

Annual Report  
2015 - 2016



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**COMPANY INFORMATION**


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**BOARD OF DIRECTORS**

Shri Abburi Vidyasagar	-	Chairperson & Managing Director
Smt. Abburi Sarada	-	Whole-Time Director
Shri Subramanaiya Balakrishnan	-	Non Executive Director
Shri Yalamanchili Kishore	-	Independent Director
Shri Raghu Prasad Pidikiti	-	Non Executive Director
Shri Naveen Nandigam	-	Independent Director
Shri Eluru Bala Venkata Ramana Gupta	-	Independent Director (w.e.f 13.02.2016)
Shri Myneni Narayana Rao	-	Independent Director (w.e.f. 13.02.2016)

**Chief Financial Officer**

Smt. Abburi Sarada

**Company Secretary & Compliance Officer**

Lokesh Agarwal

**Registered Office:****CIN : L72200API990PLC011334**

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

**Statutory Auditors:**

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

**Internal Auditors:**

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

**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

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**Board Committees**


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**Audit Committee:**

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

**Nomination and Remuneration Committee:**

Shri Y. Kishore	-	Chairman
Shri N. Naveen	-	Member
Shri Raghu Prasad Pidikiti	-	Member
Shri M. Narayana Rao	-	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 26<sup>th</sup> Annual General Meeting of the Members of Avantel Limited will be held on 25.06.2016 at 11:00 A.M. at the registered office of the company situated 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 Financial Year 2015- 2016 together with the Report of the Board of Directors and Auditors thereon.
2. To declare dividend of ₹ 1.00/- per Equity Share of ₹ 10/- each to the shareholders for the financial year 2015-16.
3. To appoint a Director in place of Smt. Abburi Sarada (holding DIN: 00026543), who retires by rotation and being eligible, offers herself 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.0029345), 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 and in consultation with the auditors.”

### SPECIAL BUSINESS:

#### 5. TO CONSIDER AND APPROVE THE RE-APPOINTMENT OF DR. A. VIDYASAGAR AS THE MANAGING DIRECTOR OF THE COMPANY:

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

“RESOLVED THAT pursuant to the provisions of section 196, 197, 203, read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, including any statutory modifications or re-enactments thereof, consent of the members of the Company be and is hereby accorded for the re-appointment of Dr. A. Vidyasagar, as Managing Director of the Company at a remuneration of ₹ 1,50,000/- (Rupees One Lakh and Fifth Thousand only) per month and other superannuation benefits as per service rules of the Company and a perquisite of Rent Free Accommodation, as approved by the Remuneration Committee, for another Three years term effective from 1<sup>st</sup> day of April, 2016.”

“FURTHER RESOLVED THAT Dr. A. Vidyasagar in addition to above mentioned Salary and perquisites is also eligible for a commission of 3% on net profits of the Company arrived in pursuance of Section 198 of the Companies Act, 2013.”

“FURTHER RESOLVED THAT the overall amount of remuneration payable to Dr. A. Vidyasagar shall not exceed 5% of net profits of the Company arrived in pursuance of Section 198 of the Companies Act, 2013.”

“FURTHER RESOLVED THAT in the event the Company does not have profits or the profit of the Company is inadequate in any financial year during his tenure as referred above, the amount of Salary and perquisites referred above shall be paid as minimum

remuneration in terms of Section II of Part II of Schedule V to the Companies Act, 2013.”

**6. APPOINTMENT OF SHRI ELURU BALA VENKATA RAMANA GUPTA (DIN: 07402341) 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 thereunder (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 Eluru Bala Venkata Ramana Gupta (DIN 07402341), who was appointed as an Additional Director of the Company by the Board of Directors in terms of Section 161(1) of the Companies Act, 2013 and who holds office only upto the date of the ensuing Annual General Meeting, be and is hereby appointed as an Independent Director on the Board of the Company for a period of five consecutive years from the ensuing Annual General Meeting.”

**7. APPOINTMENT OF SHRIMYENI NARAYANARAO (DIN: 00577494) 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 thereunder (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 Myneni Narayana Rao (DIN: 00577494), 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 the ensuing Annual General Meeting, be and is hereby appointed as an Independent Director for a period of five consecutive years from the ensuing Annual General Meeting.”

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

Sd/-

Place : Hyderabad  
Date : 11.05.2016

**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 him/her 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. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. Proxies in order to be effective must be delivered at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
4. 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 authorizing their representative to attend and vote on their behalf at the meeting.
5. The Company has notified closure of Register of Members and Share Transfer Books from 18th June, 2016 to 25th June, 2016 for determining the names of members eligible for dividend on Equity Shares, if declared at the Meeting.
6. The dividend on Equity Shares, if declared at the Meeting, will be credited / dispatched within 20 days from the date of AGM to those members whose names shall appear on Company's Register of Members on 18th June, 2016 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.
7. Statement as required under Section 102 of the Companies Act, 2013, in respect of special business is annexed hereto.
8. 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 Companies shares in physical form, please inform Companies RTA 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.
9. 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.
10. 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.
11. 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.
12. 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.
13. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered office of the Company on all working days, between 11.00 A.M. to 1.00 P.M. upto the date of the meeting.

14. Members/Proxies are requested to bring the attendance slip filled in for attending the Meeting. Members are requested to come to the venue of the meeting well in advance for registration. No registration will be entertained after fifteen minutes from the scheduled time of the commencement of the meeting.
15. The annual report for the financial year 2015-16 is being sent through email to those members who have opted to receive electronic communication or who have registered their email addresses with the Company/depository participants. The annual report is also available on our website, i.e. [www.avantel.in](http://www.avantel.in). The physical copy of the annual report has been sent to those members who have either opted for the same or have not registered their email addresses with the Company/depository participant. The members will be entitled to a physical copy of the annual report for the financial year 2015-16, free of cost, upon sending a request to the Company Secretary at Plot No. 16, Sector III, HUDA Techno Park, Opp. Raheja IT Park, Madhapur, Hyderabad – 500081.
16. 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 the nomination facility. Members holding shares in dematerialized form may contact their respective depository participant(s) for recording nomination in respect of their shares.
17. Pursuant to Section 205A and other applicable provisions, if any, of the Companies Act, 1956 and the rules made there under (Section 124 and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder) 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 en-cashed their dividend warrants from the financial year 2008-09 onwards are requested to make their claims to the Company without any further delay.
18. Section 108 of the Companies Act, 2013, read with rules made thereunder and Sub-regulation (1) of Regulation 44 of SEBI (LODR) Regulations, 2015, requires a listed Company to provide e-voting facility to its shareholders, in respect of all shareholders' resolutions, to be passed at General Meetings. Accordingly, the Company is pleased to offer e-voting facility as an alternate, for all its Members to enable them to cast their vote electronically.
19. In case a Member desires to exercise his/her/its vote by using e-voting facility then he/she/it has to carefully follow the instructions as given for E-Voting. He/she/it can use the facility and log in any number of times till he/she/it has voted on the Resolution or till the end of the voting period whichever is earlier. The detailed instructions for E-Voting are given as part of this Notice.
20. Since E-Voting facility is provided to the Members pursuant to Sub-regulation (1) of Regulation 44 of SEBI (LODR) Regulations, 2015 and pursuant to the provisions of Section 108 of the Companies Act, 2013, read with Companies (Management and Administration) Rules, 2014, as amended, the chairman shall call for voting by poll at the meeting and upon such call being made, the voting by show of hands will not be allowed at the meeting.
21. The results of the e-voting and result of the physical voting at the meeting will be declared within 48 hours of conclusion of the meeting and the results along with the scrutinizer's report shall be placed on the website of the Company.
22. The voting rights of members shall be in proportion to their shareholding in the paid up equity share capital of the Company as on 18th June, 2016, being the cut-off date.
23. The members of the Company, holding shares either in physical form or in dematerialized form, as on 18th June, 2016, being the cutoff date, may cast their vote (for or against) electronically.
24. The facility for voting through poll shall be made available at the meeting and the members attending the meeting who have not already cast their vote



electronically through e-voting shall be able to exercise their voting right at the Meeting.

25. The members who have cast their vote by e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
26. Mr. M. B. Suneel, Practicing Company Secretary, has been appointed by the Board as Scrutinizer for the purpose of ascertaining the requisite majority for all the businesses in a fair and transparent manner. The results declared along with the scrutinizer's report shall be placed on the website of the Company.
27. Pursuant to Regulation 36(3) of SEBI (LODR) Regulations, 2015, brief profile of the Directors proposed to be appointed, re-appointed, is annexed to this notice.
28. The Proxy Form and the Attendance slip are enclosed with this notice.
29. 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

- I. The Company is providing facility for voting by electronic means and the business as set out in the Notice may be transacted through electronic voting system. Pursuant to the provisions of Section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014 and Sub-regulation (1) of Regulation 44 of SEBI (LODR) Regulations, 2015, 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 26<sup>th</sup> Annual General Meeting. The Company has engaged the services of M/s. Karvy Computershare Pvt. Ltd, to provide the e-voting facility.

2. The Members whose names appear in the Register of Members / List of Beneficial Owners as on 18th June, 2016 (cut-off date), are entitled to vote on the resolutions set forth in this Notice.
3. The e-voting period will commence on 22nd June, 2016 (9:00 hrs) and will end on 24th June, 2016 (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.
4. The Company has appointed Mr. M. B. Suneel, Practising Company Secretary, to act as Scrutinizer 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 & INSTRUCTIONS 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 ok "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 numbering “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](mailto:cssunil1427@gmail.com)/[lokeshagarwal@karvy.com](mailto:lokeshagarwal@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 24th June, 2016 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. 18th June, 2016 may write to the Karvy on the email ID: [varghese@karvy.com](mailto:varghese@karvy.com) (or) contact Mr. P. A. Varghese on 040-33215424, at Karvy Computershare Private Limited, Unit – Avantel

- Limited, Karvy Selenium Tower B, Plot31-32, 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 22nd June, 2016 at 9:00 hours and ends on 24th June, 2016 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 18th June, 2016, 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 26th 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. 18th June, 2016.
  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. 18th June, 2016 only shall be entitled to avail the facility of remote e-voting/voting at 26<sup>th</sup>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 22nd June, 2016. End of remote e-voting: Up to 17:00 hours (IST) on 24th June, 2016. 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. 25th June, 2016
  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](http://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.

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

Sd/-

Place : Hyderabad  
Date : 11.05.2016

**Lokesh Agarwal**  
Company Secretary

## EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 (The Act)

### ITEM NO. 5:

Dr. A. Vidyasagar, who was appointed as the Managing Director by the members to hold office upto 31<sup>st</sup> March, 2016, has vacated the office due to the completion of his tenure as such and hence continuation of his employment as the Managing Director requires the approval of members by way of a resolution.

Keeping in view of his rich and varied experience in the Industry and his involvement in the operations of the Company over a long period of time, it would be in the interests of the Company to continue the employment of Dr. A. Vidyasagar as Managing Director.

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 in the year 1989-1991. Dr. Sagar received Doctorate from JNTU, Hyderabad for his outstanding work on E- Learning.

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

Dr. Sagar is a dedicated and committed personality with rich experience of more than two and half decade 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.

As the tenure of Dr. A. Vidyasagar, Managing Director of the Company, expiring on 31<sup>st</sup> March 2016, taking into consideration his rich experience and contribution to the Company, and pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company, subject to the approval of the members at the ensuing AGM, passed a resolution on 13<sup>th</sup> February, 2016, approving the re-appointment of Dr. A. Vidyasagar as Managing Director of the Company for a further period of three years with effect from 01<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2019, at a remuneration of ₹ 1,50,000/- (Rupees One Lakh and Fifty Thousand only) per month and a perquisite of rent free accommodation, as approved by the Remuneration Committee w.e.f. 01.04.2016. In addition to the above mentioned salary and perquisites. Dr. A Vidyasagar is also eligible for commission of 3% on net profits of the Company arrived in pursuance of Section 198 of the Companies Act, 2013.

Dr. A. Vidyasagar is spouse of Mrs. A. Sarada, Whole Time Director of the Company. Dr. A. Vidyasagar holds 8,06,720 (Eight Lakhs Six Thousand Seven Hundred and Twenty Only) equity shares constituting 19.90% of total equity share capital of the Company. Dr. A. Vidyasagar does not have directorship or membership of committee of Board in any other listed Company.

Except Dr. A. Vidyasagar and Mrs. A. Sarada or their relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in this resolution set out at item no. 5.

### ITEM NO. 6 & 7

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 M. Narayana Rao and Shri Elluru Bala Venkata Ramana Gupta be appointed as Independent Directors on the Board, whose office is not liable to retire by rotation.

The appointment of Shri M. Narayana Rao and Shri Elluru Bala Venkata Ramana Gupta shall be effective upon approval by the members in the Meeting.

The Company has received notices in writing from members along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Shri M. Narayana Rao and Shri Elluru Bala Venkata Ramana Gupta for the office of Director of the Company. The Company has received individual declarations from Shri M. Narayana Rao and from Shri Elluru Bala Venkata Ramana Gupta stating that they meet the criteria of independence as prescribed under sub-section(6) of Section 149 of the Act.

Shri M. Narayana Rao and Shri Elluru Bala Venkata Ramana Gupta are not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given individual consents to act as Director.

#### **Brief Resume and nature of expertise of Shri M. Narayana Rao**

Shri M. Narayana Rao, is an Engineer, with his 38 years of rich experience in making, shaping and treating of exotic ferrous and non-ferrous metals such as Special Steels, Superalloys and Anisotropic alloys of Zirconium and Titanium, has remarkably contributed to the applications of strategic industries of Atomic Energy, Space, Aerospace, Defence and Energy sectors.

Shri Rao with his initial service of three decades at Nuclear Fuel Complex of Dept of Atomic Energy, was responsible for indigenous development and supply of various Zirconium alloy structural tubes, components and assemblies, mainly used in reactivity control mechanisms. All the assemblies were made successfully with a good service record to his

credit since these assemblies were made from concept to core (i.e. Concept - basic design, mock-up, pilot-scale and production/manufacture and assembly) to the stringent requirements of nuclear applications. Later as C&MD of Mishra Dhatu Nigam Limited (MIDHANI) Shri Narayana Rao was instrumental in supplying Special Steels and forgings of 316Ti grade for core applications and 9Cr1Mo for Steam Generator for BHAVINI- Prototype Fast Breeder Reactor at Kalpakkam. This material was denied to supply by developed countries. Shri Rao had involved in the development of special alloys required for Space sector, particularly the Titan-31, Super-alloys and columbium alloys which are being used in Indian Space Programme. A cited example is, these three alloys are employed in the Moon Impact Probe in Chandrayaan Programme and LAM engine in MARS mission.

Shri Rao is instrumental in identifying the country's requirement of critical/strategic materials and had drawn a plan for immediate, short and long term particularly for strategic sectors –Defense Space and Nuclear. Due to his association with the sectors and knowing the importance, he has taken up the development of Al-Li alloys and produced on a pilot scale to the aero level quality. In association with National Aeronautical Laboratories (NAL), he has taken up developing /productionizing /qualifying of carbon fiber for composites- material of the future.

Shri Rao is a dynamic leader and an astute of technocrat-scientist, who had spent his service in the development of strategic materials, gained expertise and lead Mishra Dhatu Nigam Limited (MIDHANI), a Public Sector Undertaking under Ministry of Defence, as its Chairman & Managing Director for 9 years, had not only contributed in development of various special alloys required for the country's strategic industry, productionized and supplied but also turned-around the Company to a profitable PSU. The Sales of the Company has increased by four times and made the Company strong by adding substantial reserves and the Company has been conferred with Mini-Ratna by the Government of India and won many laurels by the Government and Ministry of Defence. He also has taken up an ambitious plan of modernization and expansion to

develop and supply the products indigenously and serve the strategic sectors.

In view of his expertise in metallurgical expertise and leadership qualities, he has been drawn to serve in various Companies/Boards such as member/Director

- Board of **Nuclear Fuel Complex**/Dept of Atomic Energy.
- Member of Governing Council of **ARCI (International Advanced Research Centre for Power Metallurgy and New Materials)**.
- Member of Research Council in **Defence Metallurgical Research Laboratories (DMRL)**
- Board of **A.P. Gas Power Corporation Ltd.**

Shri Rao was bestowed with the following awards:

- Young Scientist award (1989),
- Engineer of the year award (1991),
- Metallurgist of the year award (2006).
- “CEO with HR Orientation” in( 2013)
- Fellow of Indian National Academy of Engineering (INAE) and
- Fellow of Andhra Pradesh state Academy of Sciences (APAS).

**Brief Resume of Shri Elluru Bala Venkata Ramana Gupta**

Shri Elluru Bala Venkata Ramana Gupta has done B.Sc (Maths) from Silver Jubilee Government College, Kurnool June 1978 – May 1980 and has completed B.A (Economics) from Osmania University, Hyderabad in the year 1982.

Shri Gupta is a first generation corporate treasury professional with 20 years of experience and management of largest corporate treasury in the country. He has participated across the market development curve in Indian financial market with hands on experience of structuring, dealing and management of risk and accounting aspects of all transactions. He has implemented integrated global best risk management policies and systems across asset, liability and derivative segments spanning all financial risks.

Shri Gupta has two decades of impeccable market reputation with an eye on details and strong fundamentals of risk management. The key strength of Shri Gupta is optimization of costs and identifying value in every process and creating entire institutional set up for execution..

**Area of expertise of Shri Elluru Bala Venkata Ramana Gupta**

**Corporate Finance**

- Manage Project Finance for large greenfield project
- Structure and raise debt in local and overseas markets
- Innovative structuring of working capital solutions
- Fully automated cash management set up

**Corporate Treasury**

- Setting up of treasury department
- Managing treasury with large exposure
- Manage Forex, Interest Rate risk for local and global exposures
- Investment Management with benchmarking of portfolio
- Formulate policy and manage derivative books

**Financial Risk Management**

- Formulate policy framework to identify and manage risks
- Set up operations for treasury support
- Define mid office policies and the framework required
- Benchmarking of various exposures based on corporate objectives

**Banking**

- General banking
- Corporate and agricultural banking
- Treasury – domestic and forex

**Career History of Shri Elluru Bala Venkata Ramana Gupta**

Reliance Jio Infocomm Limited, Mumbai – Treasurer  
- Mar 2013 – Oct 2015

Reliance Industries Limited, Group Treasury Mumbai  
- Head – Group Treasury - Apr 2009 – Mar 2013

Reliance Industries Limited, Mumbai - Treasury Head  
- May 2004 – Apr 2009

Reliance Industries Limited, Mumbai - Head – Derivatives  
- Apr 2001 – May 2004

Reliance Industries Limited, Mumbai  
- Manager/Sr.Manager Forex - Jan 1995 – Apr 2001

State Bank of Hyderabad, Chennai - Dy. Manager  
- July 1980 – Dec 1994

**Directorships/Memberships, Shareholding and relationship with directors inter-se of Shri M. Narayana Rao and Shri Elluru Bala Venkata Ramana Gupta**

Shri M. Narayana Rao and Shri Elluru Bala Venkata Ramana Gupta are not related to any of the Directors of the Company. Shri M. Narayana Rao and Shri Elluru Bala Venkata Ramana Gupta does not hold any shares in the equity share capital of the Company. Shri M. Narayana Rao and Shri Elluru

Bala Venkata Ramana Gupta does not have directorship or membership of committee of Board in any other listed Company.

The Board of Directors recommends the resolutions set out at Item No. 6 & 7 in relation to the appointment of Shri M. Narayana Rao and Shri Elluru Bala Venkata Ramana Gupta as Independent Directors of the Company for the approval of the shareholders of the Company.

Except Shri M. Narayana Rao and Shri Elluru Bala Venkata Ramana Gupta, none of the Directors and Key Managerial Personnel of the Company and their respective relatives is concerned or interested, financially or otherwise in the resolutions set out at item no. 6 & 7 respectively.

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

Sd/-

Place : Hyderabad  
Date : 11.05.2016

**Lokesh Agarwal**  
Company Secretary



## DIRECTORS' REPORT

Dear Members,

Your directors have pleasure in presenting the 26<sup>th</sup> Annual Report on the business of your Company together with the Audited Statements of Accounts for the financial year ended 31<sup>st</sup> March, 2016.

### I. FINANCIAL SUMMARY:

Your Company's performance during the year ended 31<sup>st</sup> March, 2016, as compared to the previous financial year, is summarized as below:

(₹ In Lakhs)

Particulars	Financial Year 2015-16	Financial Year 2014-15
Total Revenue	<b>2,503.41</b>	2607.75
Expenses	<b>2,069.83</b>	2121.34
Operating Profit	<b>433.58</b>	486.41
Depreciation	<b>173.80</b>	188.67
Finance Charges	<b>194.33</b>	176.41
Net Profit / Loss Before Tax (PBT)	<b>65.45</b>	121.34
Provision for Tax	<b>0.00</b>	0.00
Current Tax	<b>12.47</b>	29.37
Provision for earlier years	<b>0.00</b>	0.00
Deferred tax	<b>-6.37</b>	2.63
Net Profit (PAT)	<b>59.35</b>	89.33
Profit brought forward	<b>896.82</b>	880.69
Profit available for appropriation	<b>956.17</b>	970.02
Provision for Proposed Dividend	<b>40.54</b>	60.82
Provision for Dividend Tax	<b>8.25</b>	12.38
Balance carried to Balance Sheet	<b>907.37</b>	896.82

### 2. TRANSFER TO RESERVES:

The Company did not transfer any amount to the General Reserve for the Financial Year ended March 31, 2016.

### 3. COMPANY PERFORMANCE:

Your Company posted good financial results with a net profit of ₹ 59.35 Lakhs during the year under review. The Company maintained the turnover as that of the last year turnover with a minor difference of 100 odd Lakhs. The Company is looking forward to increase its profits in the coming financial years with the support of all the stakeholders of the Company besides contributing to the society as a good corporate citizen.

### 4. SHARE CAPITAL:

The paid up equity share capital of the Company as on 31<sup>st</sup> March, 2016, is ₹ 4,05,50,930/-. During the year under review, the Company has not issued shares with differential voting rights, sweat equity shares or Employee Stock Options.

### 5. DEMAT SUSPENSE ACCOUNT:

The Company does not have any demat suspense account or unclaimed suspense account since there are no shares which are required to be transferred to such accounts.

### 6. DIVIDEND:

Your Directors recommended a dividend of ₹ 1.00/- i.e. 10% per equity share of ₹10/- each for the financial year 2015-2016. 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 18th June, 2016 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.

### 7. DIRECTORS:

The tenure of Dr. A. Vidyasagar, Managing Director of the Company, expired on 31<sup>st</sup> March 2016. Taking in to consideration of his rich experience and contribution to the Company, and pursuant to the recommendation



of the Nomination and Remuneration Committee, the Board of Directors of the Company, subject to the approval of the members at the ensuing AGM, passed a resolution on 13<sup>th</sup> February, 2016, approving the re-appointment of Dr. A. Vidyasagar as Managing Director of the Company for a further period of three years with effect from 01<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2019.

In accordance with the provisions of section 152 of Companies Act, 2013, Smt. Abburi Sarada, Director of the Company retires by rotation and being eligible, has offered herself for re-appointment.

The Board of Directors has appointed Shri Eluru Bala Venkata Ramana Gupta and Shri Myneni Narayana Rao, as Additional directors of the Company who holds office until the ensuing Annual General Meeting. The Board, based on the recommendation of Nomination and Remuneration Committee considered the appointment of Mr. Eluru Bala Venkata Ramana Gupta and Mr. Myneni Narayana Rao, as the Independent Directors subject to approval of shareholders at the ensuing AGM.

#### **8. BOARD INDEPENDENCE:**

The company has received necessary declaration from each independent director under 149(7) of the Companies Act, 2013, that he/she meets the criteria of Independence laid down under Section 149 (6) of the Companies Act, 2013.

#### **9. NUMBER OF MEETINGS OF THE BOARD:**

The Board met four times during the financial year 2015-16 viz., on, 29<sup>th</sup> April, 2015, 29<sup>th</sup> July, 2015, 13<sup>th</sup> November, 2015, and on 13<sup>th</sup> February, 2016. The maximum interval between any two meetings did not exceed 120 days.

#### **10. 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 that AGM till the conclusion of the 29<sup>th</sup> AGM (subject to ratification of the appointment by the members at every AGM held after that 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.

#### **11. AUDITORS' REPORT:**

There are no qualifications, reservations or adverse remarks made by M/s. Ramanatham & Rao., Chartered Accountants, Statutory Auditors in their report for the Financial Year ended 31<sup>st</sup> March, 2016.

The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company under sub-section (12) of section 143 of the Companies Act, 2013, during the year under review.

#### **12. 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.

#### **13. SECRETARIAL AUDITORS:**

M/s. P. S. Rao & Associates, Practicing Company Secretaries, were appointed to conduct the Secretarial Audit of the Company for the financial year 2015-16, as required under Section 204 of the Companies Act, 2013 and Rule 9 there-under. The secretarial audit report for FY 2015-16 forms part of this Report as **Annexure- I.**

**14. SECRETARIAL AUDIT REPORT:**

There are no qualifications, reservations or adverse remarks made by M/s. P. S. Rao & Associates, Practicing Company Secretaries in their report for the Financial Year ended 31<sup>st</sup> March, 2016.

**15. RISK MANAGEMENT POLICY:**

The Company has developed and implementing a risk management policy which includes the identification therein of elements of risk, which in the opinion of the board may threaten the existence of the Company.

**16. CORPORATE SOCIAL RESPONSIBILITY (CSR):**

As per the provisions of the Companies Act, 2013, companies having net worth of ₹ 500 Crores or more, or turnover of ₹ 1000 Crores or more or net profit of ₹ 5 Crore or more during any financial year are required to constitute a Corporate Social Responsibility (CSR) Committee of the Board of Directors comprising three or more directors, at least one of whom should be an independent director and such company shall spend at least 2% of the average net profits of the company's three immediately preceding financial years. Though your Company does not fall in the aforementioned criteria and though it does not have any mandatory obligation, it has spent ₹ 5,34,903/- towards CSR activities in the financial year 2015-16.

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 – II**.

The Company has adopted Corporate Social Responsibility Policy containing the activities to be undertaken by the Company as part of its CSR programs. The CSR Policy is disclosed on the website of the Company [www.avantel.in](http://www.avantel.in).

**Composition of Corporate Social Responsibility Committee:**

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

**17. COMPOSITION OF AUDIT COMMITTEE:**

The Audit Committee of the Company comprises the following Members

- Shri N. Naveen - Chairman
- Shri Y. Kishore - Member
- Shri Raghu Prasad Pidikiti - Member
- Shri E.B.V. Ramana Gupta - Member

All the recommendations made by the Audit Committee of the Company have been considered and accepted by the Board of Directors of the Company.

**18. 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- III**.

**19. FORMAL ANNUAL EVALUATION OF PERFORMANCE OF THE MEMBERS OF THE BOARD AND COMMITTEES:**

One of the key functions of the Board is to monitor and review the board evaluation framework. The Board works with the nomination and remuneration committee to lay down the evaluation criteria for the performance of executive / non-executive / independent directors through a peer-evaluation excluding the director being evaluated through a Board effectiveness survey. The questionnaire of the survey is a key part of the process of reviewing the functioning and effectiveness of the Board and for identifying possible paths for improvement. Each Board member is requested to evaluate the effectiveness of the Board dynamics and relationships, information flow, decision-

making of the directors, relationship to stakeholders, company performance, company strategy, and the effectiveness of the whole Board and its various committees on a scale of one to five. Feedback on each director is encouraged to be provided as part of the survey.

Independent directors have three key roles – governance, control and guidance. Some of the performance indicators based on which the independent directors are evaluated include:

- Ability to contribute by introducing international best practices to address top-management issues
- Active participation in long-term strategic planning.
- Commitment to the fulfillment of a director's obligations and fiduciary responsibilities; these include participation in Board and committee meetings.

**20. 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.

**21. SUBSIDIARIES:**

The Company has no subsidiaries as on 31<sup>st</sup> March, 2016.

**22. NOMINATION AND REMUENRATION POLICY:**

A committee of the Board named as "Nomination and Remuneration Committee" has been constituted to comply with the provisions of section 178 of Companies Act, 2013 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, Payment of Remuneration to them 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.

**23. FIXED DEPOSITS:**

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

**24. PARTICULARS OF LOANS, GUARANTEES, OR INVESTMENTS:**

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

**Policy on Sexual Harassment:**

The Company has adopted policy on Prevention of Sexual Harassment of Women at Workplace in accordance with The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the financial year ended 31<sup>st</sup> December, 2015, the Company has not received any Complaints pertaining to Sexual Harassment.

**25. 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 31<sup>st</sup> March, 2016, 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 31<sup>st</sup> March, 2016 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 were adequate and operating effectively.

## 26. 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 posted on the website of the Company [www.avantel.in](http://www.avantel.in) on the following link <http://www.avantel.in/inversteinfo.php>

## 27. RELATED PARTY TRANSACTIONS:

Related party transactions entered during the financial year under review are disclosed in Note No. 2.36 of the Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2016. These transactions entered were at an arm's length basis and in the ordinary course of business. There were no materially 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 – IV.**

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

## 28. EXTRACT OF ANNUAL RETURN:

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

## 29. STATE OF AFFAIRS OF THE COMPANY:

The State of Affairs of the Company is presented as part of Management Discussion and Analysis Report forming part of this Report.

## 30. MANAGEMENT DISCUSSION AND ANALYSIS:

Pursuant to Regulation 34 (2) (e) of SEBI (LODR) Regulations, 2015, a report on Management Discussion & Analysis is herewith annexed as **Annexure-VI.**

## 31. CORPORATE GOVERNANCE REPORT:

Since the paid up capital of the Company is less than ₹ 10 Crores and the networth of the Company is less than ₹ 25 Crores, the provisions of Regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation 2 of Regulation 46 and para C, D & E of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, are not applicable to the Company.

## 32. PARTICULARS OF EMPLOYEES:

The information required pursuant to Section 197 (12) read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, in respect of employees of the Company is herewith annexed as **Annexure- VII.**

In terms of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company does not have any employee who is employed throughout the financial year and in receipt of remuneration of ₹ 60 Lakhs or more, or employees who are employed for part of the year and in receipt of ₹ 5 Lakhs or more per month.

The Company does not have any employee who is employed throughout financial year or part thereof, who was in receipt of remuneration in financial year under review which in aggregate, or as the case may be, at a rate which in the aggregate is in excess of that drawn by the Managing Director or Whole time director and holds by himself or along with his spouse and dependent children not less than 2% of the equity shares of the Company.

**33. 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.

**34. 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.

**35. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY:**

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

**36. ACKNOWLEDGMENT AND APPRECIATION:**

Your Directors take this opportunity to thank the customers, shareholders, suppliers, bankers, business associates for their consistent support and encouragement to the Company.

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

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

Sd/-

Place : Hyderabad  
Date : 11.05.2016

**Dr. A Vidyasagar**  
Chairman & Managing Director

**ANNEXURE – I**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2016**  
**[Pursuant to section 204 (1) of the Companies Act, 2013 and Rule 9 of the Companies**  
**(Appointment and Remuneration of Managerial 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, 2016 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, 2016 according to 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 **(Not applicable to the Company during the audit period).**
- vi. Other specifically applicable laws to the Company:
- \* Telecom Regulatory Authority of India Act, 1997;
  - \* The Micro, Small and Medium Enterprises Development Act, 2006;
  - \* Industries (Development and Regulation) Act 1951;

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.

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:

- \* The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- \* Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- \* All the decisions at the Board Meetings and Committee Meetings have been carried out unanimously as recorded in the Minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

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

Sd/-

**MB Suneel**

Company Secretary  
C.P.No.: 14449

Place : Hyderabad  
Date : 09.05.2016

## ANNEXURE –II

### REPORT ON CSR ACTIVITIES

The CSR is being reported from 1st April, 2015 to 31st March, 2016.

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 is 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 Directors on the Boards of the Company:

- 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:**

₹ 2,62,59,382/- (Rupees Two Crores Sixty Two Lakhs Fifty Nine Thousand Three Hundred and Eighty Two 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 ₹ 5,25,187/-.



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

- a) Total amount spent for the financial year: ₹ 5,34,903 /-.
- 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 programme (1) Local area or other (2) Specify the 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
1	The Company has adopted ZPH School with strength of 2000 members. (after providing the toilet facility in the last financial year, the Company arranged for the painting 3 buildings of the School in the financial year under review)	Literacy	Chandrampalem, Madhurawada, Visakhapatnam (Andhra Pradesh)		1,77,903	1,77,903	By the Company
2	Swayamkrushi (Self Reliance for the mentally challenged) for children education & dresses	Literacy	Plot No.17, Sri Malani Housing Co-operative Society, Indian Airlines Colony Trimulgherry, Secunderabad – 500015		2,00,000	2,00,000	By the Company
3	ZPH School Kapugallu, Kodada ( the Company arranged for the painting 3 buildings of the School in the financial year under review	Literacy	Kapugallu Kodada Mandal Nalgonda Dist Telengana		1,57,000	1,57,000	By the Company
			<b>Total</b>	<b>5,25,187</b>	<b>5,34,903</b>	<b>5,34,903</b>	

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

Sd/-

Place : Hyderabad  
Date : 11.05.2016

**Dr. A Vidyasagar**  
Chairman & Managing Director

## ANNEXURE- III

### **PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED UNDER SECTION 134 (3) (M) READ WITH RULE 8 (3) OF 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 its efforts to the possible extent through conservation of installation of energy saving devices.
  - LED fixtures for Registered Office.
- (ii) The Company for utilizing alternate source of energy is here under
  - 25 KVA Grid connected Solar Power Plant installed at Visakhapatnam.

#### **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.

Automatic wire harness tester is established.

Anechoic Chamber for antenna test facility is under construction.

##### **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 1KW HF Power Amplifier & Antenna Tuning Unit
- Development of MSS transceiver for submarines.
- Development of MSS transceivers for MARCOS
- Mini- jammers
- Satellite Mobile Radio

##### **d) Benefits derived as a result of the above R & D:**

The Company could offer indigenous, customized strategic solutions to Indian defense services including Indian Navy, Indian Coast Guard and 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
- MSS terminal for coastal surveillance.

- MSS transceiver with electronic beam former for G-Sat 7 & G-Sat 6
- 20-500 MHz 1KW amplifier for SDR applications.
- MSS terminals for warning of unmanned railway level crossings.
- Miniaturised Satellite Mobile Radio

**f. Expenditure on Research & Development:**

₹ in Lakhs

Capital	0.59
Recurring	355.20
<b>Total</b>	<b>355.79</b>
<b>Total R &amp; D expenditure % as of Turnover</b>	<b>14.21%</b>

**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 : ₹ 543.95 Lakhs

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

Sd/-

Place : Hyderabad  
 Date : 11.05.2016

**Dr. A Vidyasagar**  
 Chairman & Managing Director

**ANNEXURE – IV**  
**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	Remuneration & perquisites	3 Years w.e.f. 01 <sup>st</sup> 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	9,00,000
Smt. Abburi Sarada Director & CFO, Wife of Dr. Abburi Vidyasagar	Rent	Ongoing	N.A	30.10.2009	5,83,700

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

Sd/-

Place : Hyderabad  
Date : 11.05.2016

**Dr. A Vidyasagar**  
Chairman & Managing Director

**Annexure-V**  
**FORM NO. MGT 9**

**EXTRACT OF ANNUAL RETURN**

As on financial year ended on 31.03.2016

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company  
(Management & Administration) Rules, 2014.

<b>I. REGISTRATION &amp; OTHER DETAILS:</b>		
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
6	Whether listed company	Yes
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s. Karvy Computershare Pvt. Ltd Karvy House, 46, Avenue 4, Street no. 1, Banjara Hills, Road No 10, Hyderabad, Andhra Pradesh - 500034

<b>II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY</b>			
(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
1	Telecom Equipment	6190	98.39

<b>III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES</b>						
Sl No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section	
1	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 [As on 31-March-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A.</b>	<b>Promoters</b>									
<b>1)</b>	<b>Indian</b>									
a)	Individual/ HUF	1,585,215	-	1,585,215	39.10%	1,559,268	-	1,559,268	38.46%	-0.64%
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%
	<b>Sub Total (A) (1)</b>	<b>1,585,215</b>	<b>-</b>	<b>1,585,215</b>	<b>39.10%</b>	<b>1,559,268</b>	<b>-</b>	<b>1,559,268</b>	<b>38.46%</b>	<b>-0.64%</b>
<b>2)</b>	<b>Foreign</b>									0.00%
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%
	<b>Sub Total (A) (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>0.00%</b>
	<b>TOTAL (A)</b>	<b>1,585,215</b>	<b>-</b>	<b>1,585,215</b>	<b>39.10%</b>	<b>1,559,268</b>	<b>-</b>	<b>1,559,268</b>	<b>38.46%</b>	<b>-0.64%</b>
<b>B.</b>	<b>Public Shareholding</b>									<b>0.00%</b>
<b>1)</b>	<b>Institutions</b>									0.00%
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%
	<b>Sub-total (B) (1):</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>0.00%</b>

<b>2)</b>	<b>Non-Institutions</b>									0.00%
<b>a)</b>	<b>Bodies Corp.</b>									0.00%
i)	Indian	354,244	400	354,644	8.75%	266973	400	267,373	6.59%	-2.15%
ii)	Overseas	-	-	-	0.00%	0	0	-	0.00%	0.00%
<b>b)</b>	<b>Individuals</b>									0.00%
i)	Individual shareholders holding nominal share capital upto ₹ 1 lakh	1,086,669	93,944	1,180,613	29.12%	1,242,159	91,744	1,333,903	32.90%	3.78%
ii)	Individual shareholders holding nominal share capital in excess of ₹1 lakh	890,482	-	890,482	21.96%	857,006		857,006	21.14%	-0.82%
<b>c)</b>	<b>Others (specify)</b>									0.00%
	Non Resident Indians	40,484	-	40,484	1.00%	33105	0	33,105	0.82%	-0.18%
	Overseas Corporate Bodies	-	-	-	0.00%	-	-	-	0.00%	0.00%
	Foreign Nationals	-	-	-	0.00%			-	0.00%	0.00%
	Clearing Members	3,055	-	3,055	0.08%	3638	0	3,638	0.09%	0.01%
	Trusts	-	-	-	0.00%	0	0	-	0.00%	0.00%
	Foreign Bodies - D R	-	-	-	0.00%	0	0	-	0.00%	0.00%
	<b>Sub-total (B)(2):-</b>	<b>2,374,934</b>	<b>94,344</b>	<b>2,469,278</b>	<b>60.90%</b>	<b>2,402,881</b>	<b>92,144</b>	<b>2,495,025</b>	<b>61.54%</b>	<b>0.64%</b>
	<b>Total Public (B)</b>	<b>2,374,934</b>	<b>94,344</b>	<b>2,469,278</b>	<b>60.90%</b>	<b>2,402,881</b>	<b>92,144</b>	<b>2,495,025</b>	<b>61.54%</b>	<b>0.64%</b>
<b>C.</b>	<b>Shares held by Custodian for GDRs &amp; ADRs</b>			-	<b>0.00%</b>				<b>0.00%</b>	<b>0.00%</b>
	<b>Grand Total (A+B+C)</b>	<b>3,960,149</b>	<b>94,344</b>	<b>4,054,493</b>	<b>100.00%</b>	<b>3,962,149</b>	<b>92,144</b>	<b>4,054,293</b>	<b>100.00%</b>	<b>0.00%</b>

**(ii) Shareholding of Promoter**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year March 2015			Shareholding at the end of the year March 2016			% 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	806,720	19.90%	0	806,720	19.90%	0	0.00%
2	Abburi Sidhartha Sagar	274,000	6.76%	0	274,000	6.76%	0	0.00%
3	Abburi Sarada	245,396	6.05%	0	219,449	5.41%	0	-0.64%
4	Abburi Sailaja	222,479	5.49%	0	222,479	5.49%	0	0.00%
5	Abburi Venkateswara Rao	36,620	0.90%	0	36,620	0.90%	0	0.00%
	<b>Total</b>	<b>1,585,215</b>	<b>39.10%</b>	<b>0</b>	<b>1,559,268</b>	<b>38.46%</b>	<b>0</b>	<b>-0.64%</b>

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

Particulars	Date	Reason	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	01.04.2015	N.A	1,585,215	39.10%	-	0.00%
Changes during the year	22.05.2015	Transfer	(6,557)	-0.16%	1,578,658	38.94%
	29.05.2015	Transfer	(4,349)	-0.11%	1,574,309	38.83%
	05.06.2015	Transfer	(15,041)	-0.37%	1,559,268	38.46%
At the end of the year	31.03.2016	N.A	1,559,268	38.46%	1,559,268	38.46%



## (iv) Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	For each of the Top 10 shareholders	Date	Reason	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	<b>K Swapna</b>						
	At the beginning of the year	01.04.2015	N.A.	300,000	7.40%	-	
	Changes during the year	NA		-	0.00%	300,000	7.40%
2	<b>K. Satish</b>						
	At the end of the year	31.03.2016	N.A.	300,000	7.40%	300,000	7.40%
	At the beginning of the year	01.04.2015	N.A.	84,807	2.09%	-	
3	<b>Nagendra Babu Nagabhyarva</b>						
	Changes during the year	N.A.		-	0.00%	84,807	2.09%
	At the end of the year	31.03.2016	N.A.	84,807	2.09%	84,807	2.09%
4	<b>Girish Gulati HUF*</b>						
	At the beginning of the year	01.04.2015	N.A.	48,000	1.18%	-	
	Changes during the year		N.A.	-	0.00%	48,000	1.18%
5	<b>Hindustan Candle MFG Co. Pvt. Ltd</b>						
	At the end of the year	31.03.2016	N.A.	48,000	1.18%	48,000	1.18%
	At the beginning of the year	01.04.2015	N.A.	48,967	1.21%	-	
6	<b>Nilakshi Sodhi</b>						
	Changes during the year	10.04.2015	Transfer	(1,500)	-0.04%	47,467	1.17%
		11.12.2015	Transfer	(225)	-0.01%	47,242	1.17%
7	<b>Shivani T. Trivedi</b>						
	At the end of the year	31.03.2016	N.A.	47,242	1.17%	47,242	1.17%
	At the beginning of the year	01.04.2015	N.A.	70,286	1.73%	-	
8	<b>Ashok Atluri</b>						
	Changes during the year	11.12.2015	Transfer	(6,767)	-0.17%	63,519	1.57%
		31.12.2015	Transfer	(12,862)	-0.32%	50,657	1.25%
9	<b>Vasudhaiva Kutumbakam Consultancy &amp; Broking Pvt. Ltd</b>						
		08.01.2016	Transfer	(5,000)	-0.12%	45,657	1.13%
	At the end of the year	31.03.2016	N.A.	45,657	1.13%	45,657	1.13%
10	<b>Ashok Atluri</b>						
	At the beginning of the year	01.04.2015	N.A.	38,210	0.94%	-	0.00%
	Changes during the year	N.A.	N.A.	-	0.00%	38,210	0.94%
11	<b>Shivani T. Trivedi</b>						
	At the end of the year	31.03.2016	N.A.	38,210	0.94%	38,210	0.94%
	At the beginning of the year	01.04.2015	N.A.	36867	0.91%		0.00%
12	<b>Ashok Atluri</b>						
	Changes during the year	N.A.		0	0.00%	36867	0.91%
	At the end of the year	31.03.2016	N.A.	36867	0.91%	36867	0.91%
13	<b>Vasudhaiva Kutumbakam Consultancy &amp; Broking Pvt. Ltd</b>						
	At the beginning of the year	01.04.2015	N.A.	28300	0.70%		0.00%
	Changes during the year	NA	N.A.	0	0.00%	28300	0.70%
14	<b>Vasudhaiva Kutumbakam Consultancy &amp; Broking Pvt. Ltd</b>						
	At the end of the year	31.03.2016	N.A.	28300	0.70%	28300	0.70%
	At the beginning of the year	01.04.2015	N.A.	45,000	1.11%	-	0.00%
15	<b>Vasudhaiva Kutumbakam Consultancy &amp; Broking Pvt. Ltd</b>						
	Changes during the year	11.12.2015	Transfer	(8,975)	-0.22%	36,025	0.89%
		31.12.2015	Transfer	(4,355)	-0.11%	31,670	0.78%
16	<b>Vasudhaiva Kutumbakam Consultancy &amp; Broking Pvt. Ltd</b>						
		08.01.2016	Transfer	(5,000)	-0.12%	26,670	0.66%
	At the end of the year	31.03.2016	N.A.	26,670	0.66%	26,670	0.66%

Sl. No.	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
<b>10</b>	<b>Adesh Enterprise LLP*</b>						
	At the beginning of the year	01.04.2015	NA	-	0.00%	-	0.00%
	Changes during the year	11.12.2015	Purchase	26,000	0.64%	26,000	0.64%
	At the end of the year	31.03.2016	NA	26,000	0.64%	26,000	0.64%
<b>11</b>	<b>NDA Securities Limited#</b>						
	At the beginning of the year	01.04.2015	NA	44,450	1.10%		
	Changes during the year	10.04.2015	Sale	(12,500)	-0.31%	31,950	0.79%
		17.04.2015	Sale	(3,900)	-0.10%	28,050	0.69%
		08.05.2015	Sale	(1,300)	-0.03%	26,750	0.66%
		29.05.2015	Purchase	1,984	0.05%	28,734	0.71%
		05.06.2015	Sale	(4,500)	-0.11%	24,234	0.60%
		12.06.2015	Sale	(1,284)	-0.03%	22,950	0.57%
		19.06.2015	Sale	(200)	-0.00%	22,750	0.56%
		03.07.2015	Sale	(1,000)	-0.02%	21,750	0.54%
		10.07.2015	Sale	(1,300)	-0.03%	20,450	0.50%
		24.07.2015	Sale	(4,600)	-0.11%	15,850	0.39%
		31.07.2015	Purchase	1,450	0.04%	17,300	0.43%
		07.08.2015	Sale	(3,250)	-0.08%	14,050	0.35%
		14.08.2015	Purchase	748	0.02%	14,798	0.36%
		21.08.2015	Sale	(3,448)	-0.09%	11,350	0.28%
		04.09.2015	Sale	(3,800)	-0.09%	7,550	0.19%
		18.09.2015	Sale	(2,400)	-0.06%	5,150	0.13%
		30.09.2015	Sale	(2,600)	-0.06%	2,550	0.06%
		02.10.2015	Sale	(2,550)	-0.06%	-	0.00%
		16.10.2015	Purchase	1,300	0.03%	1,300	0.03%
		30.10.2015	Sale	(1,300)	-0.03%	-	0.00%
		31.12.2015	Purchase	1,608	0.04%	1,608	0.04%
		08.01.2016	Purchase	4,500	0.11%	6,108	0.15%
		15.01.2016	Purchase	2,745	0.07%	8,853	0.22%
		22.01.2016	Sale	(800)	-0.02%	8,053	0.20%
		29.01.2016	Purchase	247	0.01%	8,300	0.20%
		05.02.2016	Purchase	200	0.00%	8,500	0.21%
		12.02.2016	Sale	(950)	-0.02%	7,550	0.19%
	19.02.2016	Sale	(1,400)	-0.03%	6,150	0.15%	
	26.02.2016	Sale	(401)	-0.01%	5,749	0.14%	
	04.03.2016	Sale	(400)	-0.01%	5,349	0.13%	
	11.03.2016	Sale	(399)	-0.01%	4,950	0.12%	
	18.03.2016	Sale	(2,310)	-0.06%	2,640	0.07%	
	31.03.2016	Sale	(140)	-0.00%	2,500	0.06%	
	At the end of the year	31.03.2016	NA	2,500	0.06%	2,500	0.06%

Sl. No.	For each of the Top 10 shareholders	Date	Reason	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	<b>Rajiv Garg#</b>						
	At the beginning of the year	01.04.2015	N.A.	51,000	1.26%		
	Changes during the year	10.04.2015	Purchase	2,500	0.06%	53,500	1.32%
		17.04.2015	Purchase	2,000	0.05%	55,500	1.37%
		01.05.2015	Purchase	500	0.01%	56,000	1.38%
		08.05.2015	Sale	(463)	-0.01%	55,537	1.37%
		15.05.2015	Purchase	18	0.00%	55,555	1.37%
		28.08.2015	Purchase	12,445	0.31%	68,000	1.68%
		11.09.2015	Purchase	2,000	0.05%	70,000	1.73%
		06.11.2015	Sale	(26,000)	-0.64%	44,000	1.09%
		13.11.2015	Sale	(22,677)	-0.56%	21,323	0.53%
		20.11.2015	Sale	(11,323)	-0.28%	10,000	0.25%
		27.11.2015	Sale	(3,500)	-0.09%	6,500	0.16%
	04.12.2015	Sale	(6,500)	-0.16%	-	0.00%	
	At the end of the year	31.03.2016	N.A.	-	0.00%	-	0.00%

\* Marked shareholders were not present in the list of top 10 shareholders as on 01.04.2015 and are reflecting in the above list since they are in the top 10 list as on 31.03.2016.

# Marked shareholders ceased to be in the list of top 10 shareholders as on 31.03.2016, however they are reflected in the above list since they were present in the top 10 list as on 01.04.2015

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	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	<b>Abburi Vidyasagar</b>						
	At the beginning of the year	01.04.2015	NA	806,720	19.90%		
	Changes during the year	N.A.		-		806,720	19.90%
	At the end of the year	31.03.2016	NA	806,720	19.90%	806,720	19.90%
2	<b>Abburi Sarada</b>						
	At the beginning of the year	01.04.2015	NA	245,396	6.05%		0.00%
	Changes during the year	22.05.2015	Sale	(6,557)	-0.16%	238,839	5.89%
		29.05.2015	Sale	(4,349)	-0.11%	234,490	5.78%
		05.06.2015	Sale	(15,041)	-0.37%	219,449	5.41%
	At the end of the year	31.03.2016	NA	219,449	5.41%	219,449	5.41%

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	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	<b>Abburi Sidhartha Sagar</b>						
	At the beginning of the year	01.04.2015	NA	274,000	6.76%		
	Changes during the year	N.A.	NA	-	0.00%	274,000	6.76%
	At the end of the year	31.03.2016	NA	274,000	6.76%	274,000	6.76%
4	<b>Abburi Sailaja</b>						
	At the beginning of the year	01.04.2015	NA	222,479	5.49%		
	Changes during the year	N.A.	NA	-	0.00%	222,479	5.49%
	At the end of the year	31.03.2016	NA	222,479	5.49%	222,479	5.49%
5	<b>Abburi Venkateswara Rao</b>						
	At the beginning of the year	01.04.2015	NA	36,620	0.90%		
	Changes during the year	N.A.	NA	-	0.00%	36,620	0.90%
	At the end of the year	31.03.2016	NA	36,620	0.90%	36,620	0.90%
6	<b>Subramaniya alakrishnan</b>						
	At the beginning of the year	01.04.2015	NA	-	0.00%		0.00%
	Changes during the year	N.A.	NA	-	0.00%	-	0.00%
	At the end of the year	31.03.2016	NA		0.00%	-	0.00%
7	<b>Naveen Nandigam</b>						
	At the beginning of the year	01.04.2015	NA	-	0.00%		0.00%
	Changes during the year	N.A.	NA	-	0.00%	-	0.00%
	At the end of the year	31.03.2016	NA		0.00%	-	0.00%
8	<b>Yalamanchili Kishore</b>						
	At the beginning of the year	01.04.2015	NA	-	0.00%		0.00%
	Changes during the year	N.A.	NA	-	0.00%	-	0.00%
	At the end of the year	31.03.2016	NA		0.00%	-	0.00%
9	<b>Raghu Prasad Pidikiti</b>						
	At the beginning of the year	01.04.2015	N.A.	-	0.00%		0.00%
	Changes during the year	N.A.	N.A.	-	0.00%	-	0.00%
	At the end of the year	31.03.2016	N.A.		0.00%	-	0.00%
10	<b>Myneni Narayana Rao</b>						
	At the beginning of the year	01.04.2015	N.A.	-	0.00%		0.00%
	Changes during the year	N.A.	N.A.	-	0.00%	-	0.00%
	At the end of the year	31.03.2016	N.A.		0.00%	-	0.00%

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
11	<b>Eluru Bala Venkata Ramana Gupta</b>						
	At the beginning of the year	01.04.2015	N.A.	-	0.00%		0.00%
	Changes during the year	N.A.	N.A.	-	0.00%	-	0.00%
	At the end of the year	31.03.2016	N.A.		0.00%	-	0.00%
12	<b>Lokesh Agarwal</b>						
	At the beginning of the year	01.04.2015	N.A.	-	0.00%		0.00%
	Changes during the year	N.A.	N.A.	-	0.00%	-	0.00%
	At the end of the year	31.03.2016	N.A.		0.00%	-	0.00%

## V. INDEBTEDNESS

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

(Amt. RS.)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	92,871,480			92,871,480
ii) Interest due but not paid	-			-
iii) Interest accrued but not due	-			-
<b>Total (i+ii+iii)</b>	<b>92,871,480</b>	-	-	<b>92,871,480</b>
Change in Indebtedness during the financial year				
* Addition	1,19,97,259			1,19,97,259
* Reduction	1,02,00,000			1,02,00,000
Net Change	17,97,259	-	-	17,97,259
Indebtedness at the end of the financial year				
i) Principal Amount	9,46,68,739			9,46,68,739
ii) Interest due but not paid	-			-
iii) Interest accrued but not due	-			-
<b>Total (i+ii+iii)</b>	<b>9,46,68,739</b>	-	-	<b>9,46,68,739</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

SI No.	Particulars of Remuneration		Name of MD/WTD/ Manager			Total Amount (In ₹)
	Name		Dr. Abburi Vidyasagar	Mrs. Abburi Sarada	Mr. Lokesh Agarwal	
1	Gross salary					
	(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,800,000.00	900,000.00	223,884.00	2,923,884.00
	(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	3%	-	-	3%
	-	others, specify	-	-	-	-
5	Others, please specify		-	-	-	-
	<b>Total (A)</b>		<b>1,800,000</b>	<b>900,000</b>	<b>223,884</b>	<b>2,923,884.03</b>
	Ceiling as per the Act		3,000,000	3,000,000	NA	6,000,000.00

**B. Remuneration to other Directors**

SI No.	Particulars of Remuneration	Name of Directors				Total Amount (₹/Lac)
		Y. Kishore	N. Naveen	S. Balakrishnan	Raghu Prasad Pidikiti	
1	Independent Directors	Y. Kishore	N. Naveen	S. Balakrishnan	Raghu Prasad Pidikiti	
	Fee for attending board committee meetings	109907.00	109,907.00	NA	75,150.00	294,964.00
	Commission					
	Others, please specify					-
	<b>Total (1)</b>	<b>109,907.00</b>	<b>109,907.00</b>	<b>NA</b>	<b>75,150.00</b>	<b>294,964.00</b>
2	Other Non-Executive Directors					-
	Fee for attending board committee meetings			33,183.00		33,183.00
	Commission					-
	Others, please specify					-
	<b>Total (2)</b>	-	-	<b>33,183.00</b>	-	<b>33,183.00</b>
	<b>Total (B)=(1+2)</b>	<b>109,907.00</b>	<b>109,907.00</b>	<b>33,183.00</b>	<b>75,150.00</b>	<b>328,147.00</b>
	<b>Total Managerial Remuneration</b>					<b>3,252,031.03</b>
	Overall Ceiling as per the Act					11,600,000.00

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

SI No.	Particulars of Remuneration		Name of Key Managerial Personnel			Total Amount (₹/Lac)
	Name		CEO	CFO	CS	
	Designation					
1	Gross salary			Abhuri Sarada	Lokesh Agarwal	
	(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		900,000.00	223,884.00	1,123,884.00
	(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					-
	<b>Total</b>		-	<b>900,000.00</b>	<b>223,884.00</b>	<b>1,123,884.00</b>

**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]
<b>A. COMPANY</b>				
Penalty				
Punishment				
Compounding				
<b>B. DIRECTORS</b>				
Penalty				
Punishment				
Compounding				
<b>C. OTHER OFFICERS IN DEFAULT</b>				
Penalty				
Punishment				
Compounding				

NIL

## ANNEXURE – VI MANAGEMENT DISCUSSION AND ANALYSIS REPORT

[Pursuant to Regulation 34 (2) (e) of Securities Exchange Board of India  
(Listing Obligations and Disclosure Requirements) Regulations, 2015]

### (A) BUSINESS REVIEW:

Avantel has developed distinctive capabilities over a period of time to offer unique value to Indian Defence Services through innovative, integrated solutions in the area of long range beyond line of sight communications.

Avantel is one of the very few companies offering an array of Satellite Communication solutions in India. Our SATCOM solutions in the ‘UHF’ & ‘S’ band segment are currently operational in different flavours on various platforms viz. Aircraft, Submarines, Ships and other Strategic vehicles of the Indian Navy, Indian Coast Guard, ISRO and the DRDO establishments immensely contributing to enhancement of their Operational potential. Recently, we have been successful in deploying our latest indigenous product offering the “UHF SATCOM – Airborne” on Indian Navy’s DO-228 aircraft post successful flight trials and award of CEMILAC certification. This is a remarkable achievement by itself as Airborne solutions in the UHF segment are being offered by very few foreign vendors.

In the coming fiscal, we plan to promote and proliferate our SATCOM products to other strategic establishments as well. We are closely collaborating with Space Applications Centre, ISRO for the development of Satellite Mobile Radio, Reporting Terminals & Portable Multi Media Terminal for the recently launched GSAT- 6 Satellite. These solutions are proposed to be deployed for the strategic users & Indian Railways and offers immense business potential for your company. Avantel’s Power Amplifier segment has witnessed a steady growth and increased volumes to our customers.

### (B) DEFENCE OVERVIEW:

Gol while presenting the Union Budget 2016-17 to the Parliament on February 29, 2016 set aside ₹ 3,40,921.98 Crore (US\$ 52.2 billion) for the Ministry of Defence (MoD). There are a slew of tax-related measures to incentivize the domestic industry. The withdrawal of tax benefits extended to direct imports by the MoD would provide a much needed level-playing field to the domestic industry as a whole vis-à-vis the foreign companies. Similarly, the withdrawal of tax benefits enjoyed by the contractors of the government-owned entities would provide the level-playing field to the Indian private sector vis-à-vis the Defence Public Sector Undertakings (DPSUs) and OFs ([http://www.idsa.in/issuebrief/pay-and-perks-india-defence-budget-2016-17\\_lkbehera\\_030315](http://www.idsa.in/issuebrief/pay-and-perks-india-defence-budget-2016-17_lkbehera_030315)).

MoD, Gol has unveiled the new Defence Procurement Policy “DPP – 2016” during the Defence EXPO – 2016. The new policy envisages to achieve the following:

- Self-reliance by encouraging indigenous design, development and manufacturing.
- Enhancing role of MSMEs in Defence sector.
- Cutting down the time-frames for procurement activities
- Institutionalising robust mechanisms to monitor for probity at various stages of procurement process.



A new procurement category **BUY (Indian-IDDM)** has been included which will be given the top priority for all future procurements. The new category defines that the procurement of products from an Indian vendor meeting one of the two following conditions: products that have **I**ndigenously **D**esigned, **D**eveloped and **M**anufactured with a minimum of 40% Indigenous content (IC) on cost basis of the total contract value; Or, products having 60% IC on cost basis of the total contract value, which may not have been designed and developed indigenously.

Your company being an R & D intensive company is likely to get immensely benefited by this category of procurement.

**(C) OVERVIEW OF FINANCIAL OPERATIONS:**

The company has recorded a total income of ₹ 2503.41 Lakhs as against ₹ 2607.75 Lakhs for the previous year and has incurred a profit during the year at ₹ 59.35 Lakhs as against the profit of ₹ 89.33 Lakhs for the previous year.

**(D) OUR STRATEGY:**

Avantel's SATCOM product offerings in the 'UHF' & 'MSS' segment have fairly matured and have been deployed on various platforms viz. Ships and aircraft of the Indian Navy. Your company now sees business potential for these products in other strategic establishments as well and hence would like to focus in expanding its customer base. In the current fiscal, Avantel is expecting to develop and deploy the submarine and MARCOS version of MSS equipment in the Indian Navy. The company has also embarked on a plan to develop GSAT – 6 products viz. SMR, Reporting & PMT terminals. Few of these terminals have already been supplied to SAC (ISRO), Ahmedabad for validation and customer feedback. We expect to commercialise these products in the current year for Railways, Coastal Security and other Strategic applications. As part of diversification plan, Avantel has indigenously developed 1 KW HF system for communication applications. The defence services require the 1 KW HF radio systems in huge numbers and offers great business opportunity for us.

**(E) 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 in 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

**(F) OPPORTUNITIES AND THREATS:**

**OPPORTUNITIES:**

The new DPP – 2016 is favourably disposed towards the MSME units that too who are undertaking Indigenous R & D. Avantel’s core strength being R & D has a very good track record of offering innovative and niche solutions. Hence, being one among the very few companies offering Satellite Communications & Wireless solutions in India, Avantel is well positioned to leverage the emerging opportunities in “Make in India” guided by the new policy.

**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.

**(G) 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.

**(H) 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 beforehand 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.

**(I) ACCOMPLISHMENTS:**

- Development and CEMILAC Certification completed for UHF SATCOM – Airborne system on IN DO-228 aircraft.
- Development of 1 KW HF Power Amplifier and Antenna Tuning Unit
- Development and Supply of Satellite Mobile Radio and Reporting Terminal to ISRO for GSAT – 6 Satellite
- Developed Portable Power Amplifiers in various frequency bands for strategic applications
- Development of MSS System for UAV applications

**(J) AWARDS:**

For its consistent efforts towards innovation and business excellence, Avantel has been bestowed with the following Awards & Certifications during the financial year:

- (a) "India SME 100 Awards" from India SME Forum on 28<sup>th</sup> April 2016
- (b) "IEI Industry Excellence Award – 2015" from the Institution of Engineers (India) during the 30<sup>th</sup> Indian Engineering Congress at Guwahati on 18<sup>th</sup> December 2015.
- (c) Avantel Visakhapatnam facility has been certified with " IGBC's Lead India for New Construction Gold" in September' 2015 by Indian Green Building Council,

**(K) 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 security-laws and regulations. Actual results may differ materially from these 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.

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

Sd/-

Place : Hyderabad  
Date : 11.05.2016

**Dr. A Vidyasagar**  
Chairman & Managing Director

## ANNEXURE – VII

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 Rules 5 (I) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Employed throughout the Financial Year 2015-16:

Name	Age	Qualification	Designation	Date of Commencement of employment	Experience (year)	Gross Remuneration	Pervious Employment	Pervious Designation
Dr. Abburi Vidyasagar	56	M. Tech, MBA, PHD in strategies for dissemination of knowledge digital age	Managing Director	01/08/1992	26	₹ 18,00,000/-	NA	NA
Smt. Abburi Sarada	50	Bachelors in communication and Journalism, MBA	Whole Time Director	14/05/2014	14	₹ 9,00,000/-	NA	NA

Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(I) 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 2015-16, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2015-16, 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 2015-16 (in Lakhs)	% increase in Remuneration in the Financial Year 2015-16	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	7.759	The PAT of the Company is ₹ 59.35 Lakhs as against ₹ 89.33 Lakhs in the previous year. Remuneration of KMP as a percentage of Revenue is 1.17%. Remuneration of KMP as a percentage of PAT is 49.26%.
2.	Smt. Abburi Sarada, Whole Time Director & CFO	₹ 9,00,000/-	Nil	3.87	
3.	Lokesh Agarwal Company Secretary	₹ 2,23,884/-	N.A.	0.96	

- (ii) The Median remuneration of employees of the Company during the financial year was ₹ 2,31,984/.
- (iii) In the financial year under review, there was a decrease of 4.13% in the median remuneration of employees.
- (iv) In the financial year under review, there were 168 employees on the rolls of the Company.

- (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-16	31- Mar-15	Change %
Stock Price (in Rupees)	124.80	118.20	5.58 %
Market Cap (Rupees in Crores)	50.60	47.92	5.59 %
EPS	1.46	2.20	-33.64 %
P/E	85.48	53.72	59.12 %

- 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.
- (vii) Comparison of remuneration of each of the key managerial personnel against the performance of the Company:

Name of the KMP	Dr. Abburi Vidyasagar	Smt. A. Sarada	Mr. Lokesh Agarwal
Remuneration	₹ 18,00,000/-	₹ 9,00,000/-	₹ 2,23,884/-
Revenue	₹ 24,63,09,568/-		
Remuneration of KMPs (as % of revenue)	0.73%	0.36%	0.09%
Profit After Tax (PAT)	₹ 59,35,026/-		
Remuneration of KMP (as% of PAT)	30.33%	15.16%	3.77%

- (viii) Except a commission of 3% on the Net Profits of the Company which is payable to Dr. A Vidyasagar, Managing Director of the Company, 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) Mr. P. Bala Bhaskar Rao, Vice President, Marketing, employee of the Company, receives an amount of ₹ 18,81,600/- p.a. as remuneration which is in excess of the remuneration received by the highest paid director i.e. Dr. A. Vidyasagar, Managing Director. Dr. A. Vidyasagar, is entitled to a remuneration of ₹ 18,00,000/- p.a. The ratio of remuneration of Dr. A. Vidyasagar to that of Mr. P. Bala Bhaskar Rao is 1:1.04.
- (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.

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

Sd/-

Place : Hyderabad  
Date : 11.05.2016

**Dr. A Vidyasagar**  
Chairman & Managing Director

## INDEPENDENT AUDITOR'S REPORT

**To**  
The Members of **Avantel Limited**  
Hyderabad

We have audited the accompanying financial statements of **Avantel Limited** ('the Company'), which comprise the Balance Sheet as at 31 March 2016, 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 Management 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively 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 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 there under.

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 the 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. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 31 March 2016 and its profit and its cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("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, a statement on the matters specified in the paragraph 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 purposes of our audit.
  - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it 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 31-03-2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
- (g) 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 amount, required to be transferred, to the Investor Education and Protection Fund by the Company.

for **RAMANATHAM & RAO**  
Chartered Accountants  
Firm Reg. No: 2934 S

Sd/-

**(K Sreenivasan)**

Partner

M.No: 206421

Date : 11<sup>th</sup> May 2016

Place : Hyderabad

## Annexure – A to the Independent Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the financial statements for the period ended 31 March 2016, we report that:

- 1.1 The Company is maintaining 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 at reasonable intervals, and according to the information and explanations given to us, no material discrepancies were noticed on such verification. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- 1.3 According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of immovable properties are held in the name of the company.
- 2.1 The Inventory has been physically verified during the year by the management. In our opinion, the frequency of the verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- 3.1 The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 during the year. Thus paragraphs 3 (iii) (a), 3 (iii) (b) and 3 (iii) (c) are not applicable to the company.
- 4.1 In our opinion and according to the information and explanations given to us, during the year, the Company has not given any loans, made investments, given guarantees or provided security to parties covered under provisions of section 185 and 186 of the Companies Act, 2013. Thus paragraph 3(iv) is not applicable to the company.

- 5.1 During the year the Company has not accepted any deposits from the public.
- 6.1 In our opinion and according to the explanation given to us the maintenance of Cost records under section 148 (1) of the Companies Act, 2013, as prescribed by the Central Government are not applicable to the Company. Thus paragraph 3(vi) is not applicable to the company.
- 7.1 According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. 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, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.
- 7.2 According to the information and explanations given to us, there are no material dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax which are disputed and not deposited with the concerned authorities.
- 8.1 According to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institution, banks, government or debenture holders during the year.
- 9.1 The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.
- 10.1 According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- 11.1 According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of the Section 197 read with Schedule V to the Companies Act, 2013.
- 12.1 In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- 13.1 According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- 14.1 According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debenture during the year.
- 15.1 According to the information and explanations given to us and based on our examination of records of the company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- 16.1 The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

for **RAMANATHAM & RAO**  
Chartered Accountants  
Firm Reg. No: 2934 S

Sd/-

**(K Sreenivasan)**

Partner

M.No: 206421

Date : 11<sup>th</sup> May 2016

Place : Hyderabad



## **Annexure - B to the Independent Auditors' Report**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of AVANTEL Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether

adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial

reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for **RAMANATHAM & RAO**

Chartered Accountants

Firm Reg. No: 2934 S

Sd/-

**(K Sreenivasan)**

Partner

M.No: 206421

Date : 11<sup>th</sup> May 2016

Place : Hyderabad

**BALANCE SHEET AS AT MARCH 31, 2016**

Particulars	Note No.	31st MARCH, 2016 ₹	31st MARCH, 2015 ₹
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	2.1	40,550,930	40,550,930
(b) Reserves and Surplus	2.2	156,868,226	156,607,350
(c) Money received against share warrants		-	-
<b>(2) Share application money pending allotment</b>		-	-
<b>(3) Non-Current Liabilities</b>			
(a) Long-term borrowings	2.3	24,300,000	34,500,000
(b) Deferred tax liabilities (Net)		-	-
(c) Other Long term liabilities		-	-
(d) Long-term provisions	2.4	2,621,212	2,709,357
<b>(4) Current Liabilities</b>			
(a) Short-term borrowings	2.5	60,168,739	48,171,480
(b) Trade payables	2.6	3,224,622	4,723,978
(c) Other current liabilities	2.7	24,364,357	17,671,626
(d) Short-term provisions	2.8	10,874,072	12,014,623
<b>Total</b>		<b>322,972,158</b>	<b>316,949,343</b>
<b>II. Assets</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	2.9	133,910,835	136,939,588
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
(b) Non-current investments		-	-
(c) Deferred tax assets (net)	2.10	4,234,350	3,597,200
(d) Long term loans and advances		-	-
(e) Other non-current assets	2.11	4,078,494	4,883,691
<b>(2) Current assets</b>			
(a) Current investments		-	-
(b) Inventories	2.12	124,429,601	105,883,242
(c) Trade receivables	2.13	40,922,397	46,120,041
(d) Cash and cash equivalents	2.14(a)	1,098,787	1,290,830
(e) Other Bank Balances	2.14(b)	3,438,010	3,206,643
(f) Short-term loans and advances	2.15	10,859,684	15,028,108
<b>Total</b>		<b>322,972,158</b>	<b>316,949,343</b>
<b>III. Significant Accounting Policies &amp; Notes on Accounts</b>	I & 2	-	-

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

For and on behalf of **Avantel Limited**

Sd/-  
**(CA K. SREENIVASAN)**  
Partner  
ICAI Membership No. 206421

Sd/-  
**A. VIDYASAGAR**  
Managing Director

Sd/-  
**N. NAVEEN**  
Director

Place : Hyderabad  
Date : 11.05.2016

Sd/-  
**LOKESH AGARWAL**  
Company Secretary

Sd/-  
**A Sarada**  
Chief Financial Officer

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDING MARCH 31, 2016**

Particulars	Note No.	31st MARCH, 2016	31st MARCH, 2015
		₹	₹
I. Revenue from operations	2.16	246,309,568	252,825,998
II. Other Income	2.17	4,031,677	7,949,117
III. <b>Total Revenue (I + II)</b>		<b>250,341,245</b>	<b>260,775,115</b>
IV. Expenses:			
Cost of materials consumed	2.18	96,862,674	63,008,354
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	2.19	(14,517,889)	21,203,512
Employee benefit expenses	2.20	41,207,549	41,634,693
Manufacturing Expenses	2.21	17,590,635	11,817,725
Research and Development Expenses	2.22	35,520,057	45,211,639
Selling and Distribution Expenses	2.23	10,508,660	6,986,332
Financial costs	2.24	19,433,224	17,640,705
Depreciation and amortization expenses	2.25	17,379,635	18,866,896
Other Expenses	2.26	19,457,338	21,954,930
Prior Period Expenditure	2.27	353,871	316,756
<b>Total Expenses</b>		<b>243,795,754</b>	<b>248,641,542</b>
V. Profit /(Loss) before exceptional and extraordinary items and tax (III-IV)		<b>6,545,491</b>	12,133,573
VI. Exceptional Items		-	-
VII. Profit /(Loss) before extraordinary items and tax (V - VI)		<b>6,545,491</b>	12,133,573
VIII. Extraordinary Items		-	-
IX. Profit /( Loss) before tax (VII - VIII)		<b>6,545,491</b>	12,133,573
X. Tax expense:			
(1) Current tax	2.28	1,247,243	2,936,931
(2) Short/( Excess) Provision of earlier years		372	-
(3) Deferred tax		(637,150)	263,300
XI. Profit/(Loss) for the period from continuing operations (IX - X)		<b>5,935,026</b>	8,933,342
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax expense of discounting operations		-	-
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
XV. Profit/(Loss) for the period (XI + XIV)		<b>5,935,026</b>	8,933,342
XVI. Earning per equity share:			
(1) Basic		1.46	2.20
(2) Diluted		1.46	2.20
Significant Accounting Policies & Notes on Accounts	I & 2		

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

For and on behalf of **Avantel Limited**

Sd/-  
**(CA K. SREENIVASAN)**  
Partner  
ICAI Membership No. 206421

Sd/-  
**A. VIDYASAGAR**  
Managing Director  
Sd/-  
**LOKESH AGARWAL**  
Company Secretary

Sd/-  
**N. NAVEEN**  
Director  
Sd/-  
**A Sarada**  
Chief Financial Officer

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016**

Particulars	31st MARCH, 2016 ₹	31st MARCH, 2015 ₹
<b>A. Cash flows from operating activities</b>		
Profit (Loss) before taxation	6,545,491	12,133,573
<b>Adjustments for:</b>		
Depreciation & Amortisation	17,379,635	18,866,896
Interest expense	15,919,752	15,269,350
Miscellaneous Receipts	(254,267)	(160,493)
Profit on sale of Fixed Assts	(153,785)	(3,769,871)
Interest Income	(380,610)	(889,753)
Buy Back Expenses	-	1,158,740
<b>Operating Profit before Working Capital Changes</b>	<b>39,056,216</b>	<b>42,608,442</b>
<b>Working capital changes:</b>		
Decrease/(Increase) in trade receivables	5,197,644	(2,990,127)
Decrease/ (Increase) in inventories	(18,546,359)	15,161,015
Decrease/ (Increase) in Other Non-Current Assets	805,197	(304,801)
Decrease / (Increase) in Loans & Advances	3,927,312	(6,290,884)
Increase/ (Decrease) in Long Term Liabilities	(88,145)	765,104
Increase/ (Decrease) in trade payables	(1,499,356)	(5,888,527)
Increase/(Decrease) in Other Short Term Liabilities	9,681,817	(3,888,549)
<b>Cash generated from operations</b>	<b>38,534,326</b>	<b>39,171,673</b>
Income taxes paid	(2,695,829)	(1,143,654)
<b>Net cash from operating activities</b>	<b>Total (A)</b> <b>35,838,497</b>	<b>38,028,019</b>
<b>B. Cash flows from investing activities</b>		
Purchase of Fixed Assets	(15,591,346)	(17,944,874)
Sale of Fixed Assets	600,000	19,007,817
Increase in Capital Work in Progress	-	-
Interest Received	380,610	889,753
Miscellaneous Receipts	254,267	160,493
<b>Net cash used in investing activities</b>	<b>Total (B)</b> <b>(14,356,469)</b>	<b>2,113,189</b>

## CASH FLOW STATEMENT (Contd...)

Particulars	31st MARCH, 2016 ₹	31st MARCH, 2015 ₹
<b>C. Cash flows from financing activities</b>		
Increase/(Decrease) in Long Term Loans	(10,200,000)	(10,200,000)
Increase/(Decrease) in Short Term Borrowings	11,997,259	(2,254,104)
Buyback of Shares and Expenses	-	(11,915,572)
Interest paid	(15,919,752)	(15,269,350)
Dividend Paid, including Dividend Tax	(7,320,211)	-
<b>Net cash used in financing activities</b>	<b>Total (C)</b> <u>(21,442,704)</u>	<u>(39,639,026)</u>
<b>D. Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A) + (B) + (C)</b>	<b>39,324</b>	502,182
Cash and cash equivalents at beginning of the year	4,497,473	3,995,291
Cash and cash equivalents at end of the year	4,536,797	4,497,473

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

Sd/-

**(CA K. SREENIVASAN)**

Partner  
ICAI Membership No. 206421

Place : Hyderabad  
Date : 11.05.2016

For and on behalf of **Avantel Limited**

Sd/-

**A. VIDYASAGAR**  
Managing Director

Sd/-

**LOKESH AGARWAL**  
Company Secretary

Sd/-

**N. NAVEEN**  
Director

Sd/-

**A Sarada**  
Chief Financial Officer

## 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/appeals.

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

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

**l) Segment Accounting:**

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

**m) Provisions :**

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

**Warranty Provisions:**

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

**n) Contingent Liabilities & Contingent Assets:**

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

**o) Cash and Cash equivalents :**

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

**p) Cash Flow Statement:**

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

**q) Earning per Share:**

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

## 2. NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2016

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, 2016 ₹	31st March, 2015 ₹
<b>2.1 SHARE CAPITAL</b>		
<b>Equity Share Capital</b>		
<b>Authorised Share capital</b>		
70,00,000 Equity Shares of ₹ 10/- each	<b>70,000,000</b>	70,000,000
<b>Issued, subscribed &amp; fully paid share capital</b>		
40,54,493 (Previous year 41,83,000) Equity Shares of ₹ 10/- each fully paid	<b>40,544,930</b>	41,830,000
<b>Less: Buy back of 1,28,507 shares of ₹ 10/- each</b>	-	1,285,070
<b>Add: Forfeited shares (Amount originally paid up)</b>	<b>6,000</b>	6,000
<b>Total</b>	<b>40,550,930</b>	40,550,930

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

	31st March, 2016	31st March, 2015
<b>Equity Shares:</b>		
<b>At the beginning of the period</b>		
No. of shares	<b>4,054,493</b>	4,183,000
Amount in ₹	<b>40,544,930</b>	41,830,000
<b>Issued during the period</b>		
No. of shares	-	-
Amount in ₹	-	-
<b>Less: Buy back of shares</b>		
No. of shares	-	1,28,507
Amount in ₹	-	1,285,070
<b>Outstanding at the end of the period</b>		
No. of shares	<b>4,054,493</b>	4,054,493
Amount in ₹	<b>40,544,930</b>	40,544,930

### 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, 2016, the Board of Directors have recommended a dividend of ₹ 1.00 (31st March, 2015:1.50) per equity share of ₹ 10/- .

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

	2015-16	2014-15	2013-14	2012-13	2011-12
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	-	651,980	523,473	223,473	223,473

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

Name of the Shareholder	31-03-2016		31-03-2015	
	No of Shares Held	% of Holding	No of Shares Held	% of Holding
Euity Shares of ₹10/- each fully paid				
1. Sri Vidya Sagar Abburi	<b>806,720</b>	<b>19.90</b>	806,720	19.90
2. Smt K Swapna	<b>300,000</b>	<b>7.40</b>	300,000	7.40
3. Smt. Sarada Abburi	<b>219,449</b>	<b>5.41</b>	245,396	6.05
4. Ms. Sailaja Abburi	<b>222,479</b>	<b>5.49</b>	222,479	5.49
5. Sri Sidhartha Sagar Abburi	<b>274,000</b>	<b>6.76</b>	274,000	6.76

Note No	31st MARCH, 2016 ₹	31st MARCH, 2015 ₹
<b>2.2 Reserves and Surplus</b>		
<b>a) Capital Redemption Reserves</b>		
Opening Balance	10,982,230	9,697,160
Add: Current Year Transfer	-	1,285,070
Less: Written Back in Current Year	-	-
Closing Balance	10,982,230	10,982,230
<b>b) Securities Premium Reserves</b>		
Opening Balance	7,906,104	7,906,104
Add: Forfeited 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
<b>c) Revaluation Reserves</b>		
Opening Balance	13,414,842	14,209,102
Add: Current Year Transfer	-	-
Less: Written Back in Current Year	794,260	794,260
Closing Balance	12,620,582	13,414,842
<b>d) General Reserve</b>		
Opening Balance	34,598,093	45,354,925
Add: Current Year Transfer	-	-
Less: Adjusted against Buyback of Shares	-	10,756,832
Less: Written Back in Current Year	-	-
Closing Balance	34,598,093	34,598,093
<b>e) Surplus</b>		
Opening Balance	89,682,081	88,068,577
Profit / (Loss) for the year	5,935,026	8,933,342
<b>Less: Appropriations</b>		
i) Transfer to General Reserve	-	-
ii) Proposed Final Equity Dividend	4,054,493	6,081,740
iii) Tax On Proposed Dividend	825,397	1,238,099
Closing Balance	90,737,217	89,682,081
<b>Total</b>	<b>156,868,226</b>	<b>156,607,350</b>
<b>2.3 Long-term Borrowings</b>	<b>24,300,000</b>	<b>34,500,000</b>
Term Loan from Canara Bank (Equitable Mortgage of land and buildings situated at plot No.47, survey No.141, APIIC Industrial Park, Gambheeram (V), Visakhapatnam, Collateral Security of land and buildings and hypothecation of Plant and Machinery situated at Madhapur, Hypothecation of Stocks and Book Debts and personal guarantee of Dr. A.Vidya Sagar, Managing Director of the Company). The Loan is payable on monthly instalments @ ₹ 8.5 Lakhs per month upto August 2019 and the rate of interest @13.95% p.a.		
<b>Total</b>	<b>24,300,000</b>	<b>34,500,000</b>

Note No	31st MARCH, 2016 ₹	31st MARCH, 2015 ₹
<b>2.4 Long-term provisions</b>		
Provision for employee benefits	2,621,212	2,709,357
<b>Total</b>	<b>2,621,212</b>	<b>2,709,357</b>
<b>2.5 Short-terms borrowings</b>		
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 and the rate of interest @ 12.15% p.a)	60,168,739	48,171,480
<b>Total</b>	<b>60,168,739</b>	<b>48,171,480</b>
<b>2.6 Trade Payables</b>		
Trade Payables-Due to Micro, Small & Medium Enterprises	896,582	2,947,392
Trade Payables-Others	2,328,040	1,776,586
<b>Total</b>	<b>3,224,622</b>	<b>4,723,978</b>
<b>2.7 Other current liabilities</b>		
Unpaid dividends	729,010	909,470
Other payables		
Sundry Creditors - Capital Goods	1,191,128	97,673
Liabilities for Expenses	4,906,913	3,858,391
Advance from Customers	6,617,306	276,527
Provision for Warranty Expenses	-	1,609,565
Rental Deposit	720,000	720,000
Current Liabilities of Long Term Loans	10,200,000	10,200,000
<b>Total</b>	<b>24,364,357</b>	<b>17,671,626</b>
<b>2.8 Short-term provisions</b>		
Provision for employee benefits		
Salary & Reimbursements	2,515,184	643,879
Contributions	394,201	383,615
Provision for Statutory Liabilities	1,837,554	730,359
Provision for Taxation	1,247,243	2,936,931
Provision for Dividend	4,054,493	6,081,740
Provision for Dividend Tax	825,397	1,238,099
<b>Total</b>	<b>10,874,072</b>	<b>12,014,623</b>

## 2.9 FIXED ASSETS

Sl No.	Description of the Assets	Gross Block				DEPRECIATION				NET BLOCK	
		Balance as at 01-04-2015	Additions/ Acquired during the year	(Disposals)	Balance as at 31-03-2016	Balance as at 01-04-2015	Depreciation charged for the year	On Disposals	Balance as at 31-03-2016	Balance as at 31-03-2016	Balance as at 31-03-2015
	<b>Tangible Assets</b>										
1	Land	28,867,913	-	-	28,867,913	-	-	-	-	28,867,913	28,867,913
2	Buildings										
	Freehold	107,503,981	11,028,591	-	118,532,572	29,158,434	5,343,278		34,501,712	84,030,860	78,345,547
3	Furniture & Fixtures	8,902,391	350,951	-	9,253,342	5,103,702	1,175,215		6,278,917	2,974,425	3,798,689
4	Plant and Machinery (Assembly & Testing)	41,753,284	329,300	-	42,082,584	33,816,613	3,068,537		36,885,150	5,197,434	7,936,671
5	Computers	12,700,632	153,190	-	12,853,822	11,027,049	990,900	-	12,017,949	835,873	1,673,583
6	Office Equipment & Electricals	24,388,109	1,144,416		25,532,525	12,444,892	5,079,762		17,524,654	8,007,871	11,943,217
7	Vehicles	4,005,656	2,526,422	1,164,153	5,367,925	1,375,569	1,143,581	717,938	1,801,212	3,566,713	2,630,087
8	R & D Equipments	39,798,901	58,476	-	39,857,377	38,055,020	1,372,611		39,427,631	429,746	1,743,881
	<b>Total</b>	267,920,867	15,591,346	1,164,153	282,348,060	130,981,279	18,173,884	717,938	148,437,225	133,910,835	136,939,588
	Previous year	267,701,245	17,944,874	17,725,252	267,920,867	113,807,429	19,661,168	2,487,318	130,981,279	136,939,588	163,689,146

Note No	31st MARCH, 2016 ₹	31st MARCH, 2015 ₹
<b>2.10 Deferred Tax Asset (Net)</b>		
Fixed Assets	3,661,890	2,071,380
Employee Benefits	572,460	942,440
Others	-	583,380
<b>Total</b>	<u>4,234,350</u>	<u>3,597,200</u>
<b>2.11 Other non-current assets</b>		
<b>a) Long Term Deposits</b>		
In Margin Money/ Deposit A/c with original maturity of more than one year	3,268,593	4,157,390
<b>b) Others:</b>		
Deposits Recoverable	809,901	726,301
<b>Total</b>	<u>4,078,494</u>	<u>4,883,691</u>
<b>2.12 Inventories</b>		
<b>Raw materials</b>		
a) Indigenous	9,857,553	4,990,346
b) Imported	5,687,359	5,070,818
<b>Raw materials - R &amp; D</b>	3,523,906	4,979,184
<b>Work in progress</b>	105,360,783	90,842,894
<b>Total</b>	<u>124,429,601</u>	<u>105,883,242</u>
<b>2.13 Trade receivables</b>		
Unsecured, considered good		
Trade Receivables Outstanding for a period exceeding six months from the date they are due for payment	5,593,636	3,602,859
Other Trade Receivables	35,328,761	42,517,182
<b>Total</b>	<u>40,922,397</u>	<u>46,120,041</u>
<b>2.14 Cash and cash equivalents</b>		
<b>a) Balances with banks:</b>		
a) in Current Accounts	325,908	359,757
b) in unpaid dividend accounts	729,010	909,470
<b>Cash on hand</b>	43,869	21,603
<b>Total</b>	<u>1,098,787</u>	<u>1,290,830</u>
<b>b) Other Bank Balances:</b>		
Current:		
In Margin Money/ Deposit A/c with original maturity of less than one Year	3,438,010	3,206,643
<b>Total</b>	<u>3,438,010</u>	<u>3,206,643</u>



Note No	31st MARCH, 2016 ₹	31st MARCH, 2015 ₹
<b>2.15 Short term loans and advances</b>		
Unsecured, considered good, receivable in cash or in kind for value to be received		
a) TDS Receivables	3,479,040	3,720,152
b) Prepaid Expenses	2,736,420	3,457,155
c) Balance with Govt. Departments	693,135	873,463
d) Accrued Interest / Income	744,868	1,027,208
e) Advance to Suppliers	1,223,085	4,048,419
f) Other Advances	1,983,136	1,901,711
<b>Total</b>	<b>10,859,684</b>	<b>15,028,108</b>
<b>2.16 Revenue from Operations:</b>		
<b>a) Revenue from - Sale of products</b>		
Domestic	213,124,069	209,310,886
Export	-	15,229,502
<b>Sub-Total</b>	<b>213,124,069</b>	<b>224,540,388</b>
<b>b) Revenue from - Sale of Services</b>		
Domestic	57,902,331	36,641,544
Export	-	-
<b>Sub-Total</b>	<b>57,902,331</b>	<b>36,641,544</b>
<b>Sub-Total (a)+(b)</b>	<b>271,026,400</b>	<b>261,181,932</b>
<b>d) Less: Excise Duty &amp; Service Tax</b>	<b>24,716,832</b>	<b>8,355,934</b>
<b>Total</b>	<b>246,309,568</b>	<b>252,825,998</b>
<b>2.17 Other Income</b>		
Interest income	380,610	889,753
Profit on Sale of Fixed Assets	153,785	3,769,871
Miscellaneous Receipts	254,267	160,493
Rent (net of service tax)	3,243,015	3,129,000
<b>Total</b>	<b>4,031,677</b>	<b>7,949,117</b>

Note No	31st MARCH, 2016 ₹	31st MARCH, 2015 ₹
<b>2.18 Cost of Raw Materials and Components Consumed</b>		
<b>a) Indigenous:</b>		
i) Inventory at the Beginning of the Year	4,990,346	4,504,462
ii) Add: Purchases	51,731,030	31,958,409
	<u>56,721,376</u>	<u>36,462,871</u>
iii) Less: Inventory at the End of the Year	(9,857,553)	4,990,346
iv) Cost of Raw Materials Consumed	<u>46,863,823</u>	<u>31,472,525</u>
<b>b) Imported:</b>		
i) Inventory at the Beginning of the Year	5,070,818	2,482,834
ii) Add: Purchases	50,615,392	34,123,813
	<u>55,686,210</u>	<u>36,606,647</u>
iii) Less: Inventory at the End of the Year	(5,687,359)	5,070,818
iv) Cost of Raw Materials Consumed	<u>49,998,851</u>	<u>31,535,829</u>
<b>Total</b>	<u>96,862,674</u>	<u>63,008,354</u>
<b>2.19 (Increase)/Decrease in Inventories:</b>		
<b>Inventories at the Beginning of the Year</b>		
Work in Progress	90,842,894	112,046,406
	<u>90,842,894</u>	<u>112,046,406</u>
<b>Inventories at the End of the Year</b>		
Work in Progress	(105,360,783)	90,842,894
	<u>(105,360,783)</u>	<u>90,842,894</u>
<b>Total</b>	<u>(14,517,889)</u>	<u>21,203,512</u>
<b>2.20 Employee Benefits Expenses</b>		
Salaries and wages	31,676,461	33,241,599
Directors Remuneration	3,283,700	3,037,548
Bonus	2,086,941	275,241
Exgratia & Gratuity	1,411,855	2,530,451
Training & Recruitment	243,981	455,315
Contribution to provident and other funds	1,639,642	1,297,927
Staff welfare expenses	864,969	796,612
<b>Total</b>	<u>41,207,549</u>	<u>41,634,693</u>

Note No	31st MARCH, 2016 ₹	31st MARCH, 2015 ₹
<b>2.21 Manufacturing Expenses:</b>		
Manpower Hire Charges	415,332	1,027,954
Jobwork Charges	5,809,629	1,922,202
Power and fuel	3,201,547	3,269,147
Consumption of stores and spare parts	589,957	238,001
Freight Inwards	234,230	247,406
Repairs & Maintenance - Plant & Machinery	139,550	759,425
Testing Charges	30,915	9,590
Installation & Commissioning Charges	7,169,475	4,344,000
<b>Total</b>	<b>17,590,635</b>	<b>11,817,725</b>
<b>2.22 R &amp; D Expenditure:</b>		
Opening Stock	4,979,184	2,010,555
Purchases	8,973,041	21,874,792
	<b>13,952,225</b>	<b>23,885,347</b>
Closing Stock	3,523,906	4,979,184
Materials Consumed - R & D	<b>10,428,319</b>	<b>18,906,163</b>
Jobwork Charges	166,241	641,797
R & D Salaries	18,601,594	18,910,597
Contributions to Provident Fund & Other Funds	864,355	618,499
Consumables	-	18,741
Repairs & Maintenance - Plant & Machinery	757,265	946,789
Professional & Consultancy	1,139,540	1,376,920
Testing and Designing Charges	718,378	1,895,493
Travelling & Conveyance	1,441,785	835,646
Training & Recruitment Charges	-	158,000
Designing Charges	1,138,500	642,000
Bank Charges	76,021	154,000
Other Expenses	188,059	106,994
<b>Total</b>	<b>35,520,057</b>	<b>45,211,639</b>
<b>2.23 Selling &amp; Distribution Expenditure:</b>		
Freight Outwards	580,702	384,455
Packing Materials	241,551	482,289
Business Promotion	744,148	1,000,869
Travelling Expenses	1,580,885	1,936,095
Late Delivery Charges	414,064	49,452
Warranty Expenses	2,636,915	-
Customer Support Expenses	4,310,395	3,133,172
<b>Total</b>	<b>10,508,660</b>	<b>6,986,332</b>

Note No	31st MARCH, 2016 ₹	31st MARCH, 2015 ₹
<b>2.24 Finance Costs</b>		
Interest expenses:		
Interest on working capital limits	10,491,618	8,301,923
Interest on Term Loan	5,428,134	6,967,427
Bank Charges	3,513,472	2,371,355
<b>Total</b>	<u>19,433,224</u>	<u>17,640,705</u>
<b>2.25 Depreciation and Amortisation Expenses:</b>		
Depreciation on Tangible Assets	18,173,895	19,661,156
Less: Recoupment from Revaluation Reserve	<u>(794,260)</u>	<u>(794,260)</u>
<b>Total</b>	<u>17,379,635</u>	<u>18,866,896</u>
<p>Based on the review of the fixed assets and additions made to the fixed assets during the year, the Technical Committee constituted for componentisation of fixed assets felt that no part of the asset is significant to total cost of the asset and useful life of such parts are also not different from the useful life of the remaining part as all assets are in the nature of assembly and testing equipment where the useful life of intrinsic parts of the equipment are almost uniform. Hence, componentisation of fixed assets is not applicable to the company.</p>		
<b>2.26 Other Expenditure:</b>		
<b>Repairs &amp; Maintenance:</b>		
Buildings	2,876,157	3,535,136
Vehicles	709,721	856,704
Others	2,483,779	2,132,853
Rates & Taxes	1,233,870	668,659
Rent	116,060	281,520
Insurance	394,950	405,196
Postage & Telephones	2,017,185	1,666,507
Printing & Stationery	852,832	756,815
Auditors Remuneration:		
As Auditor	175,000	175,000
For Certification	86,651	27,500
Professional & Consultancy	2,144,111	2,837,380
Travelling & Conveyance	1,695,984	1,707,273
Secretarial Expenses	543,534	523,210
Buyback of shares expenses	-	1,158,740
Watch & Ward	1,818,206	1,732,715
Directors Sitting Fee	328,147	300,666
Exchange Fluctuations	-	266,493
Business Development Expenses	-	158,577
Donations	385,000	737,589
Office Maintenance	636,971	811,360
Accounts written off	172,878	3,432
Miscellaneous Expenses	253,741	248,086
Corp. Social Resp. Expenses	532,561	963,519
<b>Total</b>	<u>19,457,338</u>	<u>21,954,930</u>

Note No	31st MARCH, 2016 ₹	31st MARCH, 2015 ₹
<b>2.27 Prior Period Expenses</b>		
Prior Period Expenses	353,871	316,756
<b>Total</b>	<b>353,871</b>	<b>316,756</b>
<b>2.28 Current Tax</b>		
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, 1961 in future is uncertain because the company claims weighted deduction under section 35(2AB) of the Income Tax Act, 1961.		
<b>2.29 Contingent liabilities and commitments</b>		
(to the extent not provided for)		
Contingent liabilities		
Claims against the company not acknowledged as debt		
(i) Guarantees	59,250,158	66,903,046
<b>Total</b>	<b>59,250,158</b>	<b>66,903,046</b>

**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	2015-16	2014-15
<b>Projected benefit Obligation at the beginning of the year</b>	<b>4,118,919</b>	3,845,912
Current Service cost	<b>392,004</b>	353,464
Interest Cost	<b>329,514</b>	307,673
Actuarial (Gain)/Loss	<b>700,992</b>	633,806
Benefits Paid	<b>(824,539)</b>	(1,021,936)
<b>Projected benefit Obligation at the end of the year</b>	<b>4,716,890</b>	4,118,919
<b>Amount recognized in the balance sheet</b>		
Projected benefit obligation at the end of the year	<b>4,716,890</b>	4,118,919
Fair value of plan assets at the end of the year	<b>2,095,678</b>	1,409,562
<b>Funded status of the plans-asset/(liability) recognized in the balance sheet</b>	<b>(2,621,212)</b>	(2,709,357)
<b>Cost for the period:</b>		
Current service cost	<b>392,004</b>	353,464
Interest cost	<b>329,514</b>	307,673
Expected return on plan asset	-	-
Net actuarial (gain)/loss recognized in the period	<b>700,992</b>	633,806
<b>Net cost recognized in Profit &amp; Loss Account</b>	<b>1,421,698</b>	1,265,104

**Assumptions: -**

Discount rate	<b>8%</b>	8%
Estimated rate of return on plan assets	<b>9%</b>	9%
Expected rate of salary increase	<b>7%</b>	7%

**Defined Contribution Plans:**

In respect of defined contribution plans (Provident Fund), an amount of ₹22,69,470/- (Previous Year- ₹16,61,060/-) has been recognized in the Profit & Loss Account during the period.

**2.31 Consumption Of Raw Materials:**

Raw Material	%	2015-2016 ₹	%	2014-2015 ₹
Indigenous	<b>58.41</b>	<b>46,944,295</b>	49.95	31,472,525
Imported	<b>41.59</b>	<b>33,426,800</b>	50.05	31,535,829
<b>TOTAL</b>	<b>100</b>	<b>80,371,095</b>	100	63,008,354

**2.32 Value of Imports (Calculated in CIF Value):**

Particulars	2015-2016	2014-2015
Materials	<b>54,033,602</b>	44,054,395
Capital Equipment	-	-
<b>Total</b>	<b>54,033,602</b>	44,054,395

**2.33 Expenditure in Foreign Currency:**

Particulars	2015-2016	2014-2015
Purchases (Imports)	54,290,407	44,195,952
Foreign Travel	90,728	551,339
<b>Total</b>	<b>54,381,135</b>	<b>44,747,291</b>

**2.34 Earnings per Share:**

Particulars		2015-2016	2014-2015
a) Profit/ (Loss) after Tax	in ₹	5,935,026	8,933,342
b) The weighted average number of ordinary shares for			
Basic EPS	Nos	4,054,493	4,054,493
Diluted EPS	Nos	4,054,493	4,054,493
c) The nominal value per Ordinary Share	in ₹	10.00	10.00
d) <b>Earnings per Share</b>			
Basic	in ₹	1.46	2.20
Diluted	in ₹	1.46	2.20

**2.35 Segmental Reporting as per Accounting Standard - 17:**

The entire operations of the company relate to only one segment viz., Electronics & Communication and hence segmental reporting as per AS-17 is not given.

**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	2015-2016	2014-2015
Dr. Abburi Vidyasagar	Remuneration	1,800,000	1,800,000
Mrs. Abburi Sarada	Remuneration	900,000	793,548
Mrs. Abburi Sarada	Rent	583,700	444,000

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

- 2.37** Sundry Creditors includes ₹ 8,96,582/-(previous year ₹ 29,47,392/-) 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.

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

Sd/-  
**(CA K. SREENIVASAN)**  
Partner  
ICAI Membership No. 206421

Place : Hyderabad  
Date : 11.05.2016

For and on behalf of **Avantel Limited**

Sd/-  
**A. VIDYASAGAR**  
Managing Director  
Sd/-  
**LOKESH AGARWAL**  
Company Secretary

Sd/-  
**N. NAVEEN**  
Director  
Sd/-  
**A Sarada**  
Chief Financial Officer



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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 -531163.

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 26th Annual General Meeting of the shareholders of Avantel Limited on Saturday the 25th day of June, 2016 at the Registered office of the Company at Sy. No. 141, Plot No 47/P, APIIC Industrial Park, Gambheeram (V), Anandapuram (M), Visakhapatnam - 531163, 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 26th Annual General Meeting of the Company, to be held on 25th June, 2016 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 ..... 2016.

Signature of shareholder: \_\_\_\_\_ Signature of Proxy holder(s): \_\_\_\_\_

Affix  
Revenue  
Stamp

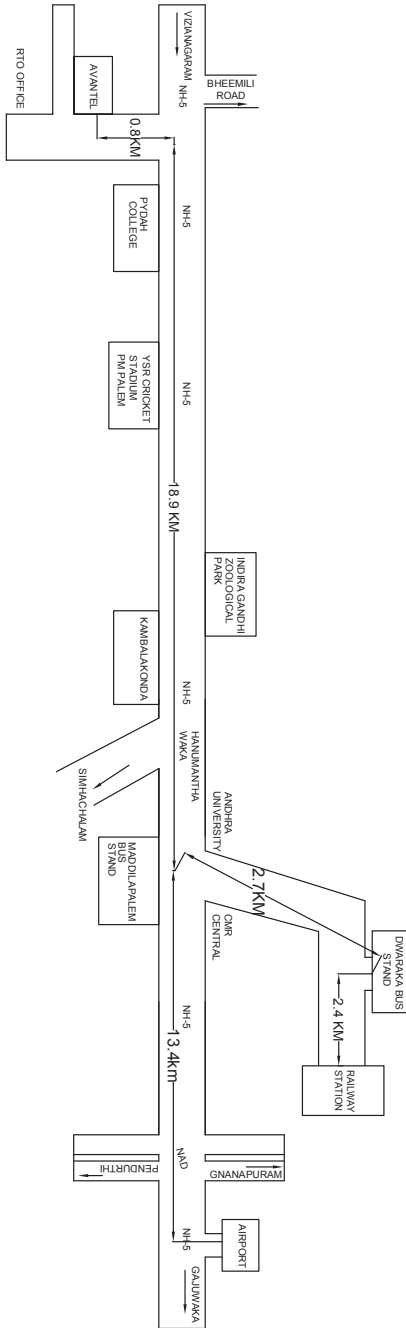
**Note:** This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.







# ROUTE MAP



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**AVANTEL LIMITED**

Registered Office

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

Gambheeram (V), Anandapuram (M)

Visakhapatnam-531 163. A.P.

Phone: +91 - 891 - 6698000

Fax: +91 - 891 - 6698004