

19<sup>th</sup> September, 2017

To  
The Deputy Manager,  
Corporate Relations Department,  
BSE Limited,  
P.J. Towers, Dalal Street,  
Mumbai-400001

Dear Sir,

**Sub: Annual Report for the Financial Year 2016-17, pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

**Ref: Scrip Code – 532406**

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a copy of Annual Report for the Financial Year 2016-17 as approved by the shareholders in the 27<sup>th</sup> Annual General Meeting of the company held on Friday, the 15<sup>th</sup> day of September, 2017 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

This is for your information and records.

Thanking You

Yours faithfully,

For Avantel Limited



**M Ravindra**  
Company Secretary & Compliance officer



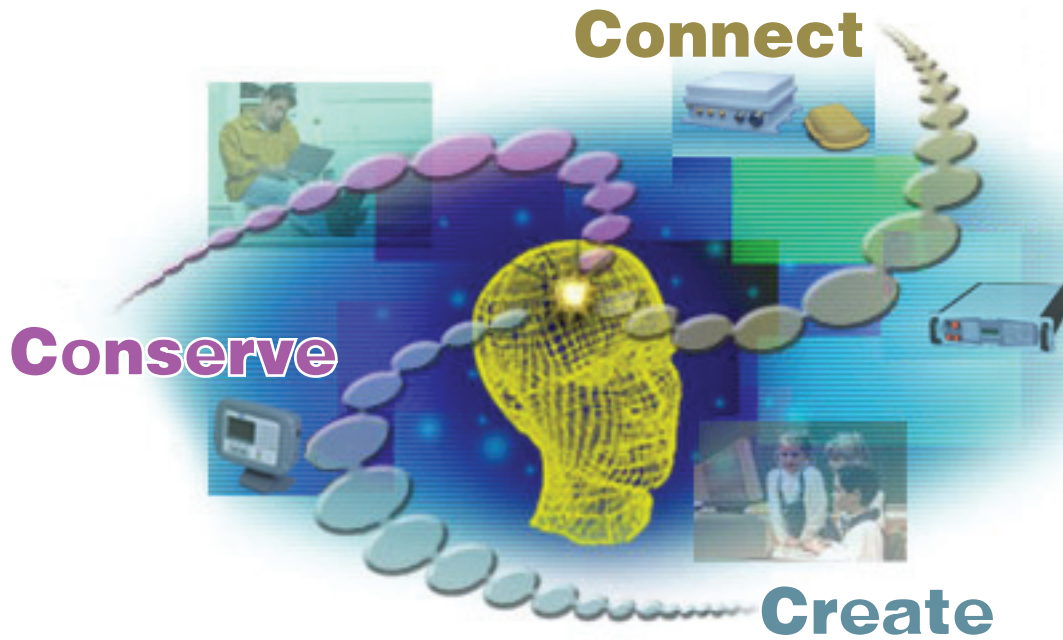
## Avantel Limited

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

**Corporate Office**  
Plot No. 68 & 69, 4th Floor, Jubilee Heights  
Survey No's. 66 & 67, Jubilee Enclave  
Madhapur, Hyderabad - 500 081. Telangana  
Tel : +91-40-6630 5000  
Fax : +91-40-6630 5004

CIN - L72200AP1990PLC011334

[www.avantel.in](http://www.avantel.in)  
[info@avantel.in](mailto:info@avantel.in)



# Annual Report 2016 - 2017



## COMPANY INFORMATION

### BOARD OF DIRECTORS

Dr. Abburi Vidyasagar	-	Chairman & Managing Director
Smt. Abburi Sarada	-	Whole-Time Director
Shri. Subramanaiya Balakrishnan	-	Non Executive Director
Shri. Raghu Prasad Pidikiti	-	Non Executive Director
Shri. Yalamanchili Kishore	-	Independent Director
Shri. Naveen Nandigam	-	Independent Director
Shri. Eluru Bala Venkata Ramana Gupta	-	Independent Director
Shri. Myneni Narayana Rao	-	Independent Director

#### Chief Financial Officer

Smt. Abburi Sarada

#### Company Secretary & Compliance Officer

Shri. M Ravindra

#### 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. 68 & 69, Jubilee Heights, 4<sup>th</sup> floor Survey No's. 66 & 67, Jubilee Enclave Madhapur, Hyderabad -500 081, Telangana  
Phone: +91 - 40 - 6630 5000,  
Fax: +91 - 40 - 6630 5004

#### Registrars & Share Transfer Agents:

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

#### Auditors:

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

#### Internal Auditors:

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

#### Secretarial Auditors:

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

#### Bankers:

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

## Board Committees

#### Audit Committee

Shri. N. Naveen	-	Chairman
Shri. Y. Kishore	-	Member
Shri. Raghu Prasad Pidikiti	-	Member
Shri. E.B.V. Ramana Gupta	-	Member
Shri. M. Narayana Rao	-	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. Abburi Vidyasagar	-	Member

#### Corporate Social Responsibility Committee:

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

## Contents

	Page No.
Notice .....	03
Directors' Report .....	14
Independent Auditors' Report.....	43
Balance Sheet .....	49
Statement of Profit & Loss .....	50
Cash flow statement .....	51
Significant Accounting Policies .....	53
Notes on Accounts.....	57
Proxy form .....	73

## NOTICE

Notice is hereby given that the 27<sup>th</sup> Annual General Meeting of the Members of Avantel Limited will be held on Friday, the 15<sup>th</sup> day of September, 2017 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 2016-2017 together with the Report of the Board of Directors and Auditors thereon.
2. To declare dividend of Rs. 2.00/- per Equity Share of Rs. 10/- each to the shareholders for the Financial Year 2016-17.
3. To appoint a Director in place of Shri. Raghu Prasad Pidikiti (DIN: 0001660157), who retires by rotation and being eligible, offers himself for re-appointment as Director.
4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 139, 141, 142 and all other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, 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 29<sup>th</sup> Annual General Meeting of the Company to be held in the year 2019 and the Board of Directors be and is hereby authorized to fix their remuneration, in accordance with the recommendation of the Audit Committee in consultation with the auditors.”

### SPECIAL BUSINESS:

5. **TO CONSIDER AND APPROVE THE RE-APPOINTMENT OF SMT. ABBURI SARADA AS THE WHOLE-TIME 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 and other applicable provisions, if any, of the Companies Act, 2013, read with Schedule V of the said act and Companies (Appointment and Remuneration of Managerial Personal) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the recommendations of Nomination & Remuneration Committee and the Board of Directors, the consent of the members of the Company be and is hereby accorded for the re-appointment of Smt. Abburi Sarada, as Whole-Time Director of the Company at a remuneration of Rs. 12,00,000/- (Rupees Twelve Lakhs only) per annum and other superannuation benefits as per service rules of the Company, as approved by the Remuneration Committee, for another Three years term effective from 14<sup>th</sup> day of May, 2017.”

**“FURTHER RESOLVED THAT** Smt. Abburi Sarada in addition to above mentioned Salary 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 Smt. Abburi Sarada 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 her 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. TO CONSIDER AND APPROVE THE INCREASE IN REMUNERATION OF DR. ABBURI VIDYASAGAR, CHAIRMAN AND 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 and other applicable provisions, if any, of the Companies Act, 2013, read with Schedule V of the said act and Companies (Appointment and Remuneration of Managerial Personal) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and as per the Articles of Association of the Company, the recommendations of Nomination & Remuneration Committee and the Board of Directors, the consent of the company be and is hereby accorded to increase the remuneration of Dr. Abburi Vidyasagar, Chairman & Managing Director, to Rs.30,00,000/- (Rupees Thirty Lakhs Only) per annum and other superannuation benefits as per service rules of the Company and a perquisite of Rent Free Accommodation with effect from 3<sup>rd</sup> day of August, 2017.

**“FURTHER RESOLVED THAT** Dr. Abburi Vidyasagar in addition to above mentioned Salary 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. Abburi 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.”

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

Place: Hyderabad  
Date: 3<sup>rd</sup> August, 2017

Sd/-  
**M Ravindra**  
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 9<sup>th</sup> September, 2017 to 15<sup>th</sup> September, 2017 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 8<sup>th</sup> September, 2017; 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 Company's shares in physical form, please inform Company's STA viz. M/s. Karvy Computershare Pvt. Ltd., Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, by enclosing a photocopy of blank cancelled cheque of your bank account.
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 2016-17 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 2016-17, free of cost, upon sending a request to the Company Secretary at Jubilee Heights, 4<sup>th</sup> floor Plot No. 68 & 69, Survey No's. 66 & 67, Madhapur, Hyderabad-500081, Telangana.
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 of the nomination facility. Members holding shares in dematerialized form may contact their respective depository participant(s) for recording nomination in respect of their shares.
17. Pursuant to Section 205A and other applicable provisions, if any of the Companies Act, 1956 and the rules made thereunder (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 2009-10 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 8<sup>th</sup> September, 2017 being the cut-off date.
23. The members of the Company, holding shares either in physical form or in dematerialized form, as on 8<sup>th</sup> September, 2017, 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, Practising 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

1. 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 27<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 8<sup>th</sup> September, 2017 (cut-off date), are entitled to vote on the resolutions set forth in this Notice.
3. The e-voting period will commence on 12<sup>th</sup> September, 2017 (9:00hrs) and will end 14<sup>th</sup> September, 2017 (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 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/m.ravendra@avantel.in with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format "Corporate Name EVENT NO." The documents should reach the Scrutinizer and such other person on or before 14th September, 2017, 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. 8<sup>th</sup> September, 2017, may write to the Karvy on the email ID: shobha.anand@karvy.com (or) contact Ms. C. Shobha Anand on 040-67162222, at Karvy Computershare Private Limited, Unit – Avantel

Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032, requesting for the User ID and Password. After receipt of the above credentials, please follow all the steps from Sr. No. (i) to (xii) as mentioned in (A) above, to cast the vote.

2. The remote e-voting period commences on 12<sup>th</sup> September, 2017 at 9:00 hours and ends on 14<sup>th</sup> September, 2017 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 8<sup>th</sup> September, 2017, 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 27<sup>th</sup> 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. 8<sup>th</sup> September, 2017.
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. 8<sup>th</sup> September, 2017 only shall be entitled to avail the facility of remote e-voting/voting at 27<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 12<sup>th</sup> September, 2017. End of remote e-voting: Up to 17:00 hours (IST) on 14<sup>th</sup> September, 2017. 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. 15<sup>th</sup> September, 2017.
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**

Place: Hyderabad  
Date: 3<sup>rd</sup> August, 2017

Sd/-  
**M Ravindra**  
Company Secretary

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

**ITEM NO. 5:**

Smt. Abburi Sarada was appointed as the Whole Time Director of the company for a period of three years with effect from 14<sup>th</sup> day of May, 2014. Accordingly, her tenure expired on 13<sup>th</sup> day of May, 2017 and the members of the board, based on the recommendation of the Nomination and Remuneration Committee, on 09<sup>th</sup> day of February, 2017 have re-appointed her for a further period of three years with a remuneration of Rs. 12,00,000/- per annum, with effect from 14<sup>th</sup> day of May, 2017, subject to the approval of the members of the company.

Keeping in view that Smt. Abburi Sarada has rich and varied experience in the Industry and has been involved in the operations of the Company over a long period of time, it would be in the interest of the Company to continue the employment of Smt. Abburi Sarada as the Whole-Time Director.

Smt. Abburi Sarada did her Bachelors of Commerce from Osmania University and had also completed her Bachelors in Communication and Journalism from Padmavathi University. She had also pursued Masters in Business Administration from Madhurai Kamraj University during the year 2006.

She is associated with Avantel Limited since 1992 and had made a significant contribution to the growth of the company during her tenure as Director and Chief Financial Officer (CFO) of the Company.

Except Dr. A. Vidyasagar and Mrs. Abburi 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.

The following is the additional information as per Section II of Part II of Schedule V of the Companies Act, 2013:

**I. General Information**

(I) Nature of industry:

The company is specialized in integrating technologies related to wireless front-end, Satellite Communication, Embedded systems, Signal Processing, Network management and Software development.

(2) Date or expected date of commercial production:

The company was incorporated in the year 1990 and the commercial production commenced simultaneously.

(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not Applicable

(4) Financial performance based on given indicators:

(Rs. In Lakhs)

Particulars	Financial Year 2016-17	Financial Year 2015-16
Total Revenue	3,409.82	2,503.41
Net Profit / Loss Before Tax (PBT)	114.95	65.45
Net Profit (PAT)	97.82	59.35

(5) Foreign investments or collaborations, if any : Nil

**(II) Information about the appointee:**

(1) Back ground details:

Smt. Abburi Sarada did her Bachelors of Commerce from Osmania University and had also completed her Bachelors in Communication and Journalism from Padmavathi University. She had also pursued Masters in Business Administration from Madhurai Kamraj University during the year 2006.

(2) Past Remuneration:

Smt. Abburi Sarada was drawing a remuneration of Rs.9,00,000 Lakhs per annum in the previous financial year.

(3) Recognition or awards:

Smt. Abburi Sarada played a vital role as the Whole Time Director, During her tenure the company has bagged many prestigious awards like (a) "Excellence in Indigenous Development" by Society of Indian Aerospace Technologies & Industries (SIATI), Bangalore in September

2014 (b) "SME Excellence Award in innovation - for Electronic Goods & Component Sector" by Karnataka Small & Medium Business Owner's Association (KSMBOA) in July 2015 (c) "IEI Industry Excellence Award 2015" by the Institute of Engineers (India) in the 30th Indian Engineering Congress held at Guwahati in Dec 2015 (d) "India SME 100 Awards" for the year 2016 by India SME forum (e) patent for "Integrated UHF (Satcom& LOS) for Voice and Data Communication to work with Indian Satellite" in December 2016.

(4) Job profile and her suitability:

She is associated with Avantel Limited since 1992 and had made a significant contribution to the growth of the company during her tenure as Director and Chief Financial Officer (CFO) of the Company.

Keeping in view that Smt. Abburi Sarada has rich and varied experience in the Industry and has been involved in the operations of the Company over a long period of time, it would be in the interest of the Company, the resolution commended for your approval.

(5) Remuneration proposed:

The board has recommended for a remuneration of Rs. 12,00,000 per annum (Rupees Twelve Lakhs Only) along with the superannuation benefits as per the service rules of the company with effect from 14<sup>th</sup> day of May, 2017.

(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin):

The proposed remuneration of Smt. Abburi Sarada is in line with the remuneration being paid to any Director in the relevant industry.

Considering the background, competence and experience of Smt. Abburi Sarada the proposed remuneration as set out in the resolution are considered to be fair, just and reasonable.

(7) Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any:

Besides the proposed remuneration, Smt. Abburi Sarada is spouse of Dr. Abburi Vidyasagar, Chairman & Managing Director of the Company. She holds 1,99,449 (One Lakh Ninety Nine Thousand Four Hundred and Fourty Nine Only) equity shares constituting 4.92% of total equity share capital of the Company. She does not have any directorship or membership of committee of the Board in any other listed Company.

**III. Other information:**

1. Reasons of loss or inadequate profits:

The marginal turnover of the company due to delay in government procedures to finalize orders and release the payments after execution of such projects.

The increase in expenditure towards to the Research and Development and the fixed overheads also contributed for such inadequate profits.

Further, the rise of the domestic interest rates has also adversely impacted the net profits of the company.

2. Steps taken or proposed to be taken for improvement

The operations of the company are being scaled up to increase to revenues.

3. Expected increase in productivity and profits in measurable terms

We expect a substantial increase in approval and implementation of various government projects leading to good improvement in operating margins.

**ITEM NO. 6:**

The members may note that based on the recommendations of the Nomination and Remuneration committee, the Board of Directors of the company at their meeting held on 03<sup>rd</sup> August, 2017, approved the increase in remuneration of Dr. Abburi Vidyasagar, Chairman & Managing Director of the company from the existing one i.e Rs.18,00,000 (Eighteen Lakhs Only) to Rs. 30,00,000 (Thirty Lakhs Only) per annum and other superannuation benefits as per service rules of the Company and a perquisite of rent free accommodation with effect from 03<sup>rd</sup> day of August, 2017.

The following is the additional information as per Section II of Part II of Schedule V of the Companies Act, 2013:

**I General Information**

(1) Nature of industry:

The company is specialized in integrating technologies related to wireless front-end, Satellite Communication, Embedded systems, Signal Processing, Network management and Software development.

(2) Date or expected date of commercial production:

The company was incorporated in the year 1990 and the commercial production commenced simultaneously.

(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not Applicable

(4) Financial performance based on given indicators:

(Rs. In Lakhs)

<b>PARTICULARS</b>	<b>Financial Year 2016-17</b>	<b>Financial Year 2015-16</b>
Total Revenue	3,409.82	2,503.41
Net Profit / Loss Before Tax (PBT)	114.95	65.45
Net Profit (PAT)	97.82	59.35

(5) Foreign investments or collaborations, if any : Nil

**(II) Information about the appointee**

(1) Back ground details:

Dr. Abburi Vidyasagar did his Bachelors in Technology from Jawaharlal Nehru Technological University, Kakinada also did his Masters in Engineering from IIT, Kharagpur and He also did Master of Business Administration from Osmania University, Hyderabad in the year 1989-1991. Dr. Abburi Vidyasagar received Doctorate from JNTU, Hyderabad for his outstanding work on E- Learning.

(2) Past remuneration:

Dr. Abburi Vidyasagar was drawing a remuneration of Rs.18,00,000 Lakhs per annum in the previous financial year.

(3) Recognition or awards:

During his tenure as the Managing Director, the company had bagged many prestigious awards like (a) “Excellence in Indigenous Development” by Society of Indian Aerospace Technologies & Industries (SIATI), Bangalore in September 2014 (b) “SME Excellence Award in innovation - for Electronic Goods & Component Sector” by Karnataka Small & Medium Business Owner’s Association (KSMBOA) in July 2015 (c) “IEI Industry Excellence Award 2015” by the Institute of Engineers (India) in the 30th Indian Engineering Congress held at Guwahati in Dec 2015 (d) “India SME 100 Awards” for the year 2016 by India SME forum (e) patent for “Integrated UHF (Satcom& LOS) for Voice and Data Communication to work with Indian Satellite” in December 2016.

(4) Job profile and his suitability:

Dr. Abburi Vidyasagar is a dedicated and committed personality with rich experience of more than two and half decades in telecommunications, software and satellite communication sectors. During his tenure as Managing director he made significant contributions to the company.

Keeping in view that Dr. Abburi Vidyasagar has rich and varied experience in the Industry and has been

involved in the operations of the Company over a long period of time it would be in the interest of the Company, the resolution commended for your approval.

(5) Remuneration proposed:

The board has recommended for a remuneration of Rs. 30,00,000 per annum (Rupees Thirty Lakhs Only) along with the superannuation benefits as per the service rules of the company and a perquisite of rent free accommodation with effect from 3<sup>rd</sup> day of August, 2017.

(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin):

The proposed remuneration of Dr. Abburi Vidyasagar is in line with the remuneration being paid to Managing Director in the relevant industry.

Considering the background, competence and experience of Dr. Abburi Vidyasagar the proposed remuneration as set out in the resolution are considered to be fair, just and reasonable.

(7) Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any:

Besides the proposed remuneration, Dr. Abburi Vidyasagar is spouse of Smt. Abburi Sarada, Whole Time Director & CFO of the Company. As on 31.03.2017 Dr. Abburi Vidyasagar holds 7,86,720 (Seven Lakhs Eighty Six Thousand Seven Hundred and Twenty Only) equity shares constituting 19.40% of total equity share capital of the Company. He does not have any directorship or membership of committee of the Board in any other listed Company.

**III. Other information:**

1. Reasons of loss or inadequate profits:

The marginal turnover of the company due to delay in government procedures to finalize orders and release the payments after execution of such projects.

The increase in expenditure towards to the Research and Development and the fixed overheads also contributed for such inadequate profits.

Further, the rise of the domestic interest rates has also adversely impacted the net profits of the company.

2. Steps taken or proposed to be taken for improvement

The operations of the company are being scaled up to increase to revenues.

3. Expected increase in productivity and profits in measurable terms

We expect a substantial increase in approval and implementation of various government projects leading to good improvement in operating margins.

By order of the Board of Directors

For **Avantel Limited**

Sd/-

**M Ravindra**

Company Secretary

Place: Hyderabad

Date: 3<sup>rd</sup> August, 2017



## DIRECTOR'S REPORT

Dear Members,

Your Directors have pleasure in presenting the 27<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, 2017.

### I. FINANCIAL SUMMARY:

Your Company's performance during the year ended 31<sup>st</sup> March, 2017, as compared to the previous financial year, is summarized as below:

(₹. In Lakhs)

PARTICULARS	Financial Year 2016-17	Financial Year 2015-16
Total Revenue	<b>3,409.82</b>	2,503.41
Expenses	<b>2,971.64</b>	2,069.83
Operating Profit	<b>438.18</b>	433.58
Depreciation	<b>171.39</b>	173.80
Finance Charges	<b>151.84</b>	194.33
Net Profit / Loss Before Tax (PBT)	<b>114.95</b>	65.45
Provision for Tax	<b>0.00</b>	0.00
Current Tax	<b>23.44</b>	12.47
Provision for earlier years	-	0.00
Deferred tax	<b>(6.30)</b>	(6.37)
Net Profit (PAT)	<b>97.82</b>	59.35
Profit brought forward	<b>907.37</b>	896.82
Profit available for appropriation	<b>1,005.19</b>	956.17
Provision for Proposed Dividend	<b>81.09</b>	40.54
Provision for Dividend Tax	<b>16.51</b>	8.25
Balance carried to Balance Sheet	<b>907.59</b>	907.37

### 2. TRANSFER TO RESERVES

The Company did not transfer any amount to the General Reserve for the Financial Year ended March 31<sup>st</sup>, 2017.

### 3. COMPANY PERFORMANCE:

Your Company posted good financial results with a net profit of Rs. 97.82 Lakhs during the year under review. Due to continuous efforts of the management the turnover of the company increased by 36% to that of the previous year. 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, 2017, is Rs. 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. DIVIDEND:

Your Directors recommended a dividend of Rs. 2.00/- i.e. 20% per equity share of Rs.10/- each for the financial year 2016-17. 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 08.09.2017 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.

### 6. DIRECTORS & KEY MANAGERIAL PERSONAL:

The tenure of Smt. Abburi Sarada, Whole Time Director of the Company, expired on 13<sup>th</sup> May, 2017. Taking in to consideration of her 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 have passed a resolution on 9<sup>th</sup> February, 2017, approving her re-appointment as the Whole Time Director of the Company for a further period of three years with effect from 14<sup>th</sup> May, 2017 to 13<sup>th</sup> May, 2020. The said appointment requires the approval of the members at the ensuing Annual General Meeting.

During the financial year 2016-17 Shri. Lokesh Agarwal had tendered his resignation as the Company Secretary and Compliance Officer of the company with effect from 03.02.2017. Subsequently the members of the board have appointed Shri. Mamillapali Ravindra as the Company Secretary and Compliance Officer of the company with effect from 09.02.2017.

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

#### **7. 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.

#### **8. MEETINGS OF THE BOARD**

The Board met Six times during the financial year 2016-17 viz., on, 11<sup>th</sup> May, 2016, 11<sup>th</sup> August, 2016, 3<sup>rd</sup> September, 2016, 5<sup>th</sup> November, 2016, 17<sup>th</sup> December, 2016 and 9<sup>th</sup> February, 2017. The maximum interval between any two meetings did not exceed 120 days.

#### **9. STATUTORY AUDITORS:**

At the Annual General Meeting (AGM) held on September 25, 2014, M/s. Ramanatham & Rao, Chartered Accountants, were appointed as the Statutory Auditors 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 the 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.

#### **10. 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, 2017.

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.

#### **11. 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.

#### **12. 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 2016-17, as required under Section 204 of the Companies Act, 2013 and Rule 9 there-under. The secretarial audit report for F.Y. 2016-17 forms part of this Report as Annexure- I.

#### **13. 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, 2017.

#### **14. 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.

#### **15. CORPORATE SOCIAL RESPONSIBILITY (CSR):**

As per the provisions of the Companies Act, 2013, companies having net worth of Rs. 500 Crores or more, or turnover of Rs. 1000 Crores or more or net profit of Rs. 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 Rs. 10,78,714/- towards CSR activities in the financial year 2016-17.

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	-	Chairman
Shri. N Naveen	-	Member
Shri. Y Kishore	-	Member
Shri. B V K Durga Prasad	-	Member

**16. 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
Shri. M. Narayana Rao	-	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.

**17. 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.

**18. 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.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire

Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Secretarial Department. The Directors expressed their satisfaction with the evaluation process.

**19. 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.

**20. SUBSIDIARIES:**

The Company has no subsidiaries as on 31<sup>st</sup> March, 2017.

**21. NOMINATION AND REMUNERATION POLICY:**

A committee of the Board named as "Nomination and Remuneration Committee" has been constituted to comply with the provisions of section 178 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.

**22. 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.

**23. 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.

**24. 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 March 31, 2017, 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, 2017, 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, 2017 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. 2.38 of the Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2017. 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 Rs. 10 Crores and the networth of the Company is less than Rs. 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 Rs. 120 Lakhs or more, or employees who are employed for part of the year and in receipt of Rs. 8.50 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 were no Significant and Material Orders Passed by the Regulators or Courts:

**AMALGAMATION:**

As the members are aware that the company has filed a petition with the Hon'ble National Company Law Tribunal, Hyderabad Bench, to approve the Scheme

of Amalgamation between Avantel Limited (Transferee Company) and Wiki Kids Limited (Transferor Company) and their respective shareholders and creditors. On 13<sup>th</sup> July, 2017 the Hon'ble Tribunal did not deem fit and have pronounced orders dismissing the proposed Scheme of Amalgamation.

The company is taking steps to file an appeal before the Hon'ble National Company Law Appellate Tribunal, New Delhi against the order passed by the Hon'ble National Company Law Tribunal, Bench at Hyderabad to approve the proposed Scheme of Amalgamation between Avantel Limited (Transferee Company) and Wiki Kids Limited (Transferor Company) and their respective shareholders and creditors.

There are no other 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**

#### **SALE OF IMMOVABLE PROPERTY:**

During the period under review your company has sold its immovable property (including land, building, furniture, fixtures and electricals) located at Plot No.16, Sector-III, Huda Techno Enclave, Opp.K. Raheja IT Park, Madhapur, Hyderabad to M/s. Tetrasoft (India) Private Limited. The company has obtained the approval of the shareholders by way of Postal Ballot

and have made the necessary compliances in this regard.

Other than those mentioned above 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 continued encouragement to the Company.

Further your Directors convey their appreciation for the whole hearted and committed efforts by all its employees.

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  
**Avantel Limited**

Place: Hyderabad  
Date: 3<sup>rd</sup> August, 2017

Sd/-  
**N. Naveen**  
Director  
DIN: 02726620

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**

**for the Financial Year ended March 31, 2017**

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

To

The Members

Avantel Limited

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

Gambheeram(V), Anandapuram (M),

Vishakhapatnam, Andhra Pradesh-531163

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

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2017 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 31<sup>st</sup> March, 2017 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, 2015;
  - (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 (Share Based Employee Benefits) Regulations, 2014(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)
  - (i) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- 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 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.
- \* during the year under review the Hon'ble National Company Law Tribunal, Bench at Hyderabad have dismissed the petition filed by the company for approving the Scheme of Amalgamation between AvanteL Limited (Transferee Company) and Wiki Kids Limited (Transferor Company) and their respective shareholders and creditors.

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

Place: Hyderabad  
Date : 03.08.2017

Sd/-  
**MB Suneel**  
Company Secretary  
C.P. No.: 14449



## ANNEXURE –II REPORT ON CSR ACTIVITIES

The CSR is being reported from 1<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2017.

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:

Rs. 10,84,792/- (Rupees Ten Lakhs Eighty Four Thousand Seven Hundred Ninety 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 Rs. 21,696

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

- a) Total amount spent for the financial year:Rs. 10,78,714/-  
 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 is arranged Maintain the same as well)	Education	Chandrampalem, Madhurawada, Visakhapatnam (Andhra Pradesh)		58,500	58,500	By the Company
2	Swayamkrushi (Self Reliance for the mentally challenged) for children education & dresses	Education	Plot No.17, Sri Malani Housing Co-operative Society, Indian Airlines Colony Trimulgherry, Secunderabad – 500015		30,000	30,000	By the Company
3	ZPH School Khammam the Company arranged to maintain the toilets	Education	ZPH School Khammam, Telengana		39,014	39,014	By the Company
4	The Company has donated 35 solar street lights to Kusumanchi mandal, Khammam, Telangana. (10 Thandas @ 5000 people are living in that area)	Education	Kusumanchi Mandal Khammam Dist Telangana		3,00,000	3,00,000	By the Company

5	The Company has donated an amount of Rs.2,50,000 to Smt. Abburi Lakshmikantham Charitable Trust under Corporate Social Responsibility.	Education	Z P H School Taduvai, W.G.Dt. Andhra Pradesh		2,50,000	2,50,000	By Trust
6	The Company has donated an amount of Rs.2,00,000 to Kakinada Engineering Alumni Trust for Service (KEATS) under Corporate Social Responsibility.	Education	Z P H School, Kodada Nalgonda dist Telangana		2,00,000	2,00,000	By Trust
7	The Company has donated an amount of Rs.1,82,000 to DHAMMA NAGAJJUNA (Paints for Residential Meditation Rooms)	Education	Dhamma Nagajjuna Nagarjuna Sagar Nalgonda Dist Telangana		1,82,000	1,82,000	By the Company
8	The Company has donated an amount of Rs.19,200 to SOS Children Village (Education expenses for Girl Child)	Education	SOS Children Village Hyderabad		19,200	19,200	By the Company
<b>Total</b>					<b>10,78,714</b>	<b>10,78,714</b>	

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

Place: Hyderabad  
Date: 3<sup>rd</sup> August, 2017

Sd/-  
**N. Naveen**  
Director  
DIN: 02726620

## 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 their 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 KW 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 established.

Double side PCB fabrication process established.

Engraving facility established.

**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 1KW HF Power Amplifier & Antenna Tuning Unit

Development of MSS transceiver for SSK submarines.

Development of MSS transceivers with voice up gradation feature for MARCOS

Mini- jammers

20 to 500MHz 1KW power amplifier.

Real Time Train tracking and Information system with warning at Unmanned Level Crossings.

Burst demodulator with reduced burst gap of 50 mSec.

MSS reporting terminal for Coastal surveillance.

MSS Transceiver for UAV communication.

Digital beam former for increased data rate in MSS systems.

**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 MSS Terminals for Next Generation Satellite.
- Development of IKW HF System for Indian Navy.
- MSS transceiver terminal for coastal surveillance.
- MSS transceiver with electronic beam former for G-Sat 7 & G-Sat 6
- Universal MSS Terminal for voice and data applications using G-Sat-6
- Up-gradation of MSS Hubs with higher data rates with voice capability.
- Hardware development of ASIC based modem with high data rate up to 40Mbps.
- MSS Terminal for minesweepers.
- Hybrid Portable Multimedia terminal (MSS+GSM)

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

Rs. in Lakhs

Capital	114.42
Recurring	443.29
<b>Total</b>	<b>557.71</b>
<b>Total R &amp; D expenditure % as of Turnover</b>	<b>16.36%</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	:	₹ 606.37 Lakhs

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

Place: Hyderabad  
Date: 3<sup>rd</sup> August, 2017

Sd/-  
**N. Naveen**  
Director  
DIN: 02726620

**ANNEXURE – IV**  
**FORM NO. AOC-2**

**Particulars of Contracts / Arrangements made with related parties**

[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 Rs.
Dr. Abburi Vidyasagar Managing Director	Remuneration & perquisites	3 Years w.e.f. 01 <sup>st</sup> April, 2016	N.A	13.02.2016	18,00,000
Smt. Abburi Sarada Whole Time Director & CFO, Wife of Dr. Abburi Vidyasagar	Remuneration	3 Years w.e.f. 14.05.2017	N.A	09.02.2017	12,00,000
Smt. Abburi Sarada Whole Time Director & CFO, Wife of Dr. Abburi Vidyasagar	Rent	Ongoing	N.A	30.10.2009	8,54,000

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

Place: Hyderabad  
Date: 3<sup>rd</sup> August, 2017

Sd/-  
**N. Naveen**  
Director  
DIN: 02726620

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

**EXTRACT OF ANNUAL RETURN**

**As on financial year ended on 31.03.2017**

**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	L72200API990PLC011334
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.	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	61900	100

<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-2016]				No. of Shares held at the end of the year[As on 31-March-2017]				% 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	15,59,268	0	15,59,268	38.46%	15,19,268	0	15,19,268	37.47%	(0.99%)
	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>15,59,268</b>	<b>0</b>	<b>15,59,268</b>	<b>38.46%</b>	<b>15,19,268</b>	<b>0</b>	<b>15,19,268</b>	<b>37.47%</b>	<b>(0.99%)</b>
<b>(2)</b>	<b>Foreign</b>									<b>0.00%</b>
	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>15,59,268</b>	<b>0</b>	<b>15,59,268</b>	<b>38.46%</b>	<b>15,19,268</b>	<b>0</b>	<b>15,19,268</b>	<b>37.47%</b>	<b>(0.99%)</b>
<b>B.</b>	<b>Public Shareholding</b>									
<b>1.</b>	<b>Institutions</b>									<b>0.00%</b>
	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>										
	<b>a) Bodies Corp.</b>										
i)	Indian	2,66,827	400	2,67,227	6.59%	2,35,147	400	2,35,547	5.81%	(0.78%)	
ii)	Overseas	-	-	-	0.00%	0	0	-	0.00%	0.00%	
	<b>b) Individuals</b>										0.00%
i)	Individual shareholders holding nominal share capital upto Rs. 1 lakh	1,241,119	91,744	13,32,863	32.87%	11,93,555	91,044	12,84,599	31.68%	(1.19%)	
ii)	Individual shareholders holding nominal share capital in excess of Rs 1 lakh	8,57,006	0	8,57,006	21.14%	9,66,659	0	9,66,659	23.84%	2.70%	
	<b>c) Others (specify)</b>										
	Non Resident Indians	33,105	0	33,105	0.82%	31,373	0	31,373	0.77%	(0.04%)	
	Non Resident Indians-Non Repatriation	0	0	0	0	5,722	0	5,722	0.14%	0.14%	
	Overseas Corporate Bodies	-	-	-	0.00%	-	-	-	0.00%	0.00%	
	Foreign Nationals	-	-	-	0.00%	-	-	-	0.00%	0.00%	
	Clearing Members	4,824	0	4,824	0.12%	11,325	0	11,325	0.28%	0.16%	
	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>24,02,881</b>	<b>92,144</b>	<b>24,95,025</b>	<b>61.54%</b>	<b>24,43,781</b>	<b>91,444</b>	<b>25,35,225</b>	<b>62.53%</b>	<b>0.99%</b>	
	<b>Total Public (B)</b>	<b>24,02,881</b>	<b>92,144</b>	<b>24,95,025</b>	<b>61.54%</b>	<b>24,43,781</b>	<b>91,444</b>	<b>25,35,225</b>	<b>62.53%</b>	<b>0.99%</b>	
	<b>C. 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>39,62,149</b>	<b>92,144</b>	<b>40,54,293</b>	<b>100.00</b>	<b>39,63,049</b>	<b>91,444</b>	<b>40,54,493</b>	<b>100.00</b>		

**(ii) Shareholding of Promoters'**

Sl. No	Shareholder's Name	Shareholding at the beginning of the year March 2016			Shareholding at the end of the year March 2017			% 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	786,720	19.40%	0	(0.50%)
2	Abburi Sidhartha Sagar	274,000	6.76%	0	274,000	6.76%	0	0.00%
3	Abburi Sarada	219,449	5.41%	0	199,449	4.92%	0	(0.49%)
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%
	Total	1,559,268	38.46%	0	1,519,268	37.47%	0	(0.99%)

**(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	01.04.2016	N.A	1,559,268	38.46%	-	0.00%
Changes during the year	24.03.2017	Transfer	(40,000)	(0.99%)	1,519,658	37.47%
At the end of the year	31.03.2017	N.A	1,519,268	37.47%	1,519,268	37.47%

**(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	01.04.2016	N.A.	300,000	7.40%	-	
	Changes during the year	NA		-	0.00%	300,000	7.40%
	At the end of the year	31.03.2017	N.A.	300,000	7.40%	300,000	7.40%
2	<b>K. Satish</b>						
	At the beginning of the year	01.04.2016	N.A.	84,807	2.09%	-	
	Changes during the year	N.A.		-	0.00%	84,807	2.09%
	At the end of the year	31.03.2017	N.A.	84,807	2.09%	84,807	2.09%
3	<b>Nagendra Babu Nagabhyarva</b>						
	At the beginning of the year	01.04.2016	N.A.	48,000	1.18%	-	
	Changes during the year		N.A.	-	0.00%	48,000	1.18%
	At the end of the year	31.03.2017	N.A.	48,000	1.18%	48,000	1.18%
4	<b>Girish Gulati HUF*</b>						
	At the beginning of the year	01.04.2016	N.A.	47,242	1.17%	-	
	Changes during the year	15.04.2016	Transfer	(1,600)	(0.04%)	45,642	1.13%
		19.08.2016	Transfer	(45,642)	(1.13%)	0	0.00%
		26.08.2016	Purchase	45,642	1.13%	45,642	1.13%
	At the end of the year	31.03.2017	N.A.	45,642	1.13%	45,642	1.13%
5	<b>Hindustan Candle MFG Co. Pvt. Ltd</b>						
	At the beginning of the year	01.04.2016	N.A.	45,657	1.13%	-	
	Changes during the year	24.06.2016	Transfer	(2,000)	(0.05%)	43,657	1.08%
		19.08.2016	Transfer	(43,657)	(1.08%)	0	0.00%
		26.08.2016	Transfer	43,657	1.08%	43,657	1.08%
	At the end of the year	31.03.2017	N.A.	43,657	1.08%	43,657	1.08%
6	<b>Nilakshi Sodhi</b>						
	At the beginning of the year	01.04.2016	N.A.	38,210	0.94%	-	-
	Changes during the year	N.A.	N.A.	-	0.00%	38,210	0.94%
	At the end of the year	31.03.2017	N.A.	38,210	0.94%	38,210	0.94%
7	<b>Shivani T. Trivedi</b>						
	At the beginning of the year	01.04.2016	N.A.	36,867	0.91%	-	0.00%
	Changes during the year	19.08.2016	Transfer	(36,867)	(0.91%)	0	0.00%
		26.08.2016	Transfer	36,867	0.91%	36,867	0.91%
		27.01.2017	Transfer	(6,867)	(0.17%)	30,000	0.74%
		24.03.2017	Transfer	(15,997)	(0.39%)	14,003	0.35%
	At the end of the year	31.03.2017	N.A.	14,003	0.35%	14,003	0.35%

<b>8</b>	<b>Rajasekhar Guttikonda *</b>						
	At the beginning of the year	01.04.2016	N.A.	0	0.00%	-	-
	Changes during the year	29.07.2016	Transfer	4,528	0.11%	4,528	0.11%
		19.08.2016	Transfer	5,646	0.14%	10,174	0.25%
		26.08.2016	Transfer	6,632	0.16%	16,806	0.41%
		02.09.2016	Transfer	3,364	0.09%	20,170	0.50%
		09.09.2016	Transfer	2,525	0.06%	22,695	0.56%
		20.01.2017	Transfer	9,292	0.23%	31,987	0.79%
		24.03.2017	Transfer	(1,200)	(0.03%)	30,787	0.76%
At the end of the year	31.03.2017	N.A.	30,787	0.76%	30,787	0.76%	
<b>9</b>	<b>UTSAV PRAMODKUMAR SHRIVASTAV *</b>						
	At the beginning of the year	01.04.2016	N.A.	0	0.00%	-	-
	Changes during the year	15.07.2016	Transfer	3,010	0.07%	3,010	0.07%
		05.08.2016	Transfer	(3,010)	(0.07%)	0	0.00%
		03.03.2017	Transfer	1,663	0.04%	1,663	0.04%
		10.03.2017	Transfer	14,463	0.36%	16,126	0.40%
		17.03.2017	Transfer	500	0.01%	16,626	0.41%
		24.03.2017	Transfer	383	0.01%	17,009	0.42%
		31.03.2017	Transfer	12,991	0.32%	30,000	0.74%
At the end of the year	31.03.2017	N.A.	30,000	0.74%	30,000	0.74%	
<b>10</b>	<b>VASUDEVARAO DHANEKULA *</b>						
	At the beginning of the year	01.04.2016	N.A.	11,000	0.27%	11,000	0.27%
	Changes during the year	24.03.2017	Transfer	390	0.01%	11,390	0.28%
		31.03.2017	Transfer	17,000	0.42%	28,390	0.70%
At the end of the year	31.03.2017	N.A.	28,390	0.70%	28,390	0.70%	
<b>11</b>	<b>ASHOK ATLURI #</b>						
	At the end of the year	01.04.2016	N.A.	28,300	0.70%	28,300	0.70%
	Changes during the year	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
At the end of the year	31.03.2017	N.A.	28,300	0.70%	28,300	0.70%	
<b>12</b>	<b>Vasudhaiva Kutumbkam Consultancy &amp; Broking Private Limited #</b>						
	At the beginning of the year	01.04.2016	NA	26,670	0.66%	26,670	0.66%
	Changes during the year	24.06.2016	Transfer	(600)	(0.02%)	26,070	0.64%
		19.08.2016	Transfer	(26,070)	(0.64%)	0	0.00%
		26.08.2016	Transfer	26,070	0.64%	26,070	0.64%
		31.03.2017	Transfer	(6,070)	(0.15%)	20,000	0.49%
At the end of the year	31.03.2017	NA	20,000	0.49%	20,000	0.49%	

\* Marked shareholders were not present in the list of top 10 shareholders as on 01.04.2016 and are reflecting in the above list since they are in the top 10 list as on 31.03.2017.

# Marked shareholders ceased to be in the list of top 10 shareholders as on 31.03.2017, however they are reflected in the above list since they were present in the top 10 list as on 01.04.2016

(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	01.04.2016	NA	806,720	19.90%		
	Changes during the year	24.03.2017	Sale	(20,000)	(0.50%)	786,720	19.40%
	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	01.04.2016	NA	219,449	5.41%		0.00%
	Changes during the year	24.03.2017	Sale	(20,000)	(0.49%)	199,449	4.92%
	At the end of the year	31.03.2017	NA	199,449	4.92%	199,449	4.92%
3	<b>Subramaniya Balakrishnan</b>						
	At the beginning of the year	01.04.2016	NA	-	0.00%		0.00%
	Changes during the year	N.A.	NA	-	0.00%	-	0.00%
	At the end of the year	31.03.2017	NA		0.00%	-	0.00%
4	<b>Naveen Nandigam</b>						
	At the beginning of the year	01.04.2016	NA	-	0.00%		0.00%
	Changes during the year	N.A.	NA	-	0.00%	-	0.00%
	At the end of the year	31.03.2017	NA		0.00%	-	0.00%
5	<b>Yalamanchili Kishore</b>						
	At the beginning of the year	01.04.2016	NA	-	0.00%		0.00%
	Changes during the year	N.A.	NA	-	0.00%	-	0.00%
	At the end of the year	31.03.2017	NA		0.00%	-	0.00%
6	<b>Raghu Prasad Pidikiti</b>						
	At the beginning of the year	01.04.2016	N.A.	-	0.00%		0.00%
	Changes during the year	N.A.	N.A.	-	0.00%	-	0.00%
	At the end of the year	31.03.2017	N.A.		0.00%	-	0.00%
7	<b>Myneni Narayana Rao</b>						
	At the beginning of the year	01.04.2016	N.A.	-	0.00%		0.00%
	Changes during the year	N.A.	N.A.	-	0.00%	-	0.00%
	At the end of the year	31.03.2017	N.A.		0.00%	-	0.00%
8	<b>Eluru Bala Venkata Ramana Gupta</b>						
	At the beginning of the year	01.04.2016	N.A.	-	0.00%		0.00%
	Changes during the year	N.A.	N.A.	-	0.00%	-	0.00%
	At the end of the year	31.03.2017	N.A.		0.00%	-	0.00%
9	<b>Ravindra Mamilapalli</b>						
	At the beginning of the year	01.04.2016	N.A.	-	0.00%		0.00%
	Changes during the year	N.A.	N.A.	-	0.00%	-	0.00%
	At the end of the year	31.03.2017	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	94,668,739			94,668,739
ii) Interest due but not paid	-			-
iii) Interest accrued but not due	-			-
<b>Total (i+ii+iii)</b>	<b>94,668,739</b>	-	-	<b>94,668,739</b>
Change in Indebtedness during the financial year				
* Addition	29,897,486			29,897,486
* Reduction	10,200,000			10,200,000
Net Change	19,697,486	-	-	19,697,486
Indebtedness at the end of the financial year				
i) Principal Amount	114,366,225			114,366,225
ii) Interest due but not paid	-			-
iii) Interest accrued but not due	-			-
<b>Total (i+ii+iii)</b>	<b>114,366,225</b>	-	-	<b>114,366,225</b>

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

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

Sl. No.	Particulars of Remuneration Name	Name of MD/WTD/ Manager		Total Amount (In Rs.)
		Dr. Abburi Vidyasagar	Mrs. Abburi Sarada	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,800,000.00	900,000.00	2,700,000.00
	(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>2,700,000.00</b>
	Ceiling as per the Act	3,000,000	3,000,000	6,000,000.00

**B. Remuneration to other Directors**

Sl. No..	Particulars of Remuneration	Name of Directors				Total Amount (Rs/Lac)
		Y. Kishore	N. Naveen	EBV Ramana Gupta	M Narayna Rao	
1	Independent Directors	Y. Kishore	N. Naveen	EBV Ramana Gupta	M Narayna Rao	
	Fee for attending board committee meetings	96,750.00	112,500.00	78,500.00	77,000.00	364,750.00
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	<b>Total (1)</b>	<b>96,750.00</b>	<b>112,500.00</b>	<b>78,500.00</b>	<b>77,000.00</b>	<b>364,750.00</b>
2	Other Non-Executive Directors	S.Balakrishnan	Raghu prasad pidikiti			-
	Fee for attending board committee meetings	57,500.00	50,250.00			107750.00
	Commission					-
	Others, please specify					-
	<b>Total (B)=(1+2)</b>	<b>57,500.00</b>	<b>50,250.00</b>			<b>4,72,500.00</b>
	<b>Total Managerial Remuneration</b>					<b>3,172,500.00</b>
	Overall Ceiling as per the Act					11,600,000.00

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

Sl. No.	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount (Rs/Lac)
		Name			
		CEO	CFO	CS	
1	Gross salary		Abburi Sarada	M Ravindra	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		900,000.00	40,000.00*	940,000.00
	(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>-</b>	<b>900,000.00</b>	<b>40,000.00</b>	<b>940,000.00</b>

\* Mr. Ravindra has appointed on 09.02.2017, so the company has paid for two months.

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

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

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

Place: Hyderabad  
Date: 3<sup>rd</sup> August, 2017

Sd/-  
**N. Naveen**  
Director  
DIN: 02726620



## 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 Overview:**

#### **Review of Operations:**

Your company has strengthened further in the segment of UHF & S band SATCOM solutions in the year gone by and was successful in delivering the new versions of MSS systems viz. MSS Man pack terminals for the use of Marine Commandos and MSS Systems for EKM Submarines of the Indian Navy. In addition, the company completed installation of UHF Satcom – Airborne systems on six Aircraft of Indian Navy. The coming fiscal will be particularly good in this segment as, the company is expected to upgrade the existing MSS Hub equipment to support higher data rates for voice & data communication and MSS Systems – Airborne for the use on rest of the Aircraft.

You will be happy to note that Your Company has won three competitive bids with Boeing for “P8I Poseidon Database effort”, “Courseware Support & Services” and “Contract Logistics Support & Site Activation”. Accordingly MoUs with Boeing have been entered into. The work on these projects is expected to commence during 2018-19 .

Your company has developed the Satellite Mobile Radio, Reporting Terminals and Portable Multimedia Terminals compatible with the newly launched GSAT – 6 Satellite and supplied few numbers to Space Applications Centre, Ahmadabad for Proof of Concept testing and demonstration to various strategic users. In the coming financial Year, these terminals are expected to go through the pilot phase with Indian Railways which is a mandatory precursor for large scale deployment on all Railway locomotives pan India.

Your company has collaborated with M/S Hegenuk Marine kommunikations, Germany and has jointly bid for an Indian Navy Project for supply of 1 KW HF systems under Buy & Make (Indian) program with indigenous content exceeding 50%.The field trials of the project are expected to be scheduled during the financial year 2017-18.

Your company has increased its share in supply of various Power Amplifier solutions to the DPSUs particularly to BEL for various defence applications. The trend is expected to continue resulting in good orders from BEL for supply of an array of High Power Amplifiers this year as well.

The company has recorded total revenue of Rs.3409.81 Lakhs as against Rs. 2503.41 lakhs for the previous year indicating an impressive growth of 36.21 %. The net profit has risen by 57.84% compared to last fiscal.

#### **Outlook for the next year**

Indian economy continues to be bright with Gross Domestic Product (GDP) showing a growth of over seven per cent per annum consecutively for the past three years. The growth momentum is likely to be sustained at around 6.75-7.5 per cent in 2017-18, as projected by the Economic Surveys. The allocations for capital expenditure for defence services in the budget for 2017-18 for acquiring new equipment, weapons, aircraft, warships etc., rose around 9 per cent over the previous year.

The Central Government brought in significant policy reforms. The DPP-2016 has adopted a slew of measures which will certainly enhance the role of MSMEs in Defence sector. The notable are the most preferred category of procurement viz. Buy (IDDM – Indigenously Designed Developed & Manufactured) and with certain category of “Make” projects reserved exclusively for them. This initiative of Government of India will be a game changer and widen the opportunities for Indian companies engaged in R&D. Your company being R & D focused is expected to derive benefits under the new DPP guidelines.

Avantel also possess indigenous technologies of various subsystems of 1 KW HF Radios viz. Power Amplifier, Antenna Coupler, Remote Management Software etc and thus participating in a competitive bid for supply of 1 KW HF Radios to Indian Navy under Buy & Make (Indian) category this year. This equipment is required for other services too and hence, holds a huge business opportunity for us in future.

The above positive factors favour good business prospects for defence sector units.

**(B) Risks And Concerns:****RISKS:**

The business of the company mainly depends on requirements of Defence Sector. While the product development can be completed as per the plan by the company, conversion to supply orders take longer times due to various steps involved with uncertain time frames viz., field trials ,negotiations ,approvals etc. Further the Government policies and priorities drive the Projects. Therefore the time frame of the orders is unpredictable which may result in an uneven and skewed pattern of revenue for the Company.

Majority of the solutions offered by your company are based on Satellite communication. The development of new products is highly dependent on launching of new satellites and availability/allocation of bandwidth by ISRO .

Sudden emergence of disruptive Technologies in Satellite communication area may affect the business of the company which is unlikely in the next 3 years.

**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 defence 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 ship borne 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.

Concurrently, your company is scouting for opportunities to diversify in to the Engineering & IOT Services segment.

Volatility in the currency markets does not affect the company in a significant way at present as value of imported components is not very high as a percentage of sales revenue.

**(C) Opportunities And Threats:****Opportunities:**

Capital procurements are likely to grow with major procurements of around USD 80 billion over the next decade. Many of the contracts are expected to be executed indigenously or under "Buy & Make (Indian)" category with indigenous content of over 50%. These will open up significant opportunities for Indian system integrators and component suppliers.

Boeing is reported to be planning to fulfill its offset obligations (more than US\$ 2 bn by 2020) through commercial and military aerospace sourcing from current US\$ 500 mn in 2015, especially for their recently won orders of Apache and Chinook helicopters etc.

Other global majors such as UTC, Sikorsky, Lockheed Martin, Rolls Royce, Moog etc have also set up manufacturing facilities in India and are developing the supply chain in India for their global requirements.

(Source: CII-KPMG report on "India as an aerospace hub- Opportunities, challenges and way forward", Dated 23 May 2017)

The new DPP – 2016 is favorably disposed towards the MSME units who are undertaking Indigenous R & D. Avante!s core strength being R & D and offering innovative/niche solutions in Satellite Communications & Wireless solutions segment in India, is well positioned to leverage the emerging opportunities in "Make in India" guided by the new policy.

**THREATS:**

To capture the increased opportunities due to push for indigenization, big players like Reliance, L&T, Mahendra&Mahendra, Adani groups etc from diverse sectors are aggressively entering into this sector.

**(D) 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.

**(E) Industrial Relations And Human Resources Management:**

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

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.

**(F) Development of new products:**

Avantel has developed the following new systems during the current FY:

- (i) MSS SoM terminals for Marine Commandos.
- (ii) MSS systems for EKM class of Submarines.
- (iii) MSS systems for Unmanned Level Crossings and Real Time Train Tracking.
- (iv) 1KW Power Amplifier, Antenna tuning unit and Remote Management Software for 1 KW HF system.
- (v) MSS Transmitter for tracking of fishing vessels.

**(G) Achievement:**

Avantel has been awarded a patent for "Integrated UHF (Satcom& LOS) for Voice and Data Communication to work with Indian Satellite" in December 2016.

**(H) Cautionary Statement:**

Statements in the management discussion analysis describing the Company's objectives, projections, estimates, expectations are 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  
**Avantel Limited**

Place: Hyderabad  
Date: 3<sup>rd</sup> August, 2017

Sd/-  
**N. Naveen**  
Director  
DIN: 02726620

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

- i. In the financial year, there was no increase in the remuneration of directors.
- ii. In the financial year, there was no increase in remuneration of each Director, Chief Financial Officer and Company Secretary.
- iii. In the financial under review, there was a decrease of 14.22% in the median remuneration of employees
- iv. There were 191 permanent employees on the rolls of Company as on 31<sup>st</sup> March, 2017.
- v. We herewith affirm that remuneration to the Directors and Key Managerial Personnel is as per the remuneration policy of the Company.

**A) Top 10 Employees in terms of remuneration :**

Name	Age	Qualification And Experience of employee in Avantel	Designation	Date of commencement of employment	Nature of employment	Remuneration in (Rs. In Lacs) Per Annum	Previous Employment	Relative of Director If any	% of Share holding
P BalaBhaskar Rao	42	D E C E, AMIETE & 22	Vice President - Marketing	13 <sup>th</sup> February, 1995	Permanent	19.41	-	-	-
N Srinivas Rao	45	DECE, BS & 22	General Manager	10 <sup>th</sup> February, 1995	Permanent	17.18	Radio and TV Centre Electronics Corporation of India	-	-
PRL Prakash	51	M.Tech & 3	General Manager	1 <sup>st</sup> April, 2014	Permanent	15.60	BrahMos Aerospace Private Limited Det Norske Veritas (DNV) Indian Air Force	-	-
Nageswara Rao Tatikonda	53	M.Tech, PGDM & 5	General Manager	13 <sup>th</sup> July, 2012	Permanent	15.21	M/s Aster Group Noida Customer Operations PVT Ltd Indian Air Force	-	-

Name	Age	Qualification And Experience of employee in Avantel	Designation	Date of commencement of employment	Nature of employment	Remuneration in (Rs. In Lacs) Per Annum	Previous Employment	Relative of Director If any	% of Share holding
D Mahesh Kumar	48	B A, MBA, GNIIT & 18	Senior Manager	1 <sup>st</sup> April, 1999	Permanent	12.80	Pennar Paterson Securities Limited Randezvous Infotech Pvt Ltd	-	-
Ipe KK	58	M.Tech & 1	Director (Technical)	4 <sup>th</sup> April, 2016	Permanent	11.90	Indian Navy	-	-
Pusuluru Srinivasa Rao	43	M.Sc & 12	Senior Manager	19 <sup>th</sup> January, 2005	Permanent	11.76	Vikas Communication Pvt Ltd	-	-
M J S Kishore	35	M.Sc & 11	Senior Manager	26 <sup>th</sup> March, 2006	Permanent	11.38	-	-	-
K Pushpa Bharathi	49	B.Sc & 17	Senior Manager	1 <sup>st</sup> November, 2000	Permanent	11.31	-	-	-
G V Jaganmohan	41	D E C E & 16	Project Manager	3 <sup>rd</sup> July, 2001	Permanent	10.78	-	-	-

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

Place: Hyderabad  
Date: 3<sup>rd</sup> August, 2017

Sd/-  
**N. Naveen**  
Director  
DIN: 02726620

## INDEPENDENT AUDITOR'S REPORT

To

### The Members of AVANTEL Limited

We have audited the accompanying financial statements of **AVANTEL Limited** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2017, 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 thereunder.

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 2017 and its profit and its cash flows for the year ended on that date.

### Other Matter

We would like to report that we have submitted our audit report to the Company on the Financial Statements for the year ending 31<sup>st</sup> March, 2017, on 30<sup>th</sup> May, 2017 and the Board of Directors of the company in its meeting held on 30<sup>th</sup> May, 2017, considered and approved the Standalone Audited Financial Statement for the said financial year.

Subsequently, the Hon'ble National Company Law Tribunal, Hyderabad Bench, has dismissed the Scheme of Amalgamation between Avantel Limited (Transferee Company) and Wiki Kids Limited (Transferor Company) and their respective Shareholder and Creditors vide orders passed on 13.07.2017. Accordingly, in the Board Meeting held on 3<sup>rd</sup> August, 2017, the Board of Directors of the Company reconsidered the Standalone Financial Statements for the financial year 2016-17. In accordance with the decision of the Board of Directors of the Company and Note No. 2.28 of the reconsidered financial statements, we state that the financial statements approved by the Board of Directors at its meeting held on 30<sup>th</sup> May, 2017 and the reconsidered financial statements approved by the Board of Directors at its meeting held on 3<sup>rd</sup> August, 2017. Our opinion is not qualified in respect of this matter.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 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 2017 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: 002934S

Sd/-  
**(K Sreenivasan)**  
Partner  
M.No: 206421

Date : 3<sup>rd</sup> August , 2017  
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 2017, 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 2017 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: 002934S

Sd/-  
**(K Sreenivasan)**  
Partner  
M.No: 206421

Date : 3<sup>rd</sup> August , 2017  
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<sup>st</sup> March 2017 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<sup>st</sup> March 2017, 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: 002934S

Sd/-

**(K Sreenivasan)**

Partner

M.No: 206421

Date : 3<sup>rd</sup> August , 2017  
Place: Hyderabad

**BALANCE SHEET AS AT MARCH 31, 2017**

Particulars	Note No.	31 <sup>st</sup> MARCH, 2017 ₹	31 <sup>st</sup> MARCH, 2016 ₹
<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	165,855,563	156,868,226
(c) Money received against share warrants		-	-
<b>(2) Share application money pending allotment</b>			
(c)		-	-
<b>(3) Non-Current Liabilities</b>			
(a) Long-term borrowings	2.3	14,100,000	24,300,000
(b) Deferred tax liabilities (Net)		-	-
(c) Other Long term liabilities		-	-
(d) Long-term provisions	2.4	2,537,763	2,621,212
<b>(4) Current Liabilities</b>			
(a) Short-term borrowings	2.5	90,066,225	60,168,739
(b) Trade Payable	2.6		
(i) Due to Micro, Small & Medium Enterprises		995,938	896,582
(ii) Others		4,067,358	2,328,040
(c) Other current liabilities	2.7	14,555,618	24,364,357
(d) Short-term provisions	2.8	8,125,809	10,874,072
<b>Total</b>		<b>340,855,204</b>	<b>322,972,158</b>
<b>II. Assets</b>			
<b>(1) Non-current assets</b>			
(a) Property, Plant and Equipment			
(i) Tangible assets	2.9	133,016,452	133,910,835
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
(b) Non-current investments		-	-
(c) Deferred tax assets (net)	2.10	4,864,469	4,234,350
(d) Long term loans and advances		-	-
(e) Other non-current assets	2.11	5,963,314	4,078,494
<b>(2) Current assets</b>			
(a) Current investments		-	-
(b) Inventories	2.12	76,978,796	124,429,601
(c) Trade receivables	2.13	104,420,348	40,922,397
(d) Cash and cash equivalents	2.14(a)	967,060	1,098,787
(e) Other Bank Balances	2.14(b)	2,232,500	3,438,010
(f) Short-term loans and advances	2.15	12,412,265	10,859,684
<b>Total</b>		<b>340,855,204</b>	<b>322,972,158</b>
<b>III. Significant Accounting Policies &amp; Notes on Accounts</b>	1 & 2		

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

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

Place: Hyderabad  
Date: 3<sup>rd</sup> August, 2017

for and on behalf of **Avantel Limited**

**N .NAVEEN**  
Director  
DIN: 02726620

**A. SARADA**  
Whole Time Director & CFO  
DIN: 00026543

**M. RAVINDRA**  
Company Secretary

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

Particulars	Note No.	31 <sup>st</sup> MARCH, 2017	31 <sup>st</sup> MARCH, 2016
		₹	₹
I. Revenue from operations	2.16	<b>335,876,829</b>	246,309,568
II. Other Income	2.17	<b>5,105,084</b>	4,031,677
III. <b>Total Revenue (I + II)</b>		<b>340,981,913</b>	250,341,245
IV. Expenses:			
Cost of materials consumed	2.18	<b>100,206,883</b>	96,862,674
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	2.19	<b>47,657,797</b>	(14,517,889)
Employee benefit expenses	2.20	<b>48,093,686</b>	41,207,549
Manufacturing Expenses	2.21	<b>17,218,215</b>	17,590,635
Research and Development Expenses	2.22	<b>44,328,678</b>	35,520,057
Selling and Distribution Expenses	2.23	<b>16,800,139</b>	10,508,660
Financial costs	2.24	<b>15,183,591</b>	19,433,224
Depreciation and amortization expenses	2.25	<b>17,139,142</b>	17,379,635
Other Expenses	2.26	<b>22,898,106</b>	19,457,338
Prior Period Expenditure	2.27	<b>(39,545)</b>	353,871
<b>Total Expenses</b>		<b>329,486,692</b>	243,795,754
V. Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)		<b>11,495,221</b>	6,545,491
VI. Exceptional Items		-	-
VII. Profit/(Loss) before extraordinary items and tax (V - VI)		<b>11,495,221</b>	6,545,491
VIII. Extraordinary Items		-	-
IX. Profit/(Loss) before tax (VII - VIII)		<b>11,495,221</b>	6,545,491
X. Tax expense:			
(1) Current tax	2.28	<b>2,343,743</b>	1,247,243
(2) Short/(Excess) Provision of earlier years		-	372
(3) Deferred tax		<b>(630,119)</b>	(637,150)
XI. Profit/(Loss) for the period from continuing operations (IX - X)		<b>9,781,597</b>	5,935,026
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>9,781,597</b>	5,935,026
XVI. Earning per equity share:			
(1) Basic		<b>2.41</b>	1.46
(2) Diluted		<b>2.41</b>	1.46
Significant Accounting Policies & Notes on Accounts	I & 2		

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

for and on behalf of **Avantel Limited**

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

**N .NAVEEN**  
Director  
DIN: 02726620

**A. SARADA**  
Whole Time Director & CFO  
DIN: 00026543

Place: Hyderabad  
Date: 3<sup>rd</sup> August, 2017

**M. RAVINDRA**  
Company Secretary

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017**

Particulars	31 <sup>st</sup> MARCH, 2017	31 <sup>st</sup> MARCH, 2016
	₹	₹
<b>A. Cash flows from operating activities</b>		
Profit (Loss) before taxation	11,495,221	6,545,491
<b>Adjustments for:</b>		
Depreciation & Amortisation	17,139,142	17,379,635
Interest expense	13,101,450	15,919,752
Miscellaneous Receipts	(439,452)	(254,267)
Profit on sale of Fixed Assts	(110,756)	(153,785)
Interest Income	(640,954)	(380,610)
<b>Operating Profit before Working Capital Changes</b>	<b>40,544,651</b>	<b>39,056,216</b>
<b>Working capital changes:</b>		
Decrease/(Increase) in trade receivables	(63,497,951)	5,197,644
Decrease/ (Increase) in inventories	47,450,805	(18,546,359)
Decrease/ (Increase) in Other Non-Current Assets	(1,884,820)	805,197
Decrease / (Increase) in Loans & Advances	(1,835,637)	3,927,312
Increase/ (Decrease) in Long Term Liabilities	(83,449)	(88,145)
Increase/ (Decrease) in trade payables	1,838,674	(1,499,356)
Increase/(Decrease) in Other Short Term Liabilities	(8,773,612)	9,681,817
<b>Cash generated from operations</b>	<b>13,758,661</b>	<b>38,534,326</b>
Income taxes paid	(964,187)	(2,695,829)
<b>Net cash from operating activities</b>	<b>Total (A) 12,794,474</b>	<b>35,838,497</b>
<b>B. Cash flows from investing activities</b>		
Purchase of Fixed Assets	(17,218,517)	(15,591,346)
Sale of Fixed Assets	290,254	600,000
Increase in Capital Work in Progress	-	-
Interest Received	640,954	380,610
Miscellaneous Receipts	439,452	254,267
<b>Net cash used in investing activities</b>	<b>Total (B) (15,847,857)</b>	<b>(14,356,469)</b>

Particulars	31 <sup>st</sup> MARCH, 2017	31 <sup>st</sup> MARCH, 2016
	₹	₹
<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	29,897,486	11,997,259
Buyback of Shares and Expenses	-	-
Interest paid	(13,101,450)	(15,919,752)
Dividend Paid, including Dividend Tax	(4,879,890)	(7,320,211)
<b>Net cash used in financing activities Total (C)</b>	<b>1,716,146</b>	<b>(21,442,704)</b>
<b>D. Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A) + (B) + (C)</b>	<b>(1,337,237)</b>	<b>39,324</b>
Cash and cash equivalents at beginning of the year	4,536,797	4,497,473
Cash and cash equivalents at end of the year	3,199,560	4,536,797

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

for and on behalf of **Avantel Limited**

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

**N .NAVEEN**  
Director  
DIN: 02726620

**A. SARADA**  
Whole Time Director & CFO  
DIN: 00026543

Place: Hyderabad  
Date: 3<sup>rd</sup> August, 2017

**M. RAVINDRA**  
Company Secretary

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:

### Corporate Information:

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

### I. Significant Accounting Policies:

#### a) Basis of Accounting:

The Financial Statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) under the historical cost conversion on accrual basis. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities Exchange Board of India (SEBI).

#### b) Use of Estimates:

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

#### c) Property, Plant and Equipment:

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 Rs. 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 it 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, 2017:**

The Financial Statements have been prepared in the format prescribed by the Revised Schedule III to the Companies Act, 2013. 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	31 <sup>st</sup> MARCH, 2017 ₹	31 <sup>st</sup> MARCH, 2016 ₹
<b>2.1 Share Capital</b>		
<b>Equity Share Capital</b>		
<b>Authorised Share capital</b>		
70,00,000 (Previous year 70,00,000) Equity Shares of Rs. 10/- each	<b>70,000,000</b>	70,000,000
 Issued, subscribed & fully paid share capital		
40,54,493 (Previous year 40,54,493) Equity Shares of Rs.10/- each fully paid	<b>40,544,930</b>	40,544,930
		-
<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
<b>a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:</b>		
	<b>31<sup>st</sup> MARCH, 2017</b>	<b>31<sup>st</sup> MARCH, 2016</b>
<b>Equity Shares:</b>		
<b>At the beginning of the period</b>		
No. of shares	<b>4,054,493</b>	4,054,493
Amount in Rs.	<b>40,544,930</b>	40,544,930
<b>Issued during the period</b>		
No. of shares	-	-
Amount in Rs.	-	-
<b>Less: Buy back of shares</b>		
No. of shares	-	-
Amount in Rs.	-	-
<b>Outstanding at the end of the period</b>		
No. of shares	<b>4,054,493</b>	4,054,493
Amount in Rs.	<b>40,544,930</b>	40,544,930
<b>b) Terms/rights attached to equity Shares:</b>		
The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.		

**c) Dividend:**

The Board of Directors in its meeting on 3<sup>rd</sup> August, 2017 have proposed a final dividend of Rs. 2.00 per share for the financial year ended 31<sup>st</sup> March, 2017. The Proposal is subject to the approval of shareholders at the Annual General Meeting held for the year 2016-17 and if approved would result in a cash outflow of Rs. 97.60 lakhs including corporate dividend tax.

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

	2016-2017	2015-16	2014-15	2013-14	2012-13
No. of Equity Shares bought back by the company During the year	-	-	128,507	300,000	-
Aggregate Number of Equity Shares bought back by the company	-	-	651,980	523,473	223,473

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

Name of the Shareholder	31-03-2017		31-03-2016	
	No of Shares Held	% of Holding	No of Shares Held	% of Holding
1. Sri Vidya Sagar Abburi	786,720	19.40	806,720	19.90
2. Smt K Swapna	300,000	7.40	300,000	7.40
3. Smt. Sarada Abburi	-	-	219,449	5.41
4. Ms. Sailaja Abburi	222,479	5.49	222,479	5.49
5. Sri Sidhartha Sagar Abburi	274,000	6.76	274,000	6.76

Note No	31 <sup>st</sup> MARCH, 2017 ₹	31 <sup>st</sup> MARCH, 2016 ₹
<b>2.2 Reserves and Surplus</b>		
<b>a) Capital Redemption Reserves</b>		
Opening Balance	10,982,230	10,982,230
Add: Current Year Transfer	-	-
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	-	-
Less: Adjusted against Buyback of Share Premium	-	-
Closing Balance	7,930,104	7,930,104
<b>c) Revaluation Reserves</b>		
Opening Balance	12,620,582	13,414,842
Add: Current Year Transfer	-	-
Less: Written Back in Current Year	794,260	794,260
Closing Balance	11,826,322	12,620,582
<b>d) General Reserve</b>		
Opening Balance	34,598,093	34,598,093
Add: Current Year Transfer	-	-
Less: Adjusted against Buyback of Shares	-	-
Less: Written Back in Current Year	-	-
Closing Balance	34,598,093	34,598,093
<b>e) Surplus</b>		
Opening Balance	90,737,217	89,682,081
Profit / ( Loss) for the year	9,781,597	5,935,026
<b>Less: Appropriations</b>		
i) Transfer to General Reserve	-	-
ii) Proposed Final Equity Dividend	-	4,054,493
iii) Tax On Proposed Dividend	-	825,397
Closing Balance	100,518,814	90,737,217
<b>Total</b>	<b>165,855,563</b>	<b>156,868,226</b>
<b>2.3 Long-term Borrowings</b>	<b>14,100,000</b>	<b>24,300,000</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 @ Rs. 8.5 Lakhs per month upto August 2019 and the rate of interest @ 13.65% p.a.		
<b>Total</b>	<b>14,100,000</b>	<b>24,300,000</b>

Note No	31 <sup>st</sup> MARCH, 2017 ₹	31 <sup>st</sup> MARCH, 2016 ₹
<b>2.4 Long-term provisions</b>		
Provision for employee benefits	<b>2,537,763</b>	2,621,212
<b>Total</b>	<b>2,537,763</b>	2,621,212
<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 @ 11.85% p.a)	<b>90,066,225</b>	60,168,739
<b>Total</b>	<b>90,066,225</b>	60,168,739
<b>2.6 Trade Payables</b>		
Trade Payables-Due to Micro, Small & Medium Enterprises	<b>995,938</b>	896,582
Trade Payables-Others	<b>4,067,358</b>	2,328,040
<b>Total</b>	<b>5,063,296</b>	3,224,622
<b>2.7 Other current liabilities</b>		
Unpaid dividends	<b>754,111</b>	729,010
Other payables		
Sundry Creditors - Capital Goods	-	1,191,128
Liabilities for Expenses	<b>3,160,640</b>	4,906,913
Advance from Customers	<b>276,527</b>	6,617,306
Provision for Warranty Expenses	-	-
Rental Deposit	<b>164,340</b>	720,000
Current Liabilities of Long Term Loans	<b>10,200,000</b>	10,200,000
<b>Total</b>	<b>14,555,618</b>	24,364,357
<b>2.8 Short-term provisions</b>		
Provision for employee benefits		
Salary & Reimbursements	<b>757,987</b>	2,515,184
Contributions	<b>389,528</b>	394,201
Provision for Statutory Liabilities	<b>4,634,551</b>	1,837,554
Provision for Taxation	<b>2,343,743</b>	1,247,243
Provision for Dividend	-	4,054,493
Provision for Dividend Tax	-	825,397
<b>Total</b>	<b>8,125,809</b>	10,874,072

2.9 PROPERTY, PLANT AND EQUIPMENT AS ON 31-03-2017										
Particulars	Land	Buildings (Freehold)	Furniture & Fixtures	Plant & Machinery (Assembly & Testing)	Computers	Office Equipment & Electricals	Vehicles	R & D Equipments	Total 31-03-2017	
	₹	₹	₹	₹	₹	₹	₹	₹	₹	
Gross Block										
As at 01-04-2016	28,867,913	118,532,572	9,253,342	42,082,584	12,853,822	25,532,525	5,367,925	39,857,377	282,348,060	
Additions	-	382,013	893,984	1,929,069	807,643	394,619	1,368,881	11,442,308	17,218,517	
(Deduction/Retirement) During the year	-	-	-	(5,606,256)	(1,622,804)	(15,383)	(1,277,285)	-	(8,521,728)	
Gross Block as at 31-03-2017	28,867,913	118,914,585	10,147,326	38,405,397	12,038,661	25,911,761	5,459,521	51,299,685	291,044,849	
Depreciation/Amortization as at 01-04-2016	-	34,501,712	6,278,917	36,885,150	12,017,949	17,524,654	1,801,212	39,427,631	148,437,225	
Depreciation for the Year	-	5,728,956	1,197,773	1,948,995	728,280	5,702,197	1,290,201	1,337,000	17,933,402	
(Deduction/Adjustments) During the year	-	-	-	(5,606,173)	(1,622,634)	(15,382)	(1,098,041)	-	(8,342,230)	
Total Depreciation As at 01-04-2016	-	40,230,668	7,476,690	33,227,972	11,123,595	23,211,469	1,993,372	40,764,631	158,028,397	
Net Block As at 31-03-2017	28,867,913	78,683,917	2,670,636	5,177,425	915,066	2,700,292	3,466,149	10,535,054	133,016,452	



**2.9 PROPERTY, PLANT AND EQUIPMENT AS ON 31-03-2016**

Particulars	Land	Buildings (Freehold)	Furniture & Fixtures	Plant & Machinery (Assembly & Testing)	Computers	Office Equipment & Electricals	Vehicles	R & D Equipments	Total 31-03-2016
	₹	₹	₹	₹	₹	₹	₹	₹	₹
<b>Gross Block</b>									
As at 01-04-2015	28,867,913	107,503,981	8,902,391	41,753,284	12,700,632	24,388,109	4,005,656	39,798,901	267,920,867
Additions	-	11,028,591	350,951	329,300	153,190	1,144,416	2,526,422	58,476	15,591,346
(Deduction/Retirement) During the year	-	-	-	-	-	-	(1,164,153)	-	(1,164,153)
Gross Block as at 31-03-2016	28,867,913	118,532,572	9,253,342	42,082,584	12,853,822	25,532,525	5,367,925	39,857,377	282,348,060
Depreciation/Amortization as at 01-04-2015	-	29,158,434	5,103,702	33,816,613	11,027,049	12,444,892	1,375,569	38,055,020	130,981,279
Depreciation for the Year	-	5,343,278	1,175,215	3,068,537	990,900	5,079,762	1,143,581	1,372,611	18,173,884
(Deduction/Adjustments) During the year	-	-	-	-	-	-	(717,938)	-	(717,938)
Total Depreciation As at 31-03-2016	-	34,501,712	6,278,917	36,885,150	12,017,949	17,524,654	1,801,212	39,427,631	148,437,225
Net Block As at 31-03-2016	28,867,913	84,030,860	2,974,425	5,197,434	835,873	8,007,871	3,566,713	429,746	133,910,835

Note No	31 <sup>st</sup> MARCH, 2017 ₹	31 <sup>st</sup> MARCH, 2016 ₹
<b>2.10 Deferred Tax Asset (Net)</b>		
Fixed Assets	4,078,930	3,661,890
Employee Benefits	478,250	572,460
Others	307,289	-
<b>Total</b>	<b>4,864,469</b>	<b>4,234,350</b>
<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	4,936,343	3,268,593
<b>b) Others:</b>		
Deposits Recoverable	1,026,971	809,901
<b>Total</b>	<b>5,963,314</b>	<b>4,078,494</b>
<b>2.12 Inventories</b>		
Raw materials		
a) Indigenous	9,276,647	9,857,553
b) Imported	7,104,236	5,687,359
<b>Raw materials - R &amp; D</b>	<b>2,894,927</b>	<b>3,523,906</b>
<b>Work in progress</b>	<b>57,702,986</b>	<b>105,360,783</b>
<b>Total</b>	<b>76,978,796</b>	<b>124,429,601</b>
<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	8,171,848	5,593,636
Other Trade Receivables	96,248,500	35,328,761
<b>Total</b>	<b>104,420,348</b>	<b>40,922,397</b>
<b>2.14 Cash and cash equivalents</b>		
<b>a) Balances with banks:</b>		
a) in Current Accounts	212,538	325,908
b) in unpaid dividend accounts	754,111	729,010
<b>Cash on hand</b>	<b>411</b>	<b>43,869</b>
<b>Total</b>	<b>967,060</b>	<b>1,098,787</b>
<b>b) Other Bank Balances:</b>		
Current:		
In Margin Money/ Deposit A/c with original maturity of less than one Year	2,232,500	3,438,010
<b>Total</b>	<b>2,232,500</b>	<b>3,438,010</b>

Note No	31 <sup>st</sup> MARCH, 2017 ₹	31 <sup>st</sup> MARCH, 2016 ₹
<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	3,195,984	3,479,040
b) Prepaid Expenses	5,091,922	2,736,420
c) Balance with Govt. Departments	1,609,367	693,135
d) Accrued Interest / Income	454,149	744,868
e) Advance to Suppliers	737,190	1,223,085
f) Other Advances	1,323,653	1,983,136
<b>Total</b>	<b>12,412,265</b>	<b>10,859,684</b>
<b>2.16 Revenue from Operations:</b>		
<b>a) Revenue from - Sale of products</b>		
Domestic	300,893,528	213,124,069
Export	-	-
<b>Sub-Total</b>	<b>300,893,528</b>	<b>213,124,069</b>
<b>b) Revenue from - Sale of Services</b>		
Domestic	51,149,745	57,902,331
Export	-	-
<b>Sub-Total</b>	<b>51,149,745</b>	<b>57,902,331</b>
<b>Sub-Total (a)+(b)</b>	<b>352,043,273</b>	<b>271,026,400</b>
<b>d) Less: Excise Duty &amp; Service Tax</b>	<b>16,166,444</b>	<b>24,716,832</b>
<b>Total</b>	<b>335,876,829</b>	<b>246,309,568</b>
<b>2.17 Other Income</b>		
Interest income	640,954	380,610
Profit on Sale of Fixed Assets	110,756	153,785
Miscellaneous Receipts	439,452	254,267
Rent (net of service tax)	3,913,922	3,243,015
<b>Total</b>	<b>5,105,084</b>	<b>4,031,677</b>

Note No	31 <sup>st</sup> MARCH, 2017 ₹	31 <sup>st</sup> MARCH, 2016 ₹
<b>2.18 Cost of Raw Materials and Components Consumed</b>		
<b>a) Indigenous:</b>		
i) Inventory at the Beginning of the Year	9,857,553	4,990,346
ii) Add: Purchases	59,567,782	51,731,030
	<b>69,425,335</b>	<b>56,721,376</b>
iii) Less: Inventory at the End of the Year	(9,276,647)	(9,857,553)
iv) Cost of Raw Materials Consumed	<b>60,148,688</b>	<b>46,863,823</b>
<b>b) Imported:</b>		
i) Inventory at the Beginning of the Year	5,687,359	5,070,818
ii) Add: Purchases	41,475,072	50,615,392
	<b>47,162,431</b>	<b>55,686,210</b>
iii) Less: Inventory at the End of the Year	(7,104,236)	(5,687,359)
iv) Cost of Raw Materials Consumed	<b>40,058,195</b>	<b>49,998,851</b>
<b>Total</b>	<b>100,206,883</b>	<b>96,862,674</b>
<b>2.19 (Increase)/Decrease in Inventories:</b>		
<b>Inventories at the Beginning of the Year</b>		
Work in Progress	105,360,783	90,842,894
	<b>105,360,783</b>	<b>90,842,894</b>
<b>Inventories at the End of the Year</b>		
Work in Progress	(57,702,986)	(105,360,783)
	<b>(57,702,986)</b>	<b>(105,360,783)</b>
<b>Total</b>	<b>47,657,797</b>	<b>(14,517,889)</b>
<b>2.20 Employee Benefits Expenses</b>		
Salaries and wages	39,164,359	31,676,461
Directors Remuneration	3,554,000	3,283,700
Bonus	452,889	2,086,941
Exgratia & Gratuity	1,416,551	1,411,855
Training & Recruitment	275,219	243,981
Contribution to provident and other funds	1,713,514	1,639,642
Staff welfare expenses	1,517,154	864,969
<b>Total</b>	<b>48,093,686</b>	<b>41,207,549</b>

Note No	31 <sup>st</sup> MARCH, 2017 ₹	31 <sup>st</sup> MARCH, 2016 ₹
<b>2.21 Manufacturing Expenses:</b>		
Manpower Hire Charges	-	415,332
Jobwork Charges	<b>3,697,799</b>	5,809,629
Power and fuel	<b>3,149,045</b>	3,201,547
Consumption of stores and spare parts	<b>353,836</b>	589,957
Freight Inwards	<b>476,008</b>	234,230
Repairs & Maintenance - Plant & Machinery	<b>123,657</b>	139,550
Testing Charges	<b>1,261,290</b>	30,915
Installation & Commissioning Charges	<b>8,156,580</b>	7,169,475
<b>Total</b>	<b>17,218,215</b>	<b>17,590,635</b>
<b>2.22 R &amp; D Expenditure:</b>		
Opening Stock	<b>3,523,906</b>	4,979,184
Purchases	<b>19,792,896</b>	8,973,041
	<b>23,316,802</b>	13,952,225
Closing Stock	<b>2,894,927</b>	3,523,906
Materials Consumed - R & D	<b>20,421,875</b>	10,428,319
Jobwork Charges	<b>392,801</b>	166,241
R & D Salaries	<b>19,488,851</b>	18,601,594
Contributions to Provident Fund & Other Funds	<b>841,774</b>	864,355
Repairs & Maintenance - Plant & Machinery	<b>783,456</b>	757,265
Professional & Consultancy	<b>1,914,750</b>	1,139,540
Testing and Designing Charges	-	718,378
Travelling & Conveyance	<b>234,542</b>	1,441,785
Designing Charges	-	1,138,500
Bank Charges	<b>142,276</b>	76,021
Other Expenses	<b>62,426</b>	188,059
<b>Total</b>	<b>44,328,678</b>	35,520,057
<b>2.23 Selling &amp; Distribution Expenditure:</b>		
Freight Outwards	<b>1,025,644</b>	580,702
Packing Materials	<b>605,558</b>	241,551
Business Promotion	<b>1,507,118</b>	744,148
Travelling Expenses	<b>1,862,578</b>	1,580,885
Late Delivery Charges	<b>424,624</b>	414,064
Warranty Expenses	<b>3,876,452</b>	2,636,915
Customer Support Expenses	<b>7,498,165</b>	4,310,395
<b>Total</b>	<b>16,800,139</b>	10,508,660

Note No	31 <sup>st</sup> MARCH, 2017 ₹	31 <sup>st</sup> MARCH, 2016 ₹
<b>2.24 Finance Costs</b>		
Interest expenses:		
Interest on working capital limits	<b>9,011,299</b>	10,491,618
Interest on Term Loan	<b>4,090,151</b>	5,428,134
Bank Charges	<b>2,082,141</b>	3,513,472
<b>Total</b>	<b>15,183,591</b>	19,433,224
<b>2.25 Depreciation and Amortisation Expenses:</b>		
Depreciation on Tangible Assets	<b>17,933,402</b>	18,173,895
Less: Recoupment from Revaluation Reserve	<b>(794,260)</b>	(794,260)
<b>Total</b>	<b>17,139,142</b>	17,379,635
<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	<b>3,026,617</b>	2,876,157
Vehicles	<b>735,634</b>	709,721
Others	<b>2,742,305</b>	2,483,779
Rates & Taxes	<b>469,753</b>	1,233,870
Rent	<b>268,000</b>	116,060
Insurance	<b>389,953</b>	394,950
Couriers , Postages & Telephones	<b>1,705,888</b>	2,017,185
Printing & Stationery	<b>1,042,907</b>	852,832
Auditors Remuneration:		
As Auditor	<b>250,000</b>	175,000
For Certification	<b>63,775</b>	86,651
Professional & Consultancy	<b>2,332,786</b>	2,144,111
Travelling & Conveyance	<b>3,310,800</b>	1,695,984
Secretarial Expenses	<b>2,162,591</b>	543,534
Watch & Ward	<b>1,858,645</b>	1,818,206
Directors Sitting Fee	<b>472,500</b>	328,147
Exchange Fluctuations	<b>146,626</b>	-
Office Maintenance	<b>741,517</b>	636,971
Accounts written off	<b>16,664</b>	172,878
Miscellaneous Expenses	<b>82,431</b>	253,741
Corp. Social Resp. Expenses	<b>1,078,714</b>	917,561
<b>Total</b>	<b>22,898,106</b>	19,457,338

Note No	31 <sup>st</sup> MARCH, 2017 ₹	31 <sup>st</sup> MARCH, 2016 ₹
<b>2.27 Prior Period Expenses</b>		
Prior Period Expenses	<b>58,905</b>	353,871
Less : Income Pertaining to previous years	<b>(98,450)</b>	-
<b>Total</b>	<b>(39,545)</b>	353,871

2.28 The Hon'ble National Company Law Tribunal, Hyderabad Bench, has dismissed the Scheme of Amalgamation between Avantel Limited (Transferee Company) and Wiki Kids Limited (Transferor Company) and their respective Shareholder and Creditors vide orders passed on 13.07.2017. Accordingly, the Standalone Financial Statements were considered and approved by the Board of Directors on 03.08.2017.

### 2.29 Current Tax

Current Tax for the previous year represents the Minimum Alternative Tax (MAT) payable by the company on the book profits for the year. However, the company is not recognising the MAT credit entitlement determined under section 115JAA(2A) of the Income Tax Act, 1961 during the current year and earlier years as possibility of paying the Income Tax under the normal provisions of the Income Tax, 1961 in future is uncertain because the company claims weighted deduction under section 35(2AB) of the Income Tax Act, 1961.

### 2.30 Contingent liabilities and commitments

(to the extent not provided for)

Contingent liabilities

Claims against the company not acknowledged as debt

(i) Guarantees	<b>65,259,833</b>	59,250,158
<b>Total</b>	<b>65,259,833</b>	59,250,158

### 2.31 Disclosure on Specified Bank Notes (SBN)

During the year the company had Specified Bank Notes or other denomination notes as defined in the MCA notification G.S.R 308(E) dated March 31, 2017 on the details of the Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the notification is given below.

Particulars	SBNs*	Other Denominations ₹	Total ₹
Closing Cash in hand as on 08-11-2016	-	27,727	<b>27,727</b>
(+) Permitted Receipts (Including cash withdrawal from bank)	-	184,368	<b>184,368</b>
(-) Permitted Payments	-	145,503	<b>145,503</b>
(-) Amount deposited in bank	-	0	<b>0</b>
Closing Cash in Hand as on 30-12-2016	-	66,592	<b>66,592</b>

\* For the purpose of this clause, the term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated 8<sup>th</sup> November, 2016

**2.32 Employee Retirement Benefits:****Gratuity:**

The Company has established a trust viz. Avantel Employees Group Gratuity Trust vide the trust deed dated 28<sup>th</sup> 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	2016-17 ₹	2015-16 ₹
<b>Projected benefit Obligation at the beginning of the year</b>	<b>4,716,890</b>	4,118,919
Current Service cost	<b>456,977</b>	392,004
Interest Cost	<b>377,351</b>	329,514
Actuarial (Gain)/Loss	<b>654,666</b>	700,992
Benefits Paid	<b>(638,785)</b>	(824,539)
<b>Projected benefit Obligation at the end of the year</b>	<b>5,567,099</b>	4,716,890
<b>Amount recognized in the balance sheet</b>		
Projected benefit obligation at the end of the year	<b>5,567,099</b>	4,716,890
Fair value of plan assets at the end of the year	<b>3,029,336</b>	2,095,678
<b>Funded status of the plans-asset/(liability) recognized in the balance sheet</b>	<b>(2,537,763)</b>	(2,621,212)
<b>Cost for the period:</b>		
Current service cost	<b>456,977</b>	392,004
Interest cost	<b>377,351</b>	329,514
Expected return on plan asset	-	-
Net actuarial (gain)/loss recognized in the period	<b>654,666</b>	700,992
<b>Net cost recognized in Profit &amp; Loss Account</b>	<b>1,414,779</b>	1,421,698
<b>Assumptions: -</b>		
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 Rs.22,99,954/- (Previous Year- Rs.22,69,470/-) has been recognized in the Profit & Loss Account during the period.



### 2.33 Consumption Of Raw Materials:

Raw Material	%	2016-2017 ₹	%	2015-2016 ₹
Indigenous	60.02	60,148,688	48.46	46,944,295
Imported	39.98	40,058,195	51.54	49,918,379
<b>TOTAL</b>	<b>100</b>	<b>100,206,883</b>	<b>100</b>	<b>96,862,674</b>

### 2.34 Value of Imports (Calculated in CIF Value):

Particulars	2016-2017 ₹	2015-2016 ₹
Materials	50,655,850	54,033,602
Capital Equipment	-	-
<b>Total</b>	<b>50,655,850</b>	<b>54,033,602</b>

### 2.35 Expenditure in Foreign Currency:

Particulars	2016-2017 ₹	2015-2016 ₹
Purchases (Imports)	60,068,278	54,290,407
Foreign Travel	568,371	90,728
<b>Total</b>	<b>60,636,649</b>	<b>54,381,135</b>

### 2.36 Earnings per Share:

Particulars		2016-2017	2015-2016
a) Profit/ (Loss) after Tax	in ₹	9,781,597	5,935,026
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) Earnings per Share			
Basic	in ₹	2.41	1.46
Diluted	in ₹	2.41	1.46

### 2.37 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.

**2.38 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	2016-2017 ₹	2015-2016 ₹
Dr. Abburi Vidyasagar	Remuneration	1,800,000	1,800,000
Mrs. Abburi Sarada	Remuneration	900,000	900,000
Mrs. Abburi Sarada	Rent	854,000	583,700

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

2.39 Sundry Creditors includes Rs. 40,67,358/- (previous year Rs. 8,96,582/-) 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.

2.40 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.

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

2.42 Previous year figures are regrouped/recast/reclassified where ever necessary.

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

for and on behalf of **Avantel Limited**

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

**N .NAVEEN**  
Director  
DIN: 02726620

**A. SARADA**  
Whole Time Director & CFO  
DIN: 00026543

Place: Hyderabad  
Date: 3<sup>rd</sup> August, 2017

**M. RAVINDRA**  
Company Secretary

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**AVANTEL LIMITED**

CIN: L72200AP1990PLC011334

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

Anandapuram (M), Visakhapatnam, Andhra Pradesh –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 27<sup>th</sup> Annual General Meeting of the shareholders of Avantel Limited on 15<sup>th</sup> September, 2017, at the Registered office of the Company at Sy. No. 141, Plot No 47/P, APIIC Industrial Park, Gambheeram (V), Anandapuram (M), Visakhapatnam - 531 163, A.P.

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

\* Applicable if shares are held in electronic form

Name & Address of Member

\_\_\_\_\_  
Signature of Shareholder/Proxy/  
Representative (Please Specify)



**Form No. MGT-11**

**Proxy form**

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

CIN	L72200AP1990PLC011334	
Name of the Company	AVANTEL LIMITED	
Registered office	Sy. No. 141, Plot No 47/P, APIIC Industrial Park, Gambheeram (V), Anandapuram (M), Visakhapatnam - 531 163, A.P	
Name of the member(s)		
Registered Address		
Email Id		
Folio No / Client ID		DP ID:

I /We, being the member(s) of \_\_\_\_\_ shares of the above named Company, hereby appoint

1	Name	
	Address	
	E-mail Id	
	or failing him	Signature
2	Name	
	Address	
	E-mail Id	
	or failing him	Signature
3	Name	
	Address	
	E-mail Id	
	or failing him	Signature

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 27<sup>th</sup> Annual General Meeting of the Company, to be held on 15<sup>th</sup> September, 2017 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	To consider and adopt the Audited Financial Statements of the Company for the Financial Year 2016-2017 together with the Report of the Board of Directors and Auditors thereon.	
2	To declare dividend of Rs. 2.00/- per Equity Share of Rs. 10/- each to the shareholders for the Financial Year 2016-17.	
3	To appoint a Director in place of Shri. Raghu Prasad Pidikiti (DIN: 0001660157), who retires by rotation and being eligible, offers himself for re-appointment as Director.	
4	To Ratify the appointment of Statutory Auditors	
5	To consider and approve the re-appointment of Smt. Abburi Sarada as Whole-Time Director of the Company	
6	To consider and approve the increase in remuneration of Dr. Abburi Vidyasagar, Chairman and Managing Director of the Company	

Signed this ..... day of ..... 2017.

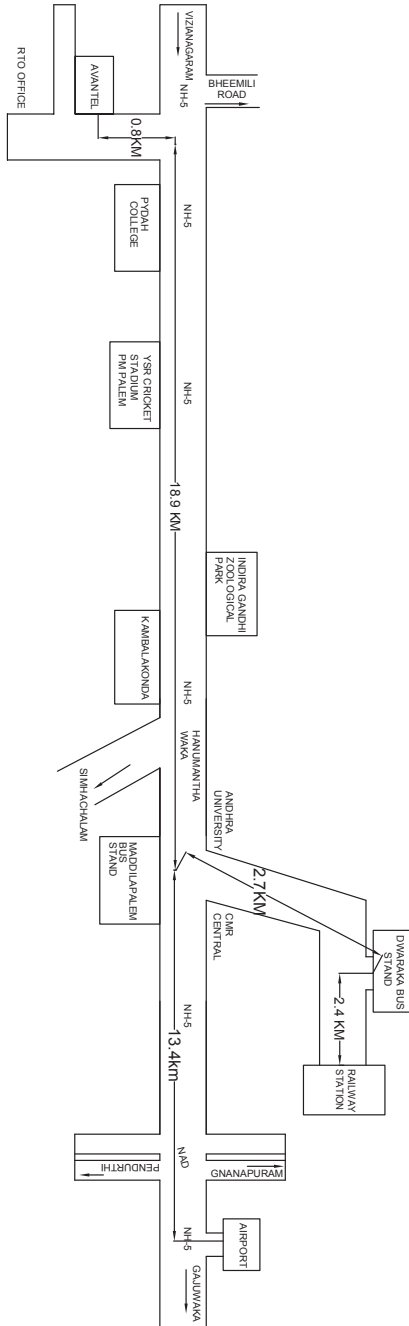
Signature of shareholder: \_\_\_\_\_ Signature of Proxy holder(s): \_\_\_\_\_

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.

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