure projects like metro works in Delhi metro and Chennai Metro underground works.

Diversified during this period into mining related works and the Company was instrumental in introducing various innovative and leading methods in mining like:

- Introduction of eco-friendly mining methods in coal and limestone using surface miners and mega rock breakers
- Blind pumping of concrete for construction of underground water dams to depths of 200m and lengths of more than 700m in Singareni Collieries
- Promoting, introducing and transferring technology for highwall mining of coal to extract locked up coal for which the Company was awarded "TECHNOLOGY AWARD FOR PHYSICAL SCIENCES INCLUDING ENGINEERING – 2011" by Council of Scientific & Industrial Research for implementing the technology for Extraction Design of Locked-Up Coal by Highwall Mining in India

He has promoted DCS Limited (formerly Delta construction system Limited) in the year 1994 which is involved in construction of heavy civil and underground mining infrastructure works. Currently he is the Managing Director of DCS Limited.

He also promoted, with industry professionals, a trading Company M/s. DCS Trading & Services Pvt. Ltd (name changed to DCS TECHNO SERVICES PVT LTD in 2013) which is the distributor for KENNAMETAL USA for their construction and mining tools for the entire sub-continent apart from representing promoting and marketing various construction and mining related attachments, consumables spares and building construction related equipment like tower cranes, hoists, etc.

ANNEXURE –II

SECRETARIAL AUDIT REPORT

For the Financial Year ended March 31, 2015

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Avantel Limited,
Sy No.141,Plot No.47/P, APIIC Industrial Park,
Gambheeram(V), Anandapuram (M),
Vishakhapatnam, Andhra Pradesh-531163

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Avantel Limited (hereinafter called the Company). Secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015, in terms of the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder.
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment. **(Not applicable to the Company during the audit period.)**
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(Not applicable to the Company during the audit period);**
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 **(Not applicable to the Company during the audit period);**

- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (**Not applicable to the Company during the audit period**)
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**Not applicable to the Company during the audit period**); and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- vi. Other specifically applicable laws to the Company:
- * Telecom Regulatory Authority of India Act, 1997;
 - * The Trade Marks Act, 1999;

We have also examined compliance with the applicable clauses of the following:

- i. Listing Agreements entered into by the Company with Stock Exchange(s) and
- ii. Secretarial Standards issued by the Institute of Company Secretaries of India (**Not notified during the audit period and hence not applicable**).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

- * During the year under review the Company has bought back 1,28,507 equity shares of ₹ 10/- each which represents 59.56% of the Buyback Size of ₹ 180.00 Lakhs

We further report that:

- * there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
- * there were no such specific events / actions in pursuance of the above referred laws, rules, regulations, etc., having a major bearing on the Company's affairs.

For **P. S. Rao & Associates**
Company Secretaries

P. S. Rao
Partner
M. No. : 9769
C.P. No.: 3829

Place : Hyderabad
Date : 25.05.2015

ANNEXURE –III

REPORT ON CSR ACTIVITIES

The CSR is being reported from 1st April, 2014 to 31st March, 2015.

A Brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes:

(A) CSR POLICY:

CSR Vision Statement & Objective:

CSR Vision:

As a socially responsible corporate citizen, the Company will continue to enhance value creation in the society and community in which it operates. Through its conduct, services, and CSR initiatives it will strive to promote sustained growth in the surrounding environs.

Objective:

The objective of the policy is to actively contribute to the social, environmental and economic development of the society in which we operate.

Resources:

2% of the average net profits of the Company made during the three immediately preceding financial years; Surplus arising out of CSR activities.

Company will engage in the activities mentioned in the CSR Policy of the Company independently or in such manner that it will complement the work being done by local authorities wherever necessary in such a manner, that the work executed by Company will offer a multi fold benefit to the community.

Implementation Process:

A CSR Cell will be formed at Factory and at Corporate Office to identify the various projects/programmes suitable as per the policy of the Company. These identified projects/programmes will be scrutinized by the CSR Committee and select for implementation.

Monitoring:

The coordinators periodically inspect & report the progress of work commissioned every quarter and submit a report to CSR Committee.

(B) COMPOSITION OF THE CSR COMMITTEE:

The CSR Committee of the Company consists of the following persons:

- a) Smt. A. Sarada (Chairperson)
- b) Shri N. Naveen (Member)
- c) Shri Y. Kishore (Member)
- d) Shri B. V. K. Durga Prasad (Member)

(C) AVERAGE NET PROFIT OF THE Company FOR LAST THREE FINANCIAL YEARS:

₹ 3,89,72,914/- (Rupees Three cros eight nine lakhs seventy two thousand and nine hundred fourteen only)

(D) PRESCRIBED CSR EXPENDITURE (2% OF THE AMOUNT AS IN ITEM (C) ABOVE):

2% Average net profit of the Company for last three financial years is ₹ 7,79,458/-.

(E) DETAILS OF CSR SPENT DURING THE FINANCIAL YEAR:

- a) Total amount to be spent for the financial year : ₹ 9,63,519/-.
- b) Amount unspent, if any : Nil
- c) Manner in which the amount spent during the financial year is detailed below:

Sl. No.	CSR project or activity identified	Sector in which the project is covered	Projects or rogramme (1) Local area or other state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the project or programme (1) Direct expenditure on projects or programmes (2)Overheads	Cumulative expenditure up to the reporting period	Amount Spent direct or through implementing agency
I	The Company has adopted ZPH School with a strength of 2000 students	Literacy	Chandrampalem, Madhurawada, Visakhapatnam (Andhra Pradesh)	7,79,458	9,63,519	9,63,519	By the Company
			Total	7,79,458	9,63,519	9,63,519	

ANNEXURE- IV

PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED UNDER THE COMPANIES (ACCOUNTS) RULES, 2014

A. Conservation of Energy:

- (i) In line with the Company's commitment towards conservation of energy, the Company continued with their efforts to the possible extent through conservation of installation of energy saving devices.
 - LED fixtures for Registered Office.
- (ii) The steps taken by the Company for utilizing alternate source of energy is here under
 - 25 KVA Grid connected Solar Power Plant installed at Visakhapatnam.
- (iii) The Capital investment on energy conversation equipment during the financial year 2014-15 is 21.77 lakhs

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:

a. Technology Absorption, Adoption and Innovation:

The Company develops products with in-house technology.

The Company has installed and commissioned CNC Machine centers for precision manufacturing of mechanical assemblies for defence applications.

b. Research and Development:

The Company's Research and Development center is recognized by the Department of Scientific and Industrial Research(DISR), Ministry of Science and Technology, Government of India.

c. Specific areas in which R & D was carried out by the Company:

- Development of UHF Satcom System for MR class Aircrafts
- Development of MSS Transceivers for Helios.
- Development of 1KW HF Power Amplifier & Antenna Tuning Unit
- Development of MSS Transceiver terminal with Antenna Tracking Unit.
- Development of MSS transceiver for submarines.
- Development of Real Time Train Tracking Information System for Indian Railways
- Development of MSS transceivers for MARCOS

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

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

e. Future plan of Action:

- Development of UHF Satcom System for Helios.
- Development of UHF Satcom Radios for Submarines.
- Development of MSS Terminals for Next Generation Satellite.
- Development of 1KW HF System for Indian Navy.
- Development of 4KW SSPAs RADAR applications.

f. Expenditure on Research & Development:

₹ in Lakhs	
Capital	1.07
Recurring	452.12
Total	453.19
Total R & D expenditure % as of Turnover	17.38

C. Foreign Exchange Earnings and Outgo:

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

Foreign exchange earnings : NIL

Foreign exchange outgo : ₹ 448.00 Lakhs

ANNEXURE – V

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis:

The Company has not entered into any contract or arrangement or transaction which is not at arm's length basis during the year under review.

2. Details of contracts or arrangements or transactions at arm's length basis:

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any:	Amount in ₹
Dr. Abburi Vidyasagar Managing Director Husband of A. Sarada	Remuneration & perquisites	3 Years w.e.f. 1st April, 2013	N.A	31.01.2013	18,00,000
Smt. Abburi Sarada Director & CFO Wife of Dr. Abburi Vidyasagar	Remuneration	3 Years w.e.f. 14.05.2014	N.A	14.05.2014	7,93,548
Smt. Abburi Sarada Director & CFO Wife of Dr. Abburi Vidyasagar	Rent	Ongoing	N.A	30.10.2009	4,44,000

ANNEXURE- VI
FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2015

[Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies
(Management & Administration) Rules, 2014]

I. REGISTRATION & OTHER DETAILS:		
1	CIN	L72200AP1990PLC011334
2	Registration Date	30/05/1990
3	Name of the Company	AVANTEL LIMITED
4	Category/Sub-category of the Company	Company limited by Shares
		Indian Non - Government Company
5	Address of the Registered office & contact details	Sy. No.141, plot no.47/P, APIIC Industrial Park, Gambheeram(v), Anandapuram (m), Vishakhapatnam, Andhra Pradesh, India - 531163, Phone: +91 - 891 - 6698000.
6	Whether listed Company	Yes
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s Karvy Computershare Pvt. Ltd Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 Phones: 040 - 6716 1565 Email: einward.ris@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:			
(All the business activities contributing 10 % or more of the total turnover of the Company shall be stated)			
Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the Company
I	Telecom Equipment	6190	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:					
Sl. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
I	N.A.	N.A.	N.A.	N.A.	N.A.

IV. SHARE HOLDING PATTERN:

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding:

Category of Shareholders		No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	Promoters									
(1)	Indian									
a)	Individual/ HUF	1,666,064	-	1,666,064	39.83	1,585,215	-	1,585,215	39.10	-0.73
b)	Central Govt	-	-	-	0.00	-	-	-	0.00	0.00
c)	State Govt(s)	-	-	-	0.00	-	-	-	0.00	0.00
d)	Bodies Corp.	-	-	-	0.00	-	-	-	0.00	0.00
e)	Banks / FI	-	-	-	0.00	-	-	-	0.00	0.00
f)	Any other	-	-	-	0.00	-	-	-	0.00	0.00
	Sub Total (A) (1)	1,666,064	-	1,666,064	39.83	1,585,215	-	1,585,215	39.10	0.73
(2)	Foreign									
a)	NRI Individuals	-	-	-	0.00	-	-	-	0.00	0.00
b)	Other Individuals	-	-	-	0.00	-	-	-	0.00	0.00
c)	Bodies Corp.	-	-	-	0.00	-	-	-	0.00	0.00
d)	Any other	-	-	-	0.00	-	-	-	0.00	0.00
	Sub Total (A) (2)	-	-	-	0.00	-	-	-	0.00	0.00
	TOTAL (A) = A(1) + A(2)	1,666,064	-	1,666,064	39.83	1,585,215	-	1,585,215	39.10	0.73
B.	Public Shareholding									
I.	Institutions									
a)	Mutual Funds	-	-	-	0.00	-	-	-	0.00	0.00
b)	Banks / FI	-	-	-	0.00	-	-	-	0.00	0.00
c)	Central Govt	-	-	-	0.00	-	-	-	0.00	0.00
d)	State Govt(s)	-	-	-	0.00	-	-	-	0.00	0.00
e)	Venture Capital Funds	-	-	-	0.00	-	-	-	0.00	0.00
f)	Insurance Companies	-	-	-	0.00	-	-	-	0.00	0.00
g)	FIs	-	-	-	0.00	-	-	-	0.00	0.00
h)	Foreign Venture Capital Funds	-	-	-	0.00	-	-	-	0.00	0.00
i)	Others (specify)	-	-	-	0.00	-	-	-	0.00	0.00
	Sub-total (B)(1):	-	-	-	0.00	-	-	-	0.00	0.00

2.	Non-Institutions									
a)	Bodies Corp.									
i)	Indian	286,003	400	286403	6.85	354244	400	354,644	8.75	1.90
ii)	Overseas	-	-		0.00	-	-	-	0.00	0.00
b)	Individuals									
i)	Individual shareholders holding nominal share capital upto ₹ 1 lakh	1,146,679	96,244	1243923	29.71	1,086,669	93,944	1,180,613	29.12	0.59
ii)	Individual shareholders holding nominal share capital in excess of Rs 1 lakh	939,489	-	939,489	22.46	890,482	-	890,482	21.96	0.50
c)	Others (specify)									
	Non Resident Indians	41,756	-	41,756	1.00	40,484	-	40,484	1.00	0.00
	Overseas Corporate Bodies	-	-	-	0.00	-	-	-	0.00	0.00
	Foreign Nationals	-	-	-	0.00	-	-	-	0.00	0.00
	Clearing Members	6,365	-	6,365	0.15	3,055	-	3,055	0.08	0.08
	Trusts	-	-	-	0.00	-	-	-	0.00	0.00
	Foreign Bodies-D R	-	-	-	0.00	-	-	-	0.00	0.00
	Sub-total (B)(2):-	2,420,292	96,644	2,516,936	60.17	2,374,934	94,344	2,469,278	60.90	0.73
	Total Public ;(B)	2,420,292	96,644	2,516,936	60.17	2,374,934	94,344	2,469,278	60.90	0.73
C.	Shares held by Custodian for GDRs & ADRs	-	-	-	0.00	-	-	-	0.00	0.00
	Grand Total (A+B+C)	4,086,356	96,644	4,183,000	100.00	3,960,149	94,344	4,054,493	100.00	0.00

(ii) Shareholding of Promoter:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year March, 2014			Shareholding at the end of the year March, 2015			% change in share holding during the year
		No. of shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
1	Abburi Vidyasagar	846,720	20.24	0	806,720	19.90	0	-0.34
2	Abburi Sidhartha Sagar	294,849	7.05	0	274,000	6.76	0	-0.29
3	Abburi Sarada	245,396	5.87	0	245,396	6.05	0	0.18
4	Abburi Sailaja	242,479	5.80	0	222,479	5.49	0	-0.31
5	Abburi Venkateswara Rao	36,620	0.88	0	36,620	0.90	0	0.02
	Total	1666064	39.84	0	1,585,215	39.10	0	0.73

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

Sl. No.	Particulars	Date	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares	No. of shares	% of total shares
	At the beginning of the year	01.04.2014	1,666,064	39.83%	-	0.00%
	Changes during the year	29.10.2014	-9285.00	-0.22%	1,656,779	40.86%
		30.10.2014	-12373.00	-0.30%	1,644,406	40.56%
		31.10.2014	-18342.00	-0.44%	1,626,064	40.11%
		25.11.2014	-5959.00	-0.14%	1,620,105	39.96%
		26.11.2014	-14041.00	-0.34%	1,606,064	39.61%
		28.11.2014	-1301.00	-0.03%	1,604,763	39.58%
		01.12.2014	-5063.00	-0.12%	1,599,700	39.45%
		02.12.2014	-7737.00	-0.18%	1,591,963	39.26%
		03.12.2014	-6748.00	-0.16%	1,585,215	39.10%
	At the end of the year	31.03.2015		0.00%	1,585,215	39.10%

(iv) Shareholding Pattern of top ten Shareholders:*(Other than Directors, Promoters and Holders of GDRs and ADRs)*

Sl. No.	For each of the top ten shareholders	Date	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares	No. of shares	% of total shares
1	K Swapna					
	At the beginning of the year	01.04.2014	282,048	6.74		
	Changes during the year	21.11.2014	17,952	0.43	300,000	7.40
	At the end of the year	31.03.2015			300,000	7.40
2	K. Satish					
	At the beginning of the year	01.04.2014	102,759	2.46		
	Changes during the year	21.11.2014	-17952	-0.43	84,807	2.09
	At the end of the year	31.03.2015			84,807	2.09
3	Hindustan Candle MFG Co. Pvt. Ltd					
	At the beginning of the year	01.04.2014	70,286	1.68	-	
	Changes during the year	N.A.	-	0.00	70,286	1.73
	At the end of the year	31.03.2015			70,286	1.73
4	Rajiv Garg*					
	At the beginning of the year	01.04.2014	-	0.00	-	
	Changes during the year	09.05.2014	3000	0.00	3,000	0.07
		23.05.2014	2000	0.00	5,000	0.12
		20.06.2014	2500	0.00	7,500	0.18
		30.06.2014	1812	0.00	9,312	0.23
		04.07.2014	1715	0.00	11,027	0.27
		11.07.2014	8679	0.00	19,706	0.49
		18.07.2014	1296	0.00	21,002	0.52
		29.08.2014	1498	0.00	22,500	0.55
		05.09.2014	2780	0.00	25,280	0.62
		30.09.2014	3667	0.00	28,947	0.71
		03.10.2014	100	0.00	29,047	0.72
		10.10.2014	2543	0.00	31,590	0.78
		17.10.2014	6206	0.00	37,796	0.93
		24.10.2014	2954	0.00	40,750	1.01
		31.10.2014	250	0.00	41,000	1.01
		07.11.2014	6	0.00	41,006	1.01
		23.01.2015	2620	0.00	43,626	1.08
		30.01.2015	875	0.00	44,501	1.10
		13.02.2015	499	0.00	45,000	1.11
		27.02.2015	2000	0.00	47,000	1.16
		13.03.2015	3000	0.00	50,000	1.23
		27.03.2015	337	0.00	50,337	1.24
		31.03.2015	663	0.00	51,000	1.26
	At the end of the year	31.03.2015			51,000	1.26

Sl. No.	For each of the top ten shareholders	Date	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares	No. of shares	% of total shares
5	Girish Gulati HUF*					
	At the beginning of the year	01.04.2014	-	0.00	-	
	Changes during the year	04.04.2014	6686	0.00	6,686	0.16
		18.04.2014	141	0.00	6,827	0.17
		25.04.2014	2755	0.00	9,582	0.24
		02.05.2014	2447	0.00	12,029	0.30
		09.05.2014	5793	0.00	17,822	0.44
		30.05.2014	20029	0.00	37,851	0.93
		06.06.2014	4318	0.00	42,169	1.04
		25.07.2014	180	0.00	42,349	1.04
		01.08.2014	20049	0.00	62,398	1.54
		08.08.2014	-3000	0.00	59,398	1.46
		15.08.2014	-500	0.00	58,898	1.45
		22.08.2014	-3450	0.00	55,448	1.37
		29.08.2014	-1624	0.00	53,824	1.33
		21.11.2014	-2107	0.00	51,717	1.28
		05.12.2014	-1100	0.00	50,617	1.25
		12.12.2014	-50	0.00	50,567	1.25
	31.12.2014	-100	0.00	50,467	1.24	
	31.03.2015	-1500	0.00	48,967	1.21	
	At the end of the year	31.03.2015			48,967	1.21
6	Nagendra Babu Nagabhyarva					
	At the beginning of the year	01.04.2014	48,000	1.15	-	
	Changes during the year	N.A.	-	0.00	48,000	1.18
	At the end of the year	31.03.2015			48,000	1.18
7	Vasudhaiva Kutumbakam Consultancy & Broking Pvt. Ltd					
	At the beginning of the year	01.04.2014	47,378	1.13	-	
	Changes during the year	21.11.2014	-2378.00	-0.06	45,000	1.11
	At the end of the year	31.03.2015			45,000	1.11
8	Bilkis Zubair Hawa#					
	At the beginning of the year	01.04.2014	46,700	1.12	-	
	Changes during the year	09.01.2015	-4660	-0.11	42,040	1.04
		23.01.2015	-14606	-0.35	27434.00	0.68
		30.01.2015	-19139	-0.46	8295.00	0.20
		06.02.2015	-8295	-0.20	0.00	0.00
	At the end of the year	31.03.2015			0.00	0.00

Sl. No.	For each of the top ten shareholders	Date	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares	No. of shares	% of total shares
9	NDA Securities Limited*					
	At the beginning of the year	01.04.2014	-	0.00	-	
	Changes during the year	14.11.2014	2000	0.05	2,000	0.05
		28.11.2014	9300	0.22	11,300	0.28
		05.12.2014	5550	0.13	16,850	0.42
		12.12.2014	4170	0.10	21,020	0.52
		19.12.2014	3370	0.08	24,390	0.60
		31.12.2014	1300	0.03	25,690	0.63
		02.01.2015	950	0.02	26,640	0.66
		09.01.2015	2350	0.06	28,990	0.72
		16.01.2015	2186	0.05	31,176	0.77
		13.01.2015	1700	0.04	32,876	0.81
		30.01.2015	2064	0.05	34,940	0.86
		06.02.2015	18236	0.44	53,176	1.31
		13.02.2015	-1050	-0.03	52,126	1.29
		20.02.2015	-7636	-0.18	44,490	1.10
		27.02.2015	1934	0.05	46,424	1.15
		06.03.2015	-200	0.00	46,224	1.14
		13.03.2015	-3354	-0.08	42,870	1.06
		20.03.2015	3515	0.08	46,385	1.14
		27.03.2015	-10500	-0.25	35,885	0.89
		31.03.2015	8565	0.20	44,450	1.10
	At the end of the year	31.03.2015			44,450	1.10
10	Nilakshi Sodhi					
	At the beginning of the year	01.04.2014	38,210	0.91	-	
	Changes during the year	N.A.	-	0.00	38,210	0.94
	At the end of the year	31.03.2015			38,210	0.94
11	Shivani T. Trivedi*					
	At the beginning of the year	01.04.2014	0	0.00		
	Changes during the year	13.06.2014	8053	0.19	8053	0.20
		20.06.2014	494	0.01	8547	0.21
		30.06.2014	147	0.00	8694	0.21
		25.07.2014	849	0.02	9543	0.24
		08.08.2015	22466	0.54	32009	0.79
		15.08.2014	4858	0.12	36867	0.91
	At the end of the year	31.03.2015			36867	0.91

Sl. No.	For each of the top ten shareholders	Date	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares	No. of shares	% of total shares
12	Vijaylakshmi Jujjavarapu#					
	At the beginning of the year	01.04.2014	34000	0.81	0	
	Changes during the year	30.09.2014	-2000	-0.05	32000	0.79
		10.10.2014	-1000	-0.02	31000	0.76
		31.10.2014	-12648	-0.30	18352	0.45
		14.11.2014	-12000	-0.29	6352	0.16
		21.11.2014	-3000	-0.07	3352	0.08
	At the end of the year	31.03.2015			3352	0.08
13	Jujjavarapu Shruti#					
	At the beginning of the year	01.04.2014	30000	0.72	0	
	Changes during the year	30.09.2014	-2000	-0.05	28000	0.69
		10.10.2014	-1000	-0.02	27000	0.67
		31.10.2014	-3100	-0.07	23900	0.59
	At the end of the year	31.03.2015			23900	0.59
14	Ashok Atluri					
	At the beginning of the year	01.04.2014	28300	0.68		0.00
	Changes during the year	N.A.	0	0.00	28300	0.70
	At the end of the year	31.03.2015		0.00	28300	0.70
* Marked shareholders were not present in the list of top ten shareholders as on 01.04.2014 and are reflecting in the above list since they are in the top ten list as on 31.03.2015.						
# Marked shareholders ceased to be in the list of top ten shareholders as on 31.03.2015, however they are reflected in the above list since they were present in the top ten list as on 01.04.2014						

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Date	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares	No. of shares	% of total shares
1	Dr. Abburi Vidyasagar					
	At the beginning of the year	01.04.2014	846,720	20.24		
	Changes during the year	29.10.2014	-9285.00	-0.22	837,435	20.65
		30.10.2014	-12373.00	-0.30	825,062	20.35
		31.10.2014	-18342.00	-0.44	806,720	19.90
		At the end of the year	31.03.2015			806,720
2	Abburi Sarada					
	At the beginning of the year	01.04.2014	245,396	5.87		
	Changes during the year	N.A.	-	0.00	245,396	6.05
	At the end of the year	31.03.2015		0.00	245,396	6.05

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Date	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares	No. of shares	% of total shares
3	Subramanaiya Balakrishnan					
	At the beginning of the year	01.04.2014	-	0.00		0.00
	Changes during the year	N.A.	-	0.00	-	0.00
	At the end of the year	31.03.2015		0.00	-	0.00
4	Naveen Nandigam					
	At the beginning of the year	01.04.2014	-	0.00		0.00
	Changes during the year	N.A.	-	0.00	-	0.00
	At the end of the year	31.03.2015		0.00	-	0.00
5	Yalamanchili Kishore					
	At the beginning of the year	01.04.2014	-	0.00		0.00
	Changes during the year	N.A.	-	0.00	-	0.00
	At the end of the year	31.03.2015		0.00	-	0.00
6	Raghu Prasad Pidikiti					
	At the beginning of the year	01.04.2014	-	0.00		0.00
	Changes during the year	N.A.	-	0.00	-	0.00
	At the end of the year	31.03.2015		0.00	-	0.00
7	Lokesh Agarwal					
	At the beginning of the year	01.04.2014	-	0.00		0.00
	Changes during the year	N.A.	-	0.00	-	0.00
	At the end of the year	31.03.2015		0.00	-	0.00
8	Dr. R. K. Bagga[#]					
	At the beginning of the year	01.04.2014	-	0.00		0.00
	Changes during the year	N.A.	-	0.00	-	0.00
	At the end of the year	31.03.2015		0.00	-	0.00
	[#] Resigned w.e.f 09.12.2014					

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Amt. ₹)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	10,53,25,584	NIL	NIL	10,53,25,584
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i + ii + iii)	10,53,25,584	-	-	10,53,25,584
Change in Indebtedness during the financial year				

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
* Addition				-
* Reduction	1,24,54,104			1,24,54,104
Net Change	(1,24,54,104)	-	-	(1,24,54,104)
Indebtedness at the end of the financial year				
i) Principal Amount	9,28,71,480			9,28,71,480
ii) Interest due but not paid	-			-
iii) Interest accrued but not due	-			-
Total (i+ii+iii)	9,28,71,480	-	-	9,28,71,480

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration Name	Name of MD/ WTD/Manager		Total Amount (In ₹)
		Dr. Abburi Vidyasagar	Mrs. Abburi Sarada	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	18,00,000.00	7,93,548.00	2,593,548.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify	-	-	-
	Total (A)	18,00,000.00	7,93,548.00	2,593,548.00
	Ceiling as per the Act	42,00,000 .00	42,00,000 .00	84,00,000.00

Note: a) Dr. Abburi Vidyasagar has been re-appointed as Managing Director vide special resolution passed at 23rd Annual General Meeting of the Company held on 27th July, 2013, at a remuneration of ₹ 1,50,000/- per month present to the provision of Section 198, 269, 309 and 311 read with schedule XIII and other applicable provision, if any, of the Companies Act, 1956.

b) Smt. A. Sarada has been appointed as whole-time Director vide special resolution passed at 24th Annual General Meeting of the Company held on 25th September, 2014, at a remuneration of ₹ 75,000/- per month present to the provision of Section 196, 197 and 203 read with schedule V and other applicable provision, if any, of the Companies Act, 2013.

B. Remuneration to other Directors:

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount (₹)
		Shri Y. Kishore	Shri N. Naveen	Shri Raghu Prasad Pidikiti	Shri Subramanaiya Balakrishnan	Dr. R. K. Bagga	
1	Independent Directors	Shri Y. Kishore	Shri N. Naveen	Shri Raghu Prasad Pidikiti	Shri Subramanaiya Balakrishnan	Dr. R. K. Bagga	
	Fee for attending board committee meetings	87,750	1,08,000	7,500	N.A	45,000	2,48,250.00
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (1)	87,750	1,08,000	7,500	N.A	45,000	2,48,250.00
2	Other Non-Executive Directors	-	-	-	45,000	-	45,000.00
	Fee for attending board committee meetings	-	-	-	-	-	-
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-
	Total (B)=(1+2)	87,750	1,08,000	7,500	45,000	45,000	2,93,250.00
	Total Managerial Remuneration						28,86,798
	Overall Ceiling as per the Act						1,21,00,000

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

Sl. No.	Particulars of Remuneration		Name of Key Managerial Personnel			Total Amount (in Rs)
				Abburi Sarada	Sona Rajora	
	Name		CEO	CFO	CS	
	Designation					
1	Gross salary		-	7,93,548	2,20,000	10,13,548
	(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c)	Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option		-	-	-	-
3	Sweat Equity		-	-	-	-
4	Commission		-	-	-	-
	- as % of profit		-	-	-	-
	- others, specify		-	-	-	-
5	Others, please specify		-	-	-	-
	Total		-	7,93,548	2,20,000	10,13,548

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

	Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A.	Company					
	Penalty					
	Punishment					
	Compounding					
B.	DIRECTORS					
	Penalty					
	Punishment					
	Compounding					
C.	OTHER OFFICERS IN DEFAULT					
	Penalty					
	Punishment					
	Compounding					

NIL

ANNEXURE- VII

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(A) BUSINESS REVIEW:

Avantel is at the fore front of innovation in satellite communication. We offer solutions for Network Centric Satellite Communications between Ships, Submarines and Aircrafts such as Highly Secured Two Way Data Communication, Coverage upto nearby 1000 Nautical Miles from Shore, Ship-Ship, Ship-base & Base-Ship Communication, Aircraft-Aircraft, Aircraft-Base, Ship-Aircraft Communication through Network Center etc.

The Company designs, makes and sells specialized equipment for wireless communication. Its products are targeted at the telecommunications industry and the defense industry. The products are (1) Satellite communication products: The Company manufactures basic devices that use satellite communications to send short messages and real-time location data. Products include ship borne and hand-held terminals, S-Band receiver, UHF transmitter (can be used for data transmission). Some of these products are developed in collaboration with Indian Space Research Organization (ISRO) and the Indian government. The Company counts ISRO, the Indian Army and Navy etc. among its customers. (2) Vehicle tracking systems: The Company makes satellite based tracking systems – it is developing a real time train tracking system for Indian Railways.

(B) ECONOMIC OVERVIEW:

It has been a year since the present incumbent Government has taken over the reins and its aggressive push in reforms coupled with the policy actions by the Central Bank started to show noticeable improvement in the macroeconomic fundamentals viz. moderation in inflation, external account vulnerability and Central Government's fiscal deficit. The recent ICRA report suggests that the Indian economic growth is expected to improve to 7.6-7.8% in 2015-16 from 7.3% in 2014-15 and outpace the expansion recorded by most countries with a comparable size, though a sub-

par monsoon and weak exports might pose key risks. According to the ADB, India's economic growth is expected to touch 8.2 % in the FY 2016-17 and surely make India a top growing big-economy.

(C) DEFENCE OVERVIEW:

The defence budget for the year 2015-16 has seen a modest growth of eight percent over the preceding year's budget allocation signalling the Govt intention that it will move only gradually in fulfilling the demands of defence services. However, the biggest step taken by the incumbent Government is to announce it's much touted 'Make in India' initiative launched in September 2014. Rising up to the huge expectation generated since the launch of 'Make in India' initiative, the Union Budget has made a number of provisions to incentivise Indian industry, particularly the manufacturing sector.

New Defence Procurement Policy is in the offing

The existing 'DPP – 2013' is set to be revised this year and the "DPP – 2015" is expected to incorporate major changes for further easing up of doing business in the 'defence sector'. Some of the expected changes are appended below:

- The new DPP promises to create simple guidelines to ensure 'Make in India' in defence manufacturing becomes the prime route for defence purchases.
- The 'Offset Policy' is expected to go for a major policy shift where in the option to migrate from offset obligations to 'Buy and Make' will be provided to foreign OEM's to encourage foreign OEM's to manufacture in India and thus boosting the FDI inflows.

(D) OVERVIEW OF FINANCIAL OPERATIONS:

The Company has recorded a total income of ₹ 2607.75 Lakhs as against ₹ 1318.91 Lakhs for the previous year and has incurred a profit during the year at ₹ 89.33 Lakhs as against a loss after tax of ₹ 103.37 Lakhs for the previous year.

(E) OUR STRATEGY:

Your Company is envisaging a very favourable climate for doing business in the current year and looking at an upswing in its growth path. The much awaited UHF airborne SATCOM system is currently undergoing CEMILAC qualification process and we expect the supplies for the current order in hand to be completed during the financial year. Post successful fulfilment of current supplies, we expect to receive additional orders from Indian Navy for the same equipment. The Company is looking to expand its customer base for the current portfolio of products while new developmental projects in the MSS & UHF segment for airborne, underwater and strategic applications are on the anvil.

(F) RISKS AND CONCERNS:

RISKS:

The Company’s main source of revenues lies in Defense market. Most of these projects are driven by Govt., policies and priorities. Though we can complete the product development as per the plan, conversion of that to supply orders lies mainly on the Government decisions. This results in an uneven and skewed pattern of sales for the Company.

RISK MITIGATION:

The Company has put in place a comprehensive ‘Risk Management Framework’ for the continuous identification, updation, evaluation, prioritization and management of risks. Under this framework, there is Risk Management Committee (RMC) members drawn from important functional areas like R & D, Manufacturing , Quality assurance, Marketing, Finance and HR. The RMC reviews the risk management efforts in the Company as a whole on a quarterly basis.

The Company continues to pursue its growth strategy, particularly in the Indian defense market, where it sees significant market opportunities. The Company is looking to expand its customer base for the current portfolio of products while new developmental projects in MSS & UHF segment for airborne, underwater and strategic applications are on the anvil. The Company R & D efforts are oriented towards improvements in

the existing product capability and development of new technologies that can serve the customer better.

Volatility in the currency markets does not affect the Company in a significant way as value of imported components is not very high as a percentage of sales revenue. The Company has foreign exchange hedging policies in place to protect its manufacturing margins against rapid and significant foreign exchange movements.

(G) OPPORTUNITIES AND THREATS:

OPPORTUNITIES:

Government’s emphasis on indigenous development and manufacture of defence equipment. Avantel’s research and development activities on a sustained basis resulted in state of the art, innovative solutions to enable long range wireless communication beyond line of sight. Avantel is well positioned to leverage the opportunities in “Make in India” as well as “Buy in India” initiatives as per new defence procurement policy of Govt of India.

THREATS:

Majority of the sales are from products supplied to Indian Defence Services, Defence PSU’S and DRDO labs and hence sales revenue depends on the policies and priorities of Ministry of Defence, Govt of India. As most of the solutions offered by Avantel are based on Satellite communication dependency on launch of satellites and availability of band width from ISRO is significant.

(H) INTERNAL CONTROL SYSTEMS:

Your Company has well established control systems in place for course correction, if required. The Company is certified for various quality standards viz. AS 9100C, ISO 9001 and ISMS ISO 27001. The Company has a robust Internal audit mechanisms which are regularly monitored through the ERP system “Funwork”. All operations are effectively monitored through an internal audit process and regular management reviews. You will be happy to note that all the external reviews carried out during the year have applauded the processes followed and the management efforts in maintaining the highest quality standards.

(I) INDUSTRIAL RELATIONS AND HUMAN RESOURCES MANAGEMENT:

Your Company maintains very cordial relations with its customers and suppliers. All out efforts are made to quickly resolve all outstanding issues before hand so that they do not escalate into major disagreements. Your Company has earned a good standing over the years and there are zero contentious issues pending as on date. The organisation maintains harmonious relations at all levels within the Company and employees are well motivated round the year to meet the goals set for them. Your Directors wish to place on record the deep sense of appreciation for the contributions made by the employees.

Your Company is continuously striving to create appropriate environment, opportunities and systems to facilitate identification, development, and utilization of their full potential and inculcating a sense of belongingness.

Your Company's industrial relations continued to be harmonious during the year under review.

(J) ACCOMPLISHMENTS:

- Developed UHF airborne SATCOM terminals for installation on Indian Naval MR class aircraft and they are going through CEMILAC certification process.
- Signed a strategic agreement with Hegenuk Marine Kommunikations (HMK), Germany, a global player in marine HF communications for co-operation in building "1 KW HF Systems" for Indian Navy.

- Developed and Supplied L-band Solid state Power Amplifiers for SDR
- Supplied MSS airborne terminals for Dornier aircraft of Indian Navy.
- Supplied MSS terminals to various ship-builders for installation on Indian Navy's new acquisitions.
- Supplied MSS terminals to DRDO for strategic applications.

(K) AWARDS:

Avantel has been honored with the prestigious "SIATI Award for Excellence in Indigenous Development" for its untiring efforts in development of path breaking technologies in the Aerospace domain. Dr. Abburi Vidyasagar received the award from Shri GM. Sidheswara, Ministry of State for Civil Aviation, in the presence of other luminaries at a glittering function organized by Society of Indian Aerospace Technologies & Industries" on 13th September, 2014, at Dr. V. N. Ghatage Convention Center, HAL, Bangalore.

(L) CAUTIONARY STATEMENT:

Statements in the management discussion analysis describing the Company's objectives, projections, estimates, expectations may be forward looking within the meaning of applicable securities-laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could make difference to Company's operations include economic conditions affecting the domestic market and the overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and other incidental factors.

ANNEXURE VIII

Details pertaining to Employees as required under Section 197(12) of the Companies Act, 2013

Statement of Particulars of Employees Pursuant to Provisions of Section 197(12) of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014:

i) Employed throughout the Financial Year 2014-15:

Name	Age	Qualification	Designation	Date of Commencement of Employment	Experience (Years)	Gross Remuneration	Previous Employment	Previous Designation
Dr. Abburi Vidyasagar	55	• M.Tech	Managing Director	01/08/1992	26	22,44,000	NA	NA
		• MBA • PHD in Strategies for dissemination of knowledge digital age						
Smt. Abburi Sarada	50	• Bachelors in communication and Journalism • MBA	Whole-Time Director	14/05/2014	14	7,93,548	NA	NA

Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2014-15, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2014-15, and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Sl. No	Name of Director/KMP and Designation	Remuneration of Director KMP for the financial year 2014-15 (Amount in ₹)	% increase in Remuneration in the Financial Year 2014-15	Ratio of remuneration of each Director/to median remuneration of employees	Comparison of the Remuneration of the KMP against the performance of the Company
1.	Dr. Abburi Vidyasagar Managing Director	18,00,000	NIL	7.43	The profit after tax of the Company is ₹ 89.33 Lakhs against the Loss of ₹ 103.37 lakhs in the previous year. Remuneration of KMP as a percentage of Revenue is 1.11%. Remuneration of KMP as a percentage of Profit after Tax is 31.49%.
2.	Smt. Abburi Sarada Whole Time Director and CFO	7,93,548	N.A.	3.27	
3	Ms. Sona Rajora Company Secretary (upto 24th March, 2015)	2,20,000	N.A.	0.90	

ii) The median remuneration of employees of the Company during the financial year was ₹ 2.42 Lakhs.

iii) In the financial year, there was a decrease of 5.88 % in the median remuneration of employees.

- iv) There were 149 employees on the rolls of the Company as on 31st March, 2015.
- v) a) Variations in the market capitalization of the Company, price earnings ratio and percentage increase over decrease in the market quotation of the share of the Company as at the closing date of the current financial year and previous financial year:

Particulars	31-Mar-15	31-Mar-14	Change (%)
Stock Price (in Rupees)	118.20	46.25	155.56
Market Cap (Rupees in Crores)	47.92	19.35	147.64
EPS	2.20	2.28	-3.51
P/E	53.72	20.28	164.89

- b) Percent increase over decrease in the market quotations of the shares of the company as compared to the rate at which the company came out with the last public offer: Not Comparable as the company has not issued any shares after the initial public offer.
- vi) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year is Nil. There is no increase in the managerial remuneration in the current financial under review.
- vii) Comparison of remuneration of each of the key managerial personnel against the performance of the Company:

Amount in ₹

Name of the KMP	Dr. Abburi Vidyasagar	Smt. A. Sarada	Ms. Sona Rajora
Remuneration	18,00,000/-	7,93,548/-	2,20,000/-
Revenue	25,24,39,250/-		
Remuneration of KMPs (as % of revenue)	0.71%	0.31%	0.087%
Profit After Tax (PAT)	89,33,342/-		
Remuneration of KMP (as % of PAT)	20.14%	8.88%	2.46%

- viii) There is no variable component involved in payment of remuneration to the Directors of the Company and the remuneration of the Directors is fixed at the time of his/her appointment based upon the recommendations made by the Nomination and Remuneration Committee to the Board.
- ix) There is no employee employed in the Company who receives a remuneration which is in excess of the highest paid director during the financial year 2014-15.
- x) The Company affirms that remuneration to the Directors and Key Managerial Personnel is as per the remuneration policy of the Company.
- xi) There are no employees employed in the Company who are in receipt of remuneration of more than Sixty Lakh rupees.

ANNEXURE IX

CORPORATE GOVERNANCE REPORT

(As required under Clause 49 of the listing agreement)

The Company's shares are listed and traded on BSE Limited. The Corporate Governance Report has been prepared in accordance with Clause 49 of the Listing Agreement with the Stock Exchange.

1. CORPORATE GOVERNANCE PHILOSOPHY:

The Company is committed to the highest standards of Corporate Governance Practices. The Company relies on the strong Corporate Governance systems and policies of business for healthy growth, accountability and transparency. Good Corporate Governance will certainly benefit the Board and Management to carry out the objectives effectively for the benefit of the Company and its shareholders. The code of Corporate Governance emphasizes the transparency of systems to enhance the benefit of shareholders, customers, creditors and employees of the Company. In addition to compliance with regulatory requirements, the Company endeavors to ensure that the highest standards of ethical conduct are maintained throughout the Organization.

The Company has complied with the requirements of the Corporate Governance code in terms of Clause 49 of the Listing Agreement entered with the Stock Exchange as disclosed herein below.

2. BOARD OF DIRECTORS:

The Board of Directors along with its committees provides focus and guidance to the Company's management as well as directs and monitors the performance of the Company.

The composition of Board is in consonance with the requirements of Clause 49 of the Listing Agreement. As on 31st March, 2015, Avantel Limited Board consisted 6 Members. The Company has two executive directors, one of whom is the managing director and other in the capacity of whole time director and CFO who are also the promoter directors. The Company has four non-executive directors out of whom three are independent directors, one of whom is the Chairman.

All the Directors on the Board of the Company have made necessary declarations/disclosures regarding their other Directorships along with Committee positions held by them in other Companies.

The details of the meetings held are as follows:

Name of the Director	Category	No of Board Meetings during the Year 2014-2015 and attendance		Attendance at last AGM 25-09-2014	@No of Directorships held in other Companies	#No of Memberships held in Committees
		Held	Attended			
Dr. A. Vidyasagar	Managing Director and Promoter	7	7	Yes	1	Nil
Smt. A. Sarada	Whole -Time Director, CFO and Promoter	7	7	Yes	1	Nil
Shri N. Naveen	Independent Non-Executive Director	7	7	Yes	1	4

Name of the Director	Category	No of Board Meetings during the Year 2014-2015 and attendance		Attendance at last AGM 25-09-2014	@No of Directorships held in other Companies	#No of Memberships held in Committees
		Held	Attended			
Shri Y. Kishore	Independent Non-Executive Director	7	7	No	Nil	Nil
Maj. Gen. (Retd.) S. Balakrishnan, VSM	Non-Executive Director	7	6	No	Nil	Nil
* Shri Raghu Prasad Pidikiti (appointed from 25/10/2014)	Additional, Non-Executive and Independent Director	7	2	Yes	1	NA
•Maj. Gen. (Rtd.) Dr. R. K. Bagga (Resigned from 09/12/2014)	Independent, Non-Executive Director & Chairman	7	4	No	Nil	Nil

Note:

- The Directorships held by Directors in other Companies, as mentioned above do not include Directorships in Foreign Companies, Companies Registered under Section 8 of the Companies Act, 2013 and Private Limited Companies.
- In accordance with Clause 49 of the Listing Agreement, memberships/chairmanships of Audit Committees and Stakeholders Relationship Committees in all public Limited companies (excluding Avante! Limited) have been considered.
- * Shri Raghu Prasad Pidikiti was appointed as an additional Non-Executive Independent Director w.e.f 25th October, 2014.
- Shri Maj. Gen (Rtd) Dr R. K. Bagga resigned from the Board of Directors of the Company w.e.f 9th December, 2014.

As per the disclosures given by the respective directors no Director is a Member of more than Ten Committees and Chairman of more than Five Committees. Further, no director is acting as Independent Director of more than Seven Listed Companies if he is a whole-time director of listed Company, not more than Three Companies.

DATE OF BOARD MEETINGS:

During the year under review Seven Board Meetings were held on 14.05.2014, 04.06.2014, 31.07.2014, 18.09.2014, 12.11.2014, 15.12.2014 and 12.01.2015. The maximum gap between two consecutive meetings did not exceed One Hundred and Twenty days.

I. COMMITTEES OF DIRECTORS:**A. Audit Committee:****Brief description of terms of reference:**

The Committee comprises of non-executive and 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 matters specified under 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 recommendation and appointment of the statutory auditors and their remuneration.

Composition:

Sl. No.	Name of the Director	Category	No. of meetings held during the year	No. of meetings attended
1	Shri N. Naveen	Chairman	4	4
2	Shri Y. Kishore	Member	4	3
3	Shri Raghu Prasad Pidikiti	Member	4	1
4	Maj. Gen. (Retd.). Dr. R. K. Bagga, AVSM (upto 09.12.2014)	Member	4	2

The composition of the Audit Committee and the attendance of each Member of the Committee at the meetings were as follows:

The Chairman of the Audit Committee also attended the last Annual General Meeting of the Company.

The Managing Director, Chief Financial Officer, Internal Auditors and Statutory Auditors were also invited to the meetings, as required, to brief the Committee Meetings. The Company Secretary acted as the Secretary of the Committee.

The Audit Committee Meetings were held during the year under review on the following dates: 14.05.2014, 31.07.2014, 12.11.2014 and 12.01.2015. The gap between two Audit Committee Meetings was not more than four months.

The necessary quorum was present at all the meetings.

Terms of reference:

The terms of reference of the Audit Committee are as per the guidelines set out in the Listing Agreement entered into with Stock Exchange read with Section 177 of the Companies Act, 2013 and includes such other functions as may be assigned to it by the Board from time to time.

i) Powers of the Audit Committee include:

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

ii) Role of the Audit Committee includes:

- a) Oversight of Company’s financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- b) Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of auditors and fixation of audit fee.
- c) Approval of payment to statutory auditors for any other services rendered by them.
- d) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - matters required to be included in the Director’s Responsibility Statement to be included in the Board’s report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.

- changes, if any, in accounting policies and practices and reasons for the same.
 - major accounting entries involving estimates based on the exercise of judgment by management.
 - significant adjustments made in the financial statements arising out of audit findings - compliance with listing and other legal requirements relating to financial statements.
 - disclosure of any related party transactions.
 - Review of draft Auditors Report, in particular qualifications / remarks / observations made by the Auditors on the financial statements.
- e) Management Discussion and Analysis of financial conditions and results of operations.
- f) Review of statement of significant related party transactions submitted by the management.
- g) Review of management letter/letters of internal control weaknesses issued by the statutory auditors.
- h) Review of internal audit reports relating to internal control weaknesses.
- i) Review of appointment, removal and terms of remuneration of the Chief Internal Auditor.
- j) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- k) Review of the financial statements of subsidiary Companies.
- l) Review and monitor the auditor's independence and performance and effectiveness of audit process.
- m) Approval or any subsequent modification of transactions of the Company with related parties.
- n) Scrutiny of inter-corporate loans and investments.
- o) Valuation of undertakings or assets of the Company, wherever it is necessary.
- p) Evaluation of internal financial controls and risk management systems.
- q) To look into the reasons for substantial defaults in the payment to the shareholders (in case of non-payment of declared dividends) and creditors.
- r) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
- s) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- t) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- u) Discussion with internal auditors of any significant findings and follow up there on.
- v) Reviewing the risk management policies, practices and the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

- w) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- x) To review the functioning of the Whistle Blower Mechanism.
- y) Approval of appointment / reappointment / remuneration of CFO (or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- z) Carrying out any other function as may be mentioned in the terms of reference of the Audit Committee. The Audit Committee discharges its functions and obligations on regular basis and on the occurrence of the events.

B. Nomination and Remuneration Committee:

The Nomination and Remuneration Committee has been formed in compliance of Clause 49 of the Listing Agreement and pursuant to Section 178 of the Companies Act, 2013, comprising 3 Independent Directors.

Details on composition of the Nomination and Remuneration Committee and the attendance by each Member of the Nomination and Remuneration Committee are as under:

Sl. No.	Name of the Director	Nature of Directorship	Category	No. of meetings held during the year	No. of meetings attended
1	Shri Raghu Prasad Pidikiti	Independent Director	Chairman	1	NIL
2	Shri Y. Kishore	Independent Director	Member	1	1
3	Shri N. Naveen	Independent Director	Member	1	1
4	Maj. Gen. (Retd.) Dr. R.K. Bagga, AVSM (upto 09.12.2014)	Non Executive Director	Member	1	1

During the financial year 2014-15, the Nomination and Remuneration Committee met only one time i.e. on the 14.05.2014.

NOMINATION AND REMUNERATION POLICY:

I. INTRODUCTION:

A transparent, fair and reasonable process for determining the appropriate remuneration at all levels of AVANTEL LIMITED (the Company) is required to ensure that shareholders remain informed and confident in the management of the Company. To harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 and the rules made thereunder and the Listing Agreement as amended from time to time, this policy on nomination and remuneration of Directors (including non-executive directors) on the Board of Directors, the Key Managerial Personnel (KMP) and Senior Management has been formulated by the Committee and approved by the Board of Directors. This Policy shall act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors (including non-executive directors), Key Managerial Personnel and Senior Management Personnel.

2. OBJECTIVE OF THE POLICY:

- (a) The objective of this Policy is to outline a framework to ensure that the Company's remuneration levels are aligned with industry practices and are sufficient to attract and retain competent director(s) on the Board, KMP(s) and the Senior Management Personnel of the quality required, Avatel Limited is allowing fair rewards for the achievement of key deliverables and enhanced performance. The key objectives of this Policy include:
- (i) Guiding the Board in relation to appointment and removal of Director(s), Key Managerial Personnel and Senior Management;
 - (ii) Evaluating the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
 - (iii) Recommending to the Board the remuneration payable to the Director(s) and setting forth a policy for determining remuneration payable to KMP and Senior Management Personnel.
- (b) While determining the remuneration for the Director(s) (including non-executive directors) and KMPs and Senior Management Personnel, regard should be given to prevailing market conditions, business performance and practices in comparable companies, also to financial and commercial health of the Company as well as prevailing laws and government/other guidelines, to ensure that pay structures are appropriately aligned and the levels of remuneration remain appropriate.
- (c) While designing the remuneration package it should be ensured:
- (i) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the person, to ensure the quality required to run the Company successfully;
 - (ii) there is a balance between fixed and incentive pay, reflecting short and long term performance objectives appropriate to the working of the Company and its goals.
- (d) Some part of the remuneration package may be linked to the achievement of corporate performance targets of the Company and a strong alignment of interest with stakeholders.
- (e) The Committee may consult the chairman of the Board as it may deems appropriate.
- The Committee shall observe the set of principles and objectives as envisaged under the Companies Act, 2013 ("Act") (including Section 178 thereof), rules framed there under and Clause 49 of the Listing Agreement including, inter-alia, principles pertaining to determining qualifications, positives attributes, integrity and independence.
- (f) In this context, the following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors through circulation on 08th December, 2014.

3. EFFECTIVE DATE:

This policy shall be effective from the date of its adoption by the Board.

4. DEFINITIONS:

- (a) In this Policy unless the context otherwise requires:
- (i) 'Board of Directors' or 'Board', in relation to the Company, means the collective body of the directors of the Company.
 - (ii) 'Committee' means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.

- (iii) 'Company' means "AVANTEL LIMITED".
 - (iv) 'Independent Director' means a director referred to in Section 149(6) of the Companies Act, 2013 read with clause 49 of the Listing Agreement.
 - (v) 'Key Managerial Personnel' (KMP) shall have the meaning ascribed to it in the Act and the Rules made thereunder.
 - (vi) 'Non-Executive Directors' includes Independent Directors.
 - (vii) 'Policy' means Nomination and Remuneration policy.
 - (viii) 'Senior Management Personnel' for this purpose shall mean personnel of the Company who are members of its core management team excluding Board of Directors. It would comprise all members of management one level below the executive director(s), including the functional heads.
- (b) Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 and/ Listing Agreement as may be amended from time to time shall have the meaning respectively assigned to them therein.

5. APPLICABILITY:

This Policy is applicable to:

- (i) Directors, including Non- Executive Directors
- (ii) Key Managerial Personnel
- (iii) Senior Management Personnel

6. MEMBERSHIP:

- (a) The Committee shall consist of such number of directors as is required under applicable laws.
- (b) Membership of the Committee shall be disclosed in the Annual Report and on the website of the Company.
- (c) Term of the Committee shall be continuous unless terminated by the Board of Directors.

7. CHAIRMAN:

- (a) Chairman of the Committee shall be an Independent Director.
- (b) Chairperson of the Company (whether executive or non-executive) may be appointed as a member of the Committee but shall not be the Chairman of the Committee.
- (c) Chairman of the Nomination and Remuneration Committee meeting shall be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

8. FREQUENCY OF MEETINGS:

The meeting of the Committee shall be held at such intervals as may be required.

9. COMMITTEE MEMBERS' INTERESTS:

- (a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- (b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

10. SECRETARY:

The Company Secretary of the Company shall act as Secretary of the Committee.

11. QUORUM:

The quorum necessary for transacting business at a meeting of the Committee shall be two members or one-third of the members of the Nomination and Remuneration Committee; whichever is greater.

12. VOTING:

- (a) Matters arising for determination at Committee meetings shall be decided by a majority of votes of members present. Any such decision shall for all purposes be deemed a decision of the Committee.
- (b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

13. RESPONSIBILITY OF THE COMMITTEE:

The Committee is responsible for:

- (i) formulating criteria for determining qualifications, positive attributes and independence of a Director for the purpose of this Policy;
- (ii) advising the Board on issues concerning principles for remuneration and other terms of employment including remuneration for the Directors (including Non-Executive Directors), KMPs and the Senior Management;
- (iii) monitoring and evaluating programs for variable remuneration, both on-going and those that have ended during the year, for the Directors (including Non-Executive Directors), KMPs and the Senior Management;
- (iv) monitoring and evaluating the application of this Policy;
- (v) monitoring and evaluating current remuneration structures and levels in the Company; and
- (vi) any other responsibility as determined by the Board.

14. APPOINTMENT OF DIRECTORS, KMP OR SENIOR MANAGEMENT PERSONNEL:

- (a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as a Director, KMP and/or Senior Management Personnel.
- (b) A person should possess adequate qualifications, expertise and experience for the position he/ she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
- (c) Appointment of Directors, KMPs and Senior Management Personnel is subject to compliance of provisions of the Companies Act, 2013 and compliance of clause 49 of the Listing Agreement.
- (d) The appointment of a Director or a KMP, as recommended by the Nomination and Remuneration Committee further requires the approval of the Board.

15. REMUNERATION:

(a) Remuneration to Executive Directors, Directors other than Executive Director:

- (i) The remuneration/ compensation/ commission etc. to Directors will be determined by the Committee and recommended to the Board for approval. The remuneration/ compensation/ commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

- (ii) The remuneration and commission to be paid to Directors shall be as per the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force.
- (iii) Increments to the existing remuneration/ compensation structure of Directors shall be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Directors.
- (iv) Where any insurance is taken by the Company on behalf of its Directors for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.
- (v) Remuneration to Executive Director:

Fixed pay:

- Executive Director(s) shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.
- The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

Variable components:

The Executive Director(s) may be paid performance linked commission within the overall limits as approved by the shareholders.

(b) Remuneration to Directors other than Executive Director:

Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof.

Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

(c) Remuneration to KMP and Senior Management Personnel:

- (i) The remuneration payable to KMP and Senior Management Personnel including their increments will be determined by the Managing Director and recommended to the Nomination and Remuneration Committee for approval.
- (ii) Where any insurance is taken by the Company on behalf of its KMP and Senior Management Personnel for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

(iii) Remuneration:

(i) **Fixed pay:**

KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force.

The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Committee.

(ii) **Variable components:**

Based on the performance KMP and Senior Management Personnel will be paid incentives.

16. POLICY ON BOARD DIVERSITY:

- (a) The Board of Directors shall have the optimum combination of Directors from the different areas/ fields like production, management, quality assurance, finance, sales and marketing, research and development, Human Resources etc. or as may be considered appropriate.
- (b) The Board shall have at least one Board member who has accounting or related financial management expertise.

17. REMOVAL:

The Committee may recommend, to the Board with reasons recorded in writing, removal of a Director(s), KMP(s) and Senior Management subject to the provisions and compliance of the applicable Act, rules and regulations, if any.

18. DISCLOSURE OF INFORMATION:

This Policy shall be disclosed in the Board's Report.

19. DEVIATION FROM THE POLICY:

The Board may, in individual or collective case, deviate from this Policy, in its absolute discretion, if there are particular reasons to do so. In the event of any departure from the Policy, the Board shall record the reasons for such departure in the Board's minutes.

20. AMENDMENTS TO THE POLICY:

The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

The aggregate of salary & perquisites paid for the year 2014-15 to the Executive Directors is as under:

1. Dr. A. Vidyasagar, Managing Director : ₹ 18,00,000/-
2. Smt. A Sarada : ₹ 7,93,548/-

Apart from the above, they are also eligible for the Leave encashment, Leave Travel Concession, Gratuity, Superannuation and other benefits in terms of his appointment and rules of the Company.

Compensation paid to Non-Executive Directors and their shareholding is as follows:

Name of the Director	Designation	Sitting Fees Paid ₹	No. of shares held on 31-03-2015
Shri N Naveen	Independent Director	108000	NIL
Shri Y Kishore	Independent Director	87750	NIL
Shri R.K.Bagga	Independent Director (upto 09.12.2014)	45000	NIL
Shri S Balakrishnan	Non-Executive Director	45000	NIL
Shri Raghu Prasad Pidikiti	Independent Director (w.e.f 25.10.2014)	7500	NIL

Other than the sitting fees to Non-Executive Directors, there was no material pecuniary relationship or transaction with the Company. The Company has not issued any stock options to its Directors/Employees.

C. Stakeholders' Relationship Committee:

The present composition of the Stakeholders' relationship Committee (Stakeholders' Relationship Committee) is as under:

Name of the Director	Nature of Directorship	Membership
Shri Raghu Prasad Pidikiti	Independent Director	Chairman
Shri Y. Kishore	Independent Director	Member
Dr. A Vidyasagar	Managing Director	Member

The Committee reviews the security transfers//transmissions, process of dematerialization and the investors' grievances and the systems dealing with these issues.

In accordance with Clause 49 of the Listing Agreement entered with Stock Exchange, the Board has authorized the Company Secretary, who is also the Compliance Officer, to approve share transfers / transmissions and comply with other formalities in relation thereto.

All investor complaints, which cannot be settled at the level of the Compliance Officer, will be placed before the Committee for final settlement.

There were no complaints pending for redressal during the year under review. There were no pending transfers as on 31st March, 2015.

Terms of reference:

The terms of reference of the Stakeholders Relationship Committee are as under:

- i) Redressal of grievances of shareholders, debenture holders and other security holders
- ii) Transfer and transmission of securities
- iii) Dealing with complaints related to transfer of shares, non-receipt of declared dividend, non-receipt of Balance Sheet etc.
- iv) Issuance of duplicate shares certificates
- v) Review of dematerialization of shares and related matters
- vi) Performing various functions relating to the interests of shareholders/investors of the Company as may be required under the provisions of the Companies Act, 2013, Listing Agreement entered with the Stock Exchange and regulations/guidelines issued by the SEBI or any other regulatory authority

In order to expedite the process and for effective resolution of grievances/complaints, the Committee has delegated powers to the Share Transfer Agents i.e., M/s. Karvy Computershare Pvt. Ltd., to redress all complaints/grievances/enquiries of the shareholders/investors.

It redresses the grievances/ complaints of shareholders/investors under the supervision of Company Secretary & Compliance Officer of the Company.

The Committee, along with the Share Transfer Agents of the Company follows the policy of attending to the complaints, if any, within seven days from the date of its receipt.

As mandated by SEBI, the Quarterly Reconciliation of Share Capital Audit, highlighting the reconciliation of total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) vis-à-vis the total issued and listed capital is being carried out by M/s. P. S. Rao & Associates, Practising Company Secretaries. This Audit confirms that the total issued and paid up capital is in agreement with the total number of shares held in physical and dematerialized form with NSDL and CDSL.

As on 31st March, 2015, 39,60,149 Equity Shares of ₹ 10/- each representing 97.67% of the total no. of shares are in dematerialized form.

D. Corporate Social Responsibility Committee:

The Board constituted CSR Committee as per the provisions of the Companies Act, 2013 and entrusted the responsibility to comply with the provisions of said act. The composition of the Corporate Social Responsibility Committee is as under:

Name of the Director	Nature of Directorship/Employment	Membership
Smt. A. Sarada	Whole Time Director & CFO	Chairperson
Shri N. Naveen	Independent Director	Member
Shri Y. Kishore	Independent Director	Member
Shri B. V. K. Durga Prasad (w.e.f from 12.11.2014)	Manager Administration	Member

Terms of reference:

The terms of reference of the Corporate Social Responsibility Committee are as under:

- i) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII to the Companies Act, 2013;
- ii) recommend the amount of expenditure to be incurred on the activities referred to in clause (i) above; and
- iii) monitor the Corporate Social Responsibility Policy of the Company from time to time.

Corporate Social Responsibility Policy:

The Company has adopted Corporate Social Responsibility Policy containing the activities to be undertaken by the Company as part of its CSR programs.

2. VIGILANCE MECHANISM / WHISTLE BLOWER POLICY:

The Whistle Blower (Vigil) Mechanism provides a channel to the employees to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the Codes of Conduct or policy and also provides for adequate safeguards against victimization of employees by giving them direct access to the Chairman of the Audit Committee in exceptional cases.

The Policy covers malpractices and events which have taken place / suspected to have taken place, misuse or abuse of authority, fraud or suspected fraud, violation of Company rules, manipulations, negligence causing danger to public health and safety, misappropriation of monies, and other matters or activity on account of which the interest of the Company is affected and formally reported by whistle blowers concerning its employees.

The Whistle Blower Policy is also posted in the Investors section of the Company's website www.avantel.in on the following link <http://www.avantel.in/inversteinfo.php>

3. PERFORMANCE EVALUATION:

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration and Compliance Committees. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Secretarial Department. The Directors expressed their satisfaction with the evaluation process.

4. GENERAL BODY MEETINGS:

The Details of the last three Annual General Meetings are given below:

Financial year ended	Date	Venue	Time	Special Resolution passed
March 31st, 2014	25th September, 2014	Sy. No. 141, Plot No 47/P, APIIC Industrial Park, Gambheeram (V), Anandapuram (M), Visakhapatnam - 531 163, A.P.	11.00 AM	1. Appointment of Mrs. A. Sarada (DIN: 00026543) as the Director (Finance & Accounts) & CFO of the Company for a period of 3 (three) years w.e.f. 14th May, 2014.
March 31st, 2013	27th July, 2013	Plot No: 16, Sector III, Huda Techno Enclave, Opp. K. Raheja IT Park, Madhapur, Hyderabad- 500081,	11.00 AM	1. Re-appointment of Dr. A.Vidyasagar, as Managing Director, for another three years; 2. Buy Back of Equity Shares (also obtained the approval of shareholders by way of Postal Ballot)
March 31st, 2012	21th June, 2012	Plot No: 16, Sector III, Huda Techno Enclave, Opp. K. Raheja IT Park, Madhapur, Hyderabad- 500081	11.00 AM	No Special Resolutions Passed

- i) The Details of Extra-Ordinary General Meetings held during the last Three years are given below- N.A.
- ii) Special Resolution passed last year through postal ballot for Buy Back of Equity Shares.

Meeting of Independent Directors:

During the year under review, the Independent Directors met on 14th March, 2015, inter-alia, to discuss:

Evaluation of the performance of Non-Independent Directors and the Board of Directors as a whole.

Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors.

Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the Meeting.

Familiarization Programme:

A formal familiarization programme was conducted about the Companies Act, 2013, Rules prescribed thereunder, Listing Agreement and all other applicable laws to the Company.

It is the general practice of the Company to notify the changes in all the applicable laws from time to time in every Board Meeting conducted.

The details of such familiarization programmes of Independent Directors are posted on the website of the Company.

5 DISCLOSURES:

A. Disclosures on Materially Significant Related Party Transactions:

There were no materially significant related party transactions compared to the business volume of the Company during the year conflicting with the interest of the Company.

B. Details of Non-Compliance and Penalties:

There was no non-compliance during the last three years by the Company on any matter related to Capital Market. Neither any penalty was imposed nor was any stricture passed on the Company by the Stock Exchange, SEBI or any statutory authority relating to Capital Markets.

C. The Audit Committee has formulated Whistle Blower Policy, as per the Policy and Internal Code of Conduct all personnel of the Company have been given access to the Audit Committee.

D. CEO/ CFO Certification:

The Managing Director and Chief Financial Officer (who is heading the finance functions) have certified to the Board in accordance with Clause 49 (ix) of the Listing Agreement pertaining to CEO certification for the financial year ended 31st March, 2015.

E. Compliance Certificate:

Compliance certificate for Corporate Governance from Auditors of the Company is annexed hereto and forms part of this report.

F. Code of Conduct:

The Company has framed the Code of Conduct for Directors and Senior Management. The Code of Conduct is applicable to all Directors and Senior Management of the Company. All the members of the Board and Senior Management of the Company have affirmed compliance with their respective Codes of Conducts for the financial year ended 31st March, 2015. A declaration to this effect, duly signed by the Managing Director is annexed hereto and forms part of this Report.

G. Details of Compliances with Mandatory Requirements and Adoption of the Non-Mandatory Requirements:

The Company has complied with the mandatory requirements of Clause 49 and has also complied with non-mandatory requirements.

H. Relationship inter-se among Directors:

In accordance with the provisions of Section 2(77) of the Companies Act, 2013 and rules made there-under, Managing Director, Dr. A. Vidyasagar and Mrs. A. Sarada, Whole-Time Director & CFO, belong to promoter group and are related to each other.

I. Familiarization program of Independent Directors:

The Company conducted familiarization program for the Independent Directors to familiarize them to their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company etc. The Company also conducted a separate programme on the latest SEBI Regulations to promote training to the Directors to ensure that the Board Members are kept up to date.

J. Material Subsidiaries:

The Company has no material subsidiaries.

K. Related Party Transactions:

The policy on dealing with related party transactions has been posted on the website of the Company.

6. MEANS OF COMMUNICATION:

- A. Quarterly and half-yearly reports are published in two Newspapers- one in English and one in Telugu.
- B. The financial results are regularly submitted to the Stock Exchange in accordance with the Listing Agreement and simultaneously displayed on the Company's website www.avantel.in. The Secretarial Department serves to inform the investors by providing key and timely information like details of Directors, Financial Results, Shareholding Pattern, etc.
- C. The Company is also displaying official news announcements on its website www.avantel.in.
- D. Management Discussion and Analysis forms part of this Annual Report.

7. GENERAL SHAREHOLDER'S INFORMATION:

A.	Annual General Meeting	
	Date and Time	18th September, 2015 and 11.00 AM
	Venue	Sy. No. 141, Plot No. 47/P, APIIC Industrial Park, Gambheeram (V), Anandapuram (M), Visakhapatnam, Andhra Pradesh – 531163
	Last Date of Proxy forms submission	11.00 AM of 16th September, 2015
B.	Financial Year	1st April, 2014 to 31st March, 2015
C.	Book Closure	12.09.2015 to 18.09.2015
D.	Dividend Payment Date	15 days from the date of AGM
E.	Listing on Stock Exchange	BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai.

F.	Stock Code		
	Name of the Stock Exchange	Stock Code	Security ID
	BSE Limited	532406	AVANTEL
	Demat ISIN No. for NSDL & CDSL	INE005B01019	

The Company's Securities are listed and traded on BSE Limited. The listing fees for the year 2014-2015, have been paid to the above said Stock Exchange.

G. Market Price Data & Share Performance of the Company:

The monthly High, Low and trading volumes of the Companies Equity Shares during the last financial year 2014-2015 at BSE Limited (BSE) are given below:

Month	BSE	
	High (₹)	Low (₹)
April, 2014	56.5	44
May, 2014	83	49
June, 2014	83.9	66
July, 2014	83.95	67.75
August, 2014	86.05	76.6
September, 2014	108	80
October, 2014	134.6	100.75
November, 2014	190	109
December, 2014	167	118.1
January, 2015	188	109
February, 2015	144	103
March, 2015	132.7	107.1

H. All Services relating to share transfer/transmissions and information may be addressed to:

Registrar and Share Transfer Agent

M/s. Karvy Computershare Private Limited,
 Karvy Selenium Tower B, Plot 31-32, Gachibowli
 Financial District, Nanakramguda, Hyderabad - 500 032
 Ph: 040 - 6716 1565 | Extn: 1565
 Email: mailmanager@karvy.com
 Website: www.karvycomputershare.com

The Company periodically audits the operations of share transfer agent.

I. Share Transfer System:

Share Transfers in physical form shall be lodged with the Registrar at the above-said address. The share transfers are generally processed by our Registrars within 15 days from the date of receipt provided the documents are complete in all respects.

Pursuant to Clause 47 (c) of the Listing Agreement with the Stock Exchange, certificates, on half-yearly basis, have been given by a Practicing Company Secretary due compliance of shares transfer formalities.

J. Distribution of Equity Shares as on 31st March, 2015:

Sl. No.	Category (No. of Shares)	No. of Holders	% of Holders	Amount in (₹)	% of Amount
1	upto 1 - 5000	3,566	87.25	45,96,600	11.34
2	5001 - 10000	250	6.12	21,03,900	5.19
3	10001 - 20000	126	3.08	19,40,330	4.79
4	20001 - 30000	42	1.03	10,95,840	2.70
5	30001 - 40000	19	0.46	6,85,020	1.69
6	40001 - 50000	18	0.44	8,54,200	2.11
7	50001 - 100000	28	0.69	20,45,500	5.04
8	100001 & ABOVE	38	0.93	2,72,23,540	67.14
	Total	4,087	100	4,05,44,930	100

K. Shareholding Pattern as on 31st March, 2015:

Category	No. of Shares held	% of Capital
Resident Individuals	19,45,223	47.98
Promoters	15,85,215	39.10
Bodies corporates	3,54,644	8.75
HUF	1,25,872	3.10
Non Resident Indians	40,484	1.00
Clearing Members	3,055	0.07
Total	40,54,493	100

L. Dematerialization of shares and liquidity:

The Company has made necessary arrangements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialization facility. As on 31st March, 2015, 97.67% of the Company's Equity Shares are in dematerialized form. The ISIN NO. / Code for the Company's Equity Shares is INE005B01019. Shareholders can open an account with any of the depository participants registered with any of these depositories.

M. Plant Locations:

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

N. Address for Correspondence:

Plot No. 16, Sector-III, HUDA Techno,
Enclave, Opp. K. Raheja IT Park, Madhapur, Hyderabad -500 081, Telangana.
Phone: +91 - 40 - 6630 5000,
Fax: +91 - 40 - 6630 5004

For **Avantel Limited**

Place : Hyderabad
Date : 29.07.2015

Y. Kishore
Chairman of the Meeting

Managing Director's and CFO's Certification

We have reviewed the financial statements read with the cash flow statement of Avantel Limited for the year ended March 31st, 2015 and that to the best of our knowledge and belief, we state that;

- a) (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 true and fair view of the Company's affairs and are in compliance with current Accounting standards, applicable laws and regulations.
- b) There are, to the best of my knowledge and belief, no transaction entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, and steps taken or proposed to be taken for rectifying these deficiencies.
- d) We have indicated to the Auditors and Audit Committee :
 - (i) that there are no significant changes in internal control over financial reporting during the year;
 - (ii) that there are no significant changes in accounting policies during the year; and
 - (iii) that there are no instances of fraud involving the management or an employee.

Place : Hyderabad
Date : 29.07.2015

A. Sarada
Whole Time Director & CFO

Dr. A. Vidyasagar
Managing Director

Declaration by the Managing Director

I, Dr. A. Vidyasagar, Managing Director, hereby declare that the Company has received the declarations from all the Board Members and Senior Management Personnel affirming compliance with Code of Conduct for Members of the Board and Senior Management for the year 2014-2015.

Place : Hyderabad
Date : 29.07.2015

Dr. A. Vidyasagar
Managing Director

AUDITORS REPORT ON CORPORATE GOVERNANCE

To,
The Member of Avantel Limited,

We have examined the compliance of Corporate Governance by Avantel Limited, (the “Company”) for the financial year ended on 31st March 2015, as stipulated in clause 49 of the Listing Agreement of the said Company entered with the concerned Stock Exchange.

The Compliance of condition of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedure and implementation thereof, adopted by the Company for ensuring compliance with the condition of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company

In our opinion and to the best of our information and to the explanation given to us and based on the representations made by the Directors and the Management we certify that Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For **M/s. Ramanatham & Rao**
Chartered Accountants
Firm Regn. No. 002934S

CA K. SREENIVASAN
Partner
M.No.206421

Place : Hyderabad
Date : 29/07/2015

INDEPENDENT AUDITORS' REPORT

To
The Members of **AVANTEL LIMITED**,
Hyderabad.

Report on the Financial Statements

We have audited the revised financial statements of the **AVANTEL LIMITED** (the Company) which comprise the Balance Sheet as at 31st March, 2015, 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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation 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 principles generally accepted in India, including the Accounting Standards specified Under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and effectively design, implementation and maintenance of adequate internal financial controls, that were operating for ensuring the accuracy and completeness of the accounting records, 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 revised financial statements based on our audit. We have taken into account the provisions of the Act, the accounting

and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made hereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls. An audit also includes system over financial reporting and the operating effectiveness of such controls includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the revised financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the revised 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, of the state of affairs of the Company as at 31st March, 2015 and its Profit and its cash flows for the year ended on that date.

Other Matter

We further would like to report that we have submitted our Audit Report to the Company on the Financial Statements on 29th April, 2015 and the Board of Directors of the Company in its meeting held on 29th April, 2015, considered and approved the audited financial statement for the financial year 2014-15.

Subsequently, in the Board Meeting held on 29th July, 2015, the Board of Directors of the Company reconsidered the audited financial statement for the financial year 2014-15 and approved the audited financial statements for the financial year 2014-15 by recommending a dividend of ₹ 1.50 (Rupee One and Fifty Paise only) per equity share of ₹ 10/- (Rupees Ten only) each. In accordance with the decision of the Board of Directors of the Company and Note No. 2.41 of the reconsidered financial statements, we state that the financial statement approved by the Board of Directors at its meeting held on 29th April, 2015 and the reconsidered financial statements approved by the Board of Directors at its meeting held on 29th July, 2015, remain unchanged except for the provision for dividend and corporate dividend tax thereon reflected in the reconsidered statements for the financial year 2014-15. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - a) we have sought and 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 aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) on the basis of written representations received from the directors as on 31st March, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015, from being appointed as a director in terms of Section 164(2) of the Act; and
- f) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations give to us:
 - (i) The Company does not have any pending litigations which would impact its financial position;
 - (ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

for **RAMANATHAM & RAO**
Chartered Accountants,
Firm Registration No.0029345

(CA K. SREENIVASAN)

Place : Hyderabad
Date : 29th July, 2015

Partner
ICAI Membership No. 206421

Annexure to the Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the revised financial statements for the year ended 31st March, 2015, we report that:

- 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. The Company has 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.
- 2.1 The inventory has been physically verified during the year by the management. In our opinion, the frequency of 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 not granted any loans, secured or unsecured, to companies, firms or parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). Accordingly, clauses (iii)(a) and (iii)(b) of the Order are not applicable to the Company.
- 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 The Company has not accepted any deposits from the public.
- 6.1 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 sub-section 148 of the Act 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.

- 7.1 The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, value added tax, cess and any other statutory dues applicable to it.
According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, value added tax and cess were in arrears, as at 31st March, 2015, for a period of more than six months from the date they became payable.
- 7.2 According to the information and explanation given to us, the Company does not have disputed liability in respect of income tax, sales tax, wealth tax, service tax, custom duty, excise duty, value added tax and cess.
- 7.3 According to the information and explanations given to us the amounts which were required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules there under has been transferred to such fund within time.
- 8.1 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 in the immediately preceding financial year.
- 9.1 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.
- 10.1 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.
- 11.1 In our opinion, the term loans have been applied for the purpose for which they were obtained.
- 12.1 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.0029345

(CA K. SREENIVASAN)

Place : Hyderabad
Date : 29th July, 2015

Partner
ICAI Membership No. 206421

BALANCE SHEET AS AT MARCH 31, 2015

Particulars	Note No.	31st March, 2015 ₹	31st March, 2014 ₹
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2.1	40,550,930	41,836,000
(b) Reserves and Surplus	2.2	156,607,349	165,259,869
(c) Money received against share warrants		-	-
(2) Share application money pending allotment			
		-	-
(3) Non-Current Liabilities			
(a) Long-term borrowings	2.3	34,500,000	44,700,000
(b) Deferred tax liabilities (Net)		-	-
(c) Other Long term liabilities		-	-
(d) Long-term provisions	2.4	2,709,357	1,944,253
(4) Current Liabilities			
(a) Short-term borrowings	2.5	48,171,480	50,425,584
(b) Trade payables	2.6	4,723,978	10,612,505
(c) Other current liabilities	2.7	17,671,626	21,969,139
(d) Short-term provisions	2.8	12,014,623	1,348,889
Total		316,949,343	338,096,238
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	2.9	136,939,588	153,893,816
(ii) Intangible assets			
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development			
(b) Non-current investments		-	-
(c) Deferred tax assets (net)	2.10	3,597,200	3,860,500
(d) Long term loans and advances		-	-
(e) Other non-current assets	2.11	4,883,691	4,578,890
(2) Current assets			
(a) Current investments			
(b) Inventories	2.12	105,883,242	121,044,257
(c) Trade receivables	2.13	46,120,041	43,129,914
(d) Cash and cash equivalents	2.14(a)	1,290,830	2,125,091
(e) Other Bank Balances	2.14(b)	3,206,643	1,870,200
(f) Short-term loans and advances	2.15	15,028,108	7,593,570
Total		316,949,343	338,096,238
III. Significant Accounting Policies & Notes on Accounts & II			

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

Partner
ICAI Membership No. 206421

Place : Hyderabad
Date : 29.07.2015

for and on behalf of Avantel Limited

Dr. A.VIDYASAGAR
Managing Director

N. NAVEEN
Director

LOKESH AGARWAL
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDING MARCH 31, 2015

Particulars	Note No.	31st March, 2015 ₹	31st March, 2014 ₹
I. Revenue from operations	2.16	252,439,250	130,053,803
II. Other Income	2.17	8,335,865	1,837,790
III. Total Revenue (I + II)		260,775,115	131,891,593
IV. Expenses:			
Cost of materials consumed	2.18	63,008,354	76,040,425
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	2.19	21,203,512	(108,942,137)
Employee benefit expense	2.20	41,634,693	48,214,862
Manufacturing Expenses	2.21	11,817,725	10,700,103
Research and Development Expenses	2.22	45,211,639	58,942,840
Selling and Distribution Expenses	2.23	6,986,332	6,765,934
Financial costs	2.24	17,640,705	11,226,913
Depreciation and amortization expense	2.25	18,866,896	19,898,881
Other Expenses	2.26	21,954,930	19,225,106
Prior Period Expenditure	2.27	316,756	1,337,699
Total Expenses		248,641,542	143,410,626
V. Profit (Loss) before exceptional and extraordinary items and tax (III-IV)		12,133,573	(11,519,033)
VI. Exceptional Items		-	-
VII. Profit (Loss) before extraordinary items and tax (V - VI)		12,133,573	(11,519,033)
VIII. Extraordinary Items		-	-
IX. Profit (Loss) before tax (VII - VIII)		12,133,573	(11,519,033)
X. Tax expense:			
(1) Current tax	2.28	2,936,931	-
(2) Short (Excess) Provision of earlier years		-	(395,525)
(3) Deferred tax		263,300	786,410
XI. Profit/(Loss) for the period from continuing operations (IX - X)		8,933,342	(10,337,098)
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)		8,933,342	(10,337,098)
XVI. Earning per equity share:			
(1) Basic		2.20	-
(2) Diluted		2.20	-

As per our report of even date
for **RAMANATHAM & RAO**
Chartered Accountants
Firm Registration No. 0029345
(CA K. SREENIVASAN)

Partner
ICAI Membership No. 206421

Place : Hyderabad
Date : 29.07.2015

for and on behalf of Avante! Limited

Dr. A.VIDYASAGAR
Managing Director

N. NAVEEN
Director

LOKESH AGARWAL
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

Particulars	31st March, 2015	31st March, 2014
	₹	₹
A. Cash flows from operating activities		
Profit (Loss) before taxation	12,133,573	(11,519,033)
Adjustments for:		
Depreciation & Amortization	18,866,896	19,898,881
Interest expense	15,269,350	8,103,057
Miscellaneous Receipts	(160,493)	(1,287,055)
Profit on sale of Fixed Assets	(3,769,871)	(17,999)
Interest Income	(889,753)	(532,736)
Buy Back Expenses	1,158,740	1,684,807
Operating Profit before Working Capital Changes	42,608,442	16,329,922
Working capital changes:		
Decrease/(Increase) in trade receivables	(2,990,127)	73,490,169
Decrease/ (Increase) in inventories	15,161,015	(110,277,328)
Decrease/ (Increase) in Other Non-Current Assets	(304,801)	(2,450,140)
Decrease / (Increase) in Loans & Advances	(6,290,884)	4,033,502
Increase/ (Decrease) in Long Term Liabilities	765,104	1,469,975
Increase/ (Decrease) in trade payables	(5,888,527)	8,141,503
Increase/(Decrease) in Other Short Term Liabilities	(3,888,549)	3,236,053
Cash generated from operations	39,171,673	(6,026,344)
Income taxes paid	(1,143,654)	(9,250,912)
Net cash from operating activities	Total (A)	(15,277,256)
B. Cash flows from investing activities		
Purchase of Fixed Assets	(17,944,874)	(10,897,810)
Sale of Fixed Assets	19,007,817	17,999
Increase in Capital Work in Progress	-	-
Interest Received	889,753	532,736
Miscellaneous Receipts	160,493	1,287,055
Net cash used in investing activities	Total (B)	(9,060,020)
C. Cash flows from financing activities		
Increase in Long Term Loans	(10,200,000)	44,700,000
Increase in Short Term Borrowings	(2,254,104)	12,844,821
Buyback of Shares and Expenses	(11,915,572)	(21,923,375)
Interest paid	(15,269,350)	(8,103,057)
Dividend Paid, including Dividend Tax	-	(12,234,752)
Net cash used in financing activities	Total (C)	15,283,637
D. Net Increase/(Decrease) in Cash & Cash Equivalents (A) + (B) + (C)	502,182	(9,053,639)
Cash and cash equivalents at beginning of the year	3,995,291	13,048,930
Cash and cash equivalents at end of the year	4,497,473	3,995,291

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

Partner
ICAI Membership No. 206421

Place : Hyderabad
Date : 29.07.2015

for and on behalf of Avantel Limited

Dr. A.VIDYASAGAR
Managing Director

N. NAVEEN
Director

LOKESH AGARWAL
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) under the historical cost conversion on accrual basis. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities Exchange Board of India (SEBI).

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 taxes and value added taxes (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/ap-peals.

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, 2015

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, 2015 ₹	31st March, 2014 ₹
2.1 SHARE CAPITAL		
Equity Share Capital		
Authorised Share capital		
70,00,000 Equity Shares of ₹ 10/- each	70,000,000	70,000,000
Issued, subscribed & fully paid share capital		
41,83,000 (Previous year 44,83,000) Equity Shares of ₹ 10/- each fully paid	41,830,000	44,830,000
Less: Buy back of 1,28,507 shares of ₹ 10/- each	1,285,070	3,000,000
Add: Forfeited shares (Amount originally paid up)	6,000	6,000
Total	40,550,930	41,836,000

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

	31st March, 2015	31st March, 2014
Equity Shares:		
At the beginning of the period		
No. of shares	4,183,000	4,483,000
Amount in ₹	41,830,000	44,830,000
Issued during the period		
No. of shares	-	-
Amount in ₹	-	-
Less: Buy back of shares		
No. of shares	128,507	300,000
Amount in ₹	1,285,070	3,000,000
Outstanding at the end of the period		
No. of shares	4,054,493	4,183,000
Amount in ₹	40,544,930	41,830,000

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.

During the year ended 31st March, 2015, the Board of Directors have recommended a dividend of ₹ 1.50 (31st March, 2014: NIL) per equity share of ₹ 10/-

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

	2014-15	2013-14	2012-13	2011-12	2010-11
No. of Equity Shares bought back by the Company During the year	128,507	300,000	-	223,473	-
Aggregate Number of Equity Shares bought back by the Company	1,098,223	969,716	669,716	669,716	446,243

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

Name of the Shareholder	31-03-2015		31-03-2014	
	No of Shares Held	% of Holding	No of Shares Held	% of Holding
Euity Shares of ₹10/- each fully paid				
1. Dr. Vidyasagar Abburi	806,720	19.90	846,720	20.24
2. Smt. K Swapna	300,000	7.40	282,048	6.74
3. Smt. Sarada Abburi	245,396	6.05	245,396	5.87
4. Ms. Sailaja Abburi	222,479	5.49	242,479	5.80
5. Mr. Sidhartha Sagar Abburi	274,000	6.76	294,849	7.05

Note No.		31st March, 2015 ₹	31st March, 2014 ₹
2.2	RESERVES AND SURPLUS		
a)	Capital Redemption Reserves		
	Opening Balance	9,697,160	6,697,160
	Add: Current Year Transfer	1,285,070	3,000,000
	Less: Written Back in Current Year	-	-
	Closing Balance	10,982,230	9,697,160
b)	Securities Premium Reserves		
	Opening Balance	7,906,104	7,906,104
	Add: Forefietted Shares (Amount originally paid up)	24,000	24,000
	Add: Current Year Transfer	-	-
	Less: Adjusted against Buyback of Share Premium	-	-
	Closing Balance	7,930,104	7,930,104
c)	Revaluation Reserves		
	Opening Balance	14,209,102	15,003,362
	Add: Current Year Transfer	-	-
	Less: Written Back in Current Year	794,260	794,260
	Closing Balance	13,414,842	14,209,102
d)	General Reserve		
	Opening Balance	45,354,925	65,593,493
	Add: Current Year Transfer	-	-
	Less: Adjusted against Buyback of Shares	10,756,832	20,238,568
	Less: Written Back in Current Year	-	-
	Closing Balance	34,598,093	45,354,925
e)	Surplus		
	Opening Balance	88,068,577	98,405,675
	Profit (Loss) for the year	8,933,342	(10,337,098)
	Less: Appropriations		
	i) Transfer to General Reserve	-	-
	ii) Proposed Final Equity Dividend	6,081,740	-
	iii) Tax On Proposed Dividend	1,238,099	-
	Closing Balance	89,682,081	88,068,577
	Total	156,607,349	165,259,868
2.3	LONG-TERM BORROWINGS	34,500,000	44,700,000
	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. Vidyasagar, Managing Director of the Company). The Loan is Payable on monthly instalments @ ₹ 8.5 Lakhs per month upto August 2019 and the rate of interest @13.95% p.a.		
	Total	34,500,000	44,700,000

Note No.	31st March, 2015 ₹	31st March, 2014 ₹
2.4 LONG-TERM PROVISIONS		
Provision for employee benefits	2,709,357	1,944,253
Total	<u>2,709,357</u>	<u>1,944,253</u>
2.5 SHORT-TERM 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, Madhapur, Hyderabad and personal guarantee of the Managing Director of the Company)	48,171,480	50,425,584
Total	<u>48,171,480</u>	<u>50,425,584</u>
2.6 TRADE PAYABLES		
Trade Payables-Due to Micro, Small & Medium Enterprises	2,947,392	9,211,625
Trade Payables-Others	1,776,586	1,400,880
Total	<u>4,723,978</u>	<u>10,612,505</u>
2.7 OTHER CURRENT LIABILITIES		
Unpaid dividends	909,470	1,048,880
Other payables		
Sundry Creditors - Capital Goods	97,673	1,051,762
Liabilities for Expenses	3,858,391	3,675,980
Advance from Customers	276,527	276,527
Interest accrued and due	-	84,431
Provisions for Warranty Expenses	1,609,565	5,631,559
Rental Deposit	720,000	-
Current Liabilities of Long Term Loans	10,200,000	10,200,000
Total	<u>17,671,626</u>	<u>21,969,139</u>
2.8 SHORT-TERM PROVISIONS		
Provision for employee benefits		
Salary & Reimbursements	643,879	668,648
Contributions	383,615	172,479
Provision for Statutory Liabilities	730,359	507,762
Provision for Taxation	2,936,931	-
Provision for Dividend	6,081,740	-
Provision for Dividend Tax	1,238,099	-
Total	<u>12,014,623</u>	<u>1,348,889</u>

Note No. 2.9
FIXED ASSETS

Sl. No.	Description of the Assets	GROSS BLOCK			DEPRECIATION				NET BLOCK	
		Balance as at 01-04-2014	Additions/ Acquired during the year	(Disposals)	Balance as at 31-03-2015	Balance as at 01-04-2014	Depreciation charged for the year	On Disposals	Balance as at 31-03-2015	Balance as at 31-03-2014
		₹	₹	₹	₹	₹	₹	₹	₹	₹
	Tangible Assets									
1	Land	37,160,990	6,910,800	15,203,877	28,867,913	-	-	-	28,867,913	37,160,990
2	Buildings Freehold	107,503,981	-	-	107,503,981	23,963,508	5,194,926		78,345,547	83,540,473
3	Furniture & Fixtures	8,149,127	753,264	-	8,902,391	3,936,184	1,167,518		3,798,689	4,212,943
4	Plant and Machinery (Assembly & Testing)	35,746,910	6,006,374	-	41,753,284	29,832,694	3,983,919		7,936,671	5,914,216
5	Computers	12,302,053	484,179	85,600	12,700,632	9,907,051	1,171,543	51,545	11,027,049	2,395,002
6	Office Equipment & Electricals	21,852,136	2,535,973		24,388,109	7,863,072	4,581,820		11,943,217	13,989,064
7	Vehicles	5,293,931	1,147,500	2,435,775	4,005,656	2,910,911	900,431	2,435,773	2,630,087	2,383,020
8	R & D Equipments	39,692,117	106,784	-	39,798,901	35,394,009	2,661,011		1,743,881	4,298,108
	Total	267,701,245	17,944,874	17,725,252	267,920,867	113,807,429	19,661,168	2,487,318	130,981,279	153,893,816
	Previous year	256,870,733	10,897,810	(67,298)	267,701,245	93,181,586	20,693,141	(67,298)	113,807,429	163,689,146

Note No.	31st March, 2015 ₹	31st March, 2014 ₹
2.10 DEFERRED TAX ASSET (NET)		
Fixed Assets	2,071,380	1,314,550
Employee Benefits	942,440	719,770
Others	583,380	1,826,180
Total	3,597,200	3,860,500
2.11 OTHER NON-CURRENT ASSETS		
a) Long Term Deposits:		
In Margin Money/ Deposit A/c with original maturity of more than one year	4,157,390	4,002,990
b) Others:		
Deposits Recoverable	726,301	575,900
Total	4,883,691	4,578,890
2.12 INVENTORIES		
Raw materials		
a) Indigenous	4,990,346	4,504,462
b) Imported	5,070,818	2,482,834
Raw materials - R & D	4,979,184	2,010,555
Work in progress	90,842,894	112,046,406
Total	105,883,242	121,044,257
2.13 TRADE RECEIVABLES		
Unsecured, considered good		
Trade Receivables Outstanding for a period exceeding six months from the date they are due for payment	3,602,859	9,763,488
Other Trade Receivables	42,517,182	33,366,426
Total	46,120,041	43,129,914
2.14 CASH AND CASH EQUIVALENTS		
a) Balances with banks:		
a) in Current Accounts	359,757	1,037,159
b) in unpaid dividend account	909,470	1,048,880
Cash on hand	21,603	39,052
Total	1,290,830	2,125,091
b) Other Bank Balances:		
Current:		
In Margin Money/ Deposit A/c with original maturity of less than one Year	3,206,643	1,870,200
Total	3,206,643	1,870,200

Note No.	31st March, 2015 ₹	31st March, 2014 ₹
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	3,720,152	2,576,498
b) Prepaid Expenditure	3,457,155	3,004,194
c) Balance with Govt. Departments	873,463	523,897
d) Accrued Interest / Income	1,027,208	490,417
e) Advance to Suppliers	4,048,419	227,280
f) Other Advances	1,901,711	771,284
Total	15,028,108	7,593,570
2.16 REVENUE FROM OPERATIONS:		
a) Revenue from - Sale of products		
Domestic	209,310,886	103,100,440
Export	15,229,502	426,550
Sub-Total	224,540,388	103,526,990
b) Revenue from - Sale of Services		
Domestic	36,641,544	33,179,086
Export	-	-
Sub-Total	36,641,544	33,179,086
c) Sub-Total (a)+(b)	261,181,932	136,706,076
d) Less: Excise Duty & Service Tax	8,742,682	6,652,273
Total	252,439,250	130,053,803
2.17 OTHER INCOME		
Interest income	889,753	532,736
Profit on Sale of Fixed Assets	3,769,871	17,999
Miscellaneous Receipts	160,493	1,084,807
Rent	3,515,748	202,248
Total	8,335,865	1,837,790
2.18 COST OF RAW MATERIALS AND COMPONENTS CONSUMED		
a) Indigenous:		
i) Inventory at the Beginning of the Year	4,504,462	3,437,759
ii) Add: Purchases	31,958,409	50,050,009
	36,462,871	53,487,768
iii) Less: Inventory at the End of the Year	4,990,346	4,504,462
iv) Cost of Raw Materials Consumed	31,472,525	48,983,306

Note No.	31st March, 2015 ₹	31st March, 2014 ₹
b) Imported:		
i) Inventory at the Beginning of the Year	2,482,834	2,263,223
ii) Add: Purchases	34,123,813	27,276,730
	<u>36,606,647</u>	<u>29,539,953</u>
iii) Less: Inventory at the End of the Year	5,070,818	2,482,834
iv) Cost of Raw Materials Consumed	<u>31,535,829</u>	<u>27,057,119</u>
Total	<u>63,008,354</u>	<u>76,040,425</u>
2.19 (INCREASE)/DECREASE IN INVENTORIES:		
Inventories at the Beginning of the Year		
Work in Progress	112,046,406	3,104,269
	<u>112,046,406</u>	<u>3,104,269</u>
Inventories at the End of the Year		
Work in Progress	90,842,894	112,046,406
	<u>90,842,894</u>	<u>112,046,406</u>
Total	<u>21,203,512</u>	<u>(108,942,137)</u>
2.20 EMPLOYEE BENEFITS EXPENSES		
Salaries and wages	33,241,599	40,223,676
Directors Remuneration	3,037,548	2,232,420
Bonus	275,241	267,909
Exgratia & Gratuity	2,530,451	2,550,922
Training & Recruitment	455,315	380,316
Contribution to provident and other funds	1,297,927	841,344
Staff welfare expenses	796,612	1,718,275
Total	<u>41,634,693</u>	<u>48,214,862</u>
2.21 MANUFACTURING EXPENSES:		
Manpower Hire Charges	1,027,954	1,264,906
Jobwork Charges	1,922,202	2,447,085
Power and fuel	3,269,147	3,793,466
Consumption of stores and spare parts	238,001	444,212
Freight Inwards	247,406	162,470
Repairs & Maintenance - Plant & Machinery	759,425	1,100,748
Testing Charges	9,590	592,866
Installation & Commissioning Charges	4,344,000	894,350
Total	<u>11,817,725</u>	<u>10,700,103</u>

Note No.	31st March, 2015 ₹	31st March, 2014 ₹
2.22 R & D EXPENDITURE:		
Opening Stock	2,010,555	1,961,678
Purchases	21,874,792	21,131,118
	<u>23,885,347</u>	<u>23,092,796</u>
Closing Stock	4,979,184	2,010,555
Materials Consumed - R & D	18,906,163	21,082,241
Jobwork Charges	641,797	490,461
R & D Salaries	18,910,597	25,485,976
Contributions to Provident Fund & Other Funds	618,499	419,857
Consumables	18,741	51,369
Repairs & Maintenance - Plant & Machinery	946,789	619,950
Professional & Consultancy	1,376,920	3,668,554
Testing and Designing Charges	1,895,493	1,861,150
Travelling & Conveyance	835,646	1,305,572
Technical Transfer Fees	-	471,811
Training & Recruitment Charges	158,000	-
Designing Charges	642,000	3,163,253
Bank Charges	154,000	147,863
Other Expenses	106,994	174,783
Total	<u>45,211,639</u>	<u>58,942,840</u>
2.23 Selling & Distribution Expenditure:		
Freight Outwards	384,455	249,409
Packing Materials	482,289	340,960
Business Promotion	1,000,869	843,169
Travelling Expenses	1,936,095	1,663,249
Late Delivery Charges	49,452	10,472
Warranty Expenses	-	2,378,892
Customer Support Expenses	3,133,172	1,279,783
Total	<u>6,986,332</u>	<u>6,765,934</u>
2.24 FINANCE COSTS		
Interest expenses:		
Interest on working capital limits	8,301,923	2,799,583
Interest on Term Loan	6,967,427	5,303,474
Bank Charges	2,371,355	3,123,856
Total	<u>17,640,705</u>	<u>11,226,913</u>

Note No.	31st March, 2015 ₹	31st March, 2014 ₹
2.25 DEPRECIATION AND AMORTIZATION EXPENSES:		
Depreciation on Tangible Assets	19,661,156	20,693,141
Less: Recoupment from Revaluation Reserve	(794,260)	(794,260)
Total	<u>18,866,896</u>	<u>19,898,881</u>
2.26 OTHER EXPENDITURE:		
Repairs & Maintenance:		
Buildings	3,535,136	2,895,461
Vehicles	856,704	809,611
Others	2,132,853	2,421,760
Rates & Taxes	668,659	538,046
Rent	281,520	-
Insurance	405,196	331,636
Postage & Telephones	1,666,507	1,639,273
Printing & Stationery	756,815	745,688
Auditors Remuneration:		
As Auditor	175,000	175,000
For Certification	27,500	30,618
Professional & Consultancy	2,837,380	1,969,675
Travelling & Conveyance	1,707,273	1,640,126
Secretarial Expenses	523,210	439,981
Buyback of shares expenses	1,158,740	1,684,807
Watch & Ward	1,732,715	1,537,708
Directors Sitting Fee	300,666	315,000
Exchange Fluctuations	266,493	-
Business Development Expenses	158,577	-
Donations	737,589	521,000
Office Maintenance	811,360	621,503
Accounts written off	3,432	376,851
Miscellaneous Expenses	248,086	531,362
Corp. Social Resp. Expenses	963,519	-
Total	<u>21,954,930</u>	<u>19,225,106</u>
2.27 PRIOR PERIOD EXPENSES		
Prior Period Expenses	316,756	1,337,699
Total	<u>316,756</u>	<u>1,337,699</u>

Note No.	31st March, 2015 ₹	31st March, 2014 ₹
2.28 CURRENT TAX		
Current Tax for the previous year represents the Minimum Alternative Tax (MAT) payable by the Company on the book profits 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.		
2.29 CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)		
Contingent liabilities		
Claims against the Company not acknowledged as debt Guarantees	66,903,046	56,301,978
Total	<u>66,903,046</u>	<u>56,301,978</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	2014-15 ₹	2013-14 ₹
Projected benefit Obligation at the beginning of the year	3,845,912	4,335,033
Current Service cost	353,464	369,419
Interest Cost	307,673	346,803
Actuarial (Gain)/Loss	633,806	1,353,973
Benefits Paid	(1,021,936)	(2,559,316)
Projected benefit Obligation at the end of the year	4,118,919	3,845,912
Amount recognized in the balance sheet		
Projected benefit obligation at the end of the year	4,118,919	3,845,912
Fair value of plan assets at the end of the year	1,409,562	901,659
Funded status of the plans-asset/(liability) recognized in the balance sheet	(2,709,357)	(2,944,253)
Cost for the period:		
Current service cost	353,464	369,419
Interest cost	307,673	346,803
Expected return on plan asset	-	-
Net actuarial (gain)/loss recognized in the period	633,806	1,353,973
Net cost recognized in Profit & Loss Account	1,265,104	1,842,655
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 ₹ 16,61,060/- (Previous Year- ₹ 9,87,170/-) has been recognized in the Profit & Loss Account during the period.

2.31 CONSUMPTION OF RAW MATERIALS:

Raw Material	%	2014-2015 ₹	%	2013-2014 ₹
Indigenous	49.91	31,423,617	64.42	48,983,306
Imported	50.09	31,538,887	35.58	27,057,119
Total	100	62,962,504	100	76,040,425

Note No.		31st March, 2015 ₹	31st March, 2014 ₹
2.32	VALUE OF IMPORTS (CALCULATED IN CIF VALUE):		
	Materials	44,054,395	33,419,809
	Capital Equipment	-	-
	Total	<u>44,054,395</u>	<u>33,419,809</u>
2.33	EXPENDITURE IN FOREIGN CURRENCY:		
	Purchases (Imports)	44,249,293	33,596,798
	Foreign Travel	551,339	233,820
	Total	<u>44,800,632</u>	<u>33,830,618</u>
2.34	EARNINGS IN FOREIGN CURRENCY (FOB VALUE OF EXPORTS):		
	Sales	-	426,550
2.35	EARNINGS PER SHARE:		
a)	Profit/ (Loss) after Tax	₹ 8,933,342	-
b)	The weighted average number of ordinary shares for		
	- Basic EPS	No. of shares 4,054,493	4,183,000
	- Diluted EPS	No. of shares 4,054,493	4,183,000
c)	The nominal value per Ordinary Share	₹ 10.00	10.00
d)	Earnings per Share		
	- Basic	₹ 2.20	-
	- Diluted	₹ 2.20	-

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

Mrs. Abburi Sarada

ii) Relative of Key Management Personnel

Mrs. Abburi Sarada

b) Transaction with Related Parties

Particulars	Nature of Transaction	2014-2015 ₹	2013-2014 ₹
Dr. Abburi Vidyasagar	Remuneration	1,800,000	1,800,000
Mrs. Abburi Sarada	Remuneration	793,548	-
Mrs. Abburi Sarada	Rent	444,000	432,420

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

- 2.37** Sundry Creditors includes ₹ 29,47,392/- (previous year 92,11,625/-) 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.
- 2.40** Previous year figures are regrouped/recast/reclassified where ever necessary.
- 2.41** The Board of Directors of the Company in its meeting held on 29th April, 2015, considered and approved the audited financial statements for the financial year 2014-15. Subsequently in the Board Meeting held on 29th July, 2015, the Board of Directors of the Company reconsidered the audited financial statements for the financial year 2014-15 and approved the audited financial statements for the financial year 2014-15 by recommending a dividend of ₹ 1.50 (Rupee One and Fifty Paise only) per equity share of ₹ 10/- (Rupees Ten only) each. The financial statements approved by the Board of Directors in its meeting held on 29th April, 2015 and the reconsidered Financial statements approved by the Board of Directors in its meeting held on 29th July, 2015, remain unchanged except for the dividend and corporate dividend tax thereon reflected in the reconsidered statements for the financial year 2014-15.

As per our report of even date
for **RAMANATHAM & RAO**
Chartered Accountants
Firm Registration No. 0029345

for and on behalf of Avantel Limited

(CA K. SREENIVASAN)

Partner
ICAI Membership No. 206421

Dr. A. VIDYASAGAR
Managing Director

N. NAVEEN
Director

Place : Hyderabad
Date : 29.07.2015

LOKESH AGARWAL
Company Secretary

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AVANTEL LIMITED

CIN: L72200AP1990PLC011334

Registered Office: Sy. No. 141, Plot No. 47/P, APIIC Industrial Park, Gambheeram (V),

Anandapuram (M), Visakhapatnam, Andhra Pradesh –531 163.

Email: info@avantel.in, website: www.avantel.in

I certify that I am a registered shareholder/proxy/representative for the registered shareholder(s) of Avantel Limited.

I hereby record my presence at the 25th Annual General Meeting of the shareholders of Avantel Limited on 18th September, 2015, at the Registered office of the Company at Sy. No. 141, Plot No 47/P, APIIC Industrial Park, Gambheeram (V), Anandapuram (M), Visakhapatnam - 531 163, A.P.

DP ID*	Reg. Folio No.
Client ID*	No. of Shares

* Applicable if shares are held in electronic form

Name & Address of Member

Signature of Shareholder/Proxy/
Representative (Please Specify)

Form No. MGT-11

Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)]

CIN	L72200AP1990PLC011334	
Name of the Company	AVANTEL LIMITED	
Registered office	Sy. No. 141, Plot No 47/P, APIIC Industrial Park, Gambheeram (V), Anandapuram (M), Visakhapatnam - 531 163, A.P.	
Name of the member(s)		
Registered Address		
Email 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	
	or failing him	Signature
2	Name	
	Address	
	E-mail Id	
	or failing him	Signature
3	Name	
	Address	
	E-mail Id	
	or failing him	Signature

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 25th Annual General Meeting of the Company, to be held on 18th September, 2015 at Sy. No. 141, Plot No 47/P, APIIC Industrial Park, Gambheeram (V), Anandapuram (M), Visakhapatnam - 531 163, Andhra Pradesh and at any adjournment thereof in respect of such resolutions as are indicated below :

SI No.	Resolutions	For
1	Consider and adopt Audited Financial Statement, Reports of the Board of Directors and Auditors	
2	Declaration of Dividend on Equity Shares	
3	Re-appointment of Shri Subramanaiya Balakrishnan who retires by rotation	
4	Ratification of appointment of Auditors	
5	Appointment of Shri Raghu Prasad Pidikiti as an Independent Director	

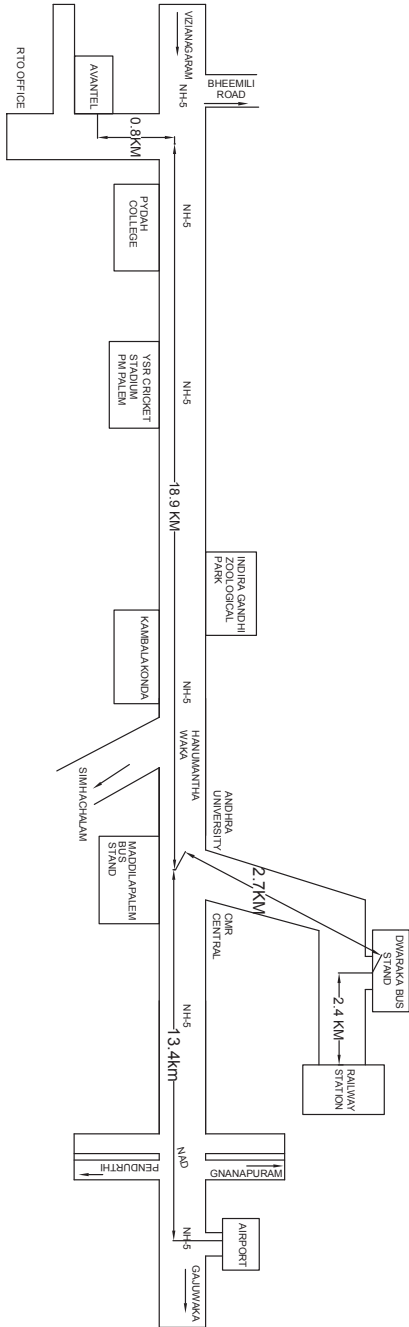
Signed this day of 2015.

Signature of shareholder: _____ Signature of Proxy holder(s): _____

Affix
Revenue
Stamp

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.

ROUTE MAP



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AVANTEL LIMITED

Registered Office

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

Gambheeram (V), Anandapuram (M)

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