

1<sup>st</sup> August, 2018

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 2017-18, 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 2017-18 as approved by the shareholders in the 28<sup>th</sup> Annual General Meeting of the company held on Friday, the 27<sup>th</sup> day of July, 2018 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

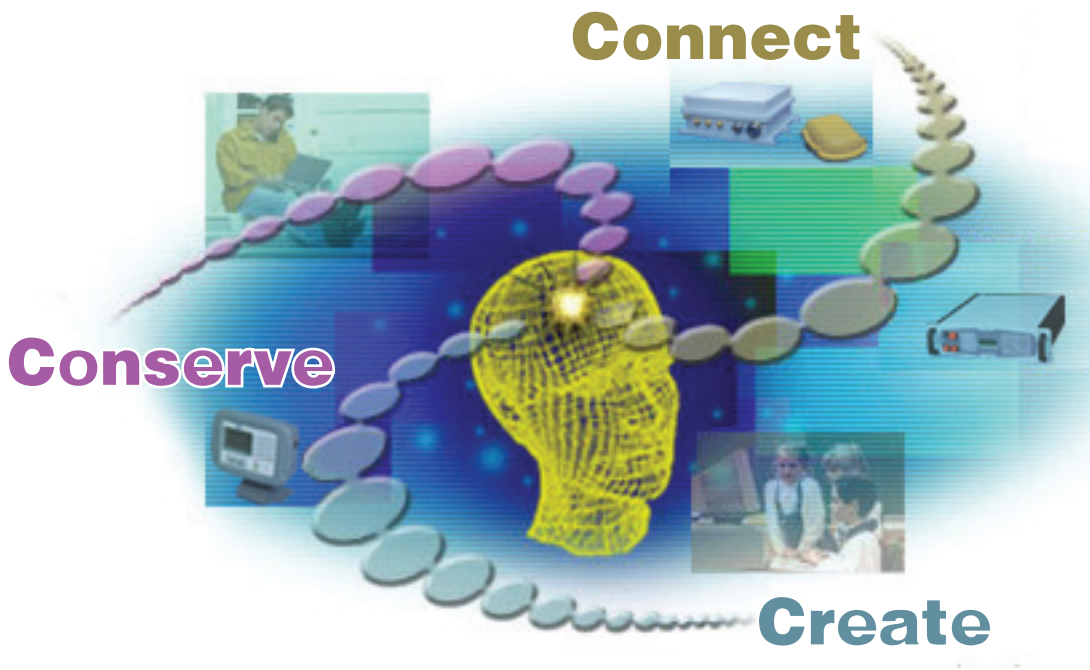
Plot No. 68 & 69, 4th Floor, Jubilee Heights  
Survey No's. 66 & 67, Jubilee Enclave  
Madhapur, Hyderabad - 500 081, Telangana  
Tel : +91-40-6630 5000  
Fax : +91-40-6630 5004

CIN - L72200AP1990PLC011334

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

AS 9100D  
ISO 9001:2015  
ISO 27001:2013

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Annual Report  
2017 - 2018



## COMPANY INFORMATION

### BOARD OF DIRECTORS

Dr. Abburi Vidyasagar	-	Chairman & Managing Director
Smt. Abburi Sarada	-	Whole-Time Director
Shri. Subramaniya 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: L72200AP1990PLC011334

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

#### Corporate Office:

Plot No. 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

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## NOTICE

Notice is hereby given that the 28th Annual General Meeting of the Members of Avantel Limited will be held on Friday, the 27th day of July, 2018 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 2017-2018 together with the Report of the Board of Directors and Auditors thereon.
2. To declare dividend of ₹. 4/- per Equity Share of ₹.10/- each to the shareholders for the Financial Year 2017-18.

3. To appoint a Director in place of Shri. Subramaniya Balakrishnan (DIN: 00026612), who retires by rotation and being eligible, offers himself for re-appointment as Director.

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

Place: Hyderabad  
Date: 28<sup>th</sup> May, 2018

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 21.07.2018 to 27.07.2018 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 20.07.2018 ; 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. 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.
8. 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.
9. 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.
10. 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.
11. 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.
12. 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.
13. 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.
14. The annual report for the financial year 2017-18 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 2017-18, free of cost, upon sending a request to the Company Secretary at Jubilee Heights, Plot No. 68 & 69, Survey No's. 66 & 67, Madhapur, Hyderabad-500081, Telangana.
  15. 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.
  16. 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 2010-11 onwards are requested to make their claims to the Company without any further delay.
  17. 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.
  18. 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.
  19. 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.
  20. 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.
  21. The voting rights of members shall be in proportion to their shareholding in the paid up equity share capital of the Company as on 20.07.2018 being the cut-off date.
  22. The members of the Company, holding shares either in physical form or in dematerialized form, as on 20.07.2018, being the cutoff date, may cast their vote (for or against) electronically.
  23. 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.
24. 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.
  25. Mr. M. B. Suneel, Practicing Company Secretary has been appointed by the Board as Scrutinizer for the purpose of ascertaining the requisite majority for all the businesses in a fair and transparent manner. The results declared along with the scrutinizer's report shall be placed on the website of the Company.
  26. 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.
  27. The Proxy Form and the Attendance slip are enclosed with this notice.
  28. 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.
2. The Members whose names appear in the Register of Members / List of Beneficial Owners as on 20.07.2018 (cut-off date), are entitled to vote on the resolutions set forth in this Notice.
  3. The e-voting period will commence on 24.07.2018 (9:00hrs) and will end 26.07.2018 (17:00 hrs). During this period, shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date may cast their vote electronically. The e-voting module shall be disabled by M/s. Karvy Computershare Pvt. Ltd for voting thereafter. Members will not be able to cast their votes electronically beyond the date & time mentioned above.
  4. The Company has appointed Mr. M. B. Suneel, Practising Company Secretary, to act as Scrutinizer to conduct and scrutinize the electronic voting process and poll at the Annual General Meeting in a fair and transparent manner. The members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereunder.

## PROCEDURE & INSTRUCTIONS FOR E-VOTING

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

#### I. Please take note of the below:

- (A) In case a Member receiving an email from Karvy for Members whose email IDs are registered with the Company/Depository Participant(s):
  - (i) Launch internet browser by typing the URL: <https://evoting.karvy.com>.
  - (ii) Enter the login credentials (i.e. User ID and Password as mentioned in the Covering Letter). Your Folio No. / DP ID-Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
  - (iii) After entering these details appropriately, click ok "LOGIN".
  - (iv) You will now reach password change Menu wherein you are required to mandatorily

change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

- (v) You need to login again with the new credentials.
  - (vi) On successful login, the system will prompt you to select the "EVENT" i.e., Avantel Limited.
  - (vii) On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off date under "FOR/AGAINST" or alternatively, you may partially enter any numbering "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as mentioned in the Covering Letter. You may also choose the option "ABSTAIN". If the shareholder does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
  - (viii) Shareholders holding multiple folios/demat accounts shall choose the voting process separately for each folios/demat accounts.
  - (ix) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
- (x) You may then cast your vote by selecting an appropriate option and click on "Submit".
  - (xi) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on all the Resolution(s).
  - (xii) Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/ Authority Letter, etc. together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer/ Company at e-mail ID: [cssunil1427@gmail.com](mailto:cssunil1427@gmail.com)/ [m.ravendra@avantel.in](mailto:m.ravendra@avantel.in) with a copy marked to [evoting@karvy.com](mailto: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 26.07.2018, 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. 20.07.2018 may write to the Karvy on the email ID: [shobha.anand@karvy.com](mailto:shobha.anand@karvy.com) (or) contact Ms. C.Shoba 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 Sl. No. (i) to (xii) as mentioned in (A) above, to cast the vote.
2. The remote e-voting period commences on 24.07.2018 at 9:00 hours and ends on 26.07.2018 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 20th July, 2018, 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 28th 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. 20.07.2018.
  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. 20.07.2018 only shall be entitled to avail the facility of remote e-voting/voting at 28th 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 24.07.2018 End of remote e-voting: Up to 17:00 hours (IST) on 26.07.2018 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. 27.07.2018-.
  11. The Results on resolutions shall be declared not later than 48 hours from the conclusion of the AGM of the Company and the resolutions will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favour of the Resolutions.
  12. The results declared along with the scrutinizer’s report(s) will be available on the website of the Company ([www.avantel.in](http://www.avantel.in)) and on service provider’s website (<https://evoting.karvy.com>) and will be communicated to the BSE Limited within 48 hours from the conclusion of the AGM.

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

Sd/-

**M Ravindra**

Company Secretary

Place: Hyderabad  
Date: 28<sup>th</sup> May, 2018

## DIRECTOR'S REPORT

Dear Members,

Your Directors have pleasure in presenting the 28<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, 2018.

### 1. FINANCIAL SUMMARY:

Your Company's performance during the year ended 31<sup>st</sup> March, 2018, as compared to the previous financial year, is summarized as below:

(₹. In Lakhs)

PARTICULARS	Financial Year 2017-18	Financial Year 2016-17
Total Revenue	6,754.26	3,500.08
Expenses	4,084.88	3,063.40
Operating Profit	2,669.38	436.68
Depreciation	163.63	179.33
Finance Charges	86.54	151.84
Net Profit / Loss Before Tax (PBT)	2419.21	105.51
Provision for Tax		
Current Tax	516.30	23.44
Deferred tax	172.49	-6.30
Net Profit (PAT)	1,730.42	88.37

### 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>, 2018.

### 3. COMPANY PERFORMANCE:

Your Company posted good financial results with a net profit of ₹. 17.30 crores during the year under review. Due to continuous efforts of the management the turnover of the company increased by 51% 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, 2018, is ₹. 4,05,50,930/-. During the year under review, the Company has not issued shares with differential voting rights, sweat equity shares or Employee Stock Options.

### 5. DIVIDEND:

Your Directors recommended a dividend of ₹. 4.00/- i.e. 40% per equity share of ₹.10/- each for the financial year 2017-18. 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 20.07.2018 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:

During the financial year there were no changes in the Board of Directors and Key Managerial Personnel of the Company.

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

### 7. DECLARATION BY INDEPENDENT DIRECTORS

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 Five times during the financial year 2017-18 viz., on, 6th April, 2017, 30th May, 2017, 3rd August, 2017, 8th November, 2017, and 27th

January, 2018. 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 29th 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 31st March, 2018.

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 2017-18, as required under Section 204 of the Companies Act,

2013 and Rule 9 there-under. The secretarial audit report for F.Y. 2017-18 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 31st March, 2018.

**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 part of the Corporate Social Responsibility initiative, the Company has spent ₹. 8,01,875/- towards various CSR activities in the financial year 2017-18. 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 31st March, 2018.

**21. NOMINATION AND REMUENRATION POLICY:**

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

**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, 2018, 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 31st March, 2018, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2018 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. 36 of the Financial Statements of the Company for the financial year ended 31st March, 2018. 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:**

As the networth of the company as on 31st March, 2018 stands more than ₹. 25 crores, the company is required to comply with the provisions of corporate governance as mentioned under Regulation 15 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 with in six months therefrom. The Company is taking adequate steps to comply with the said compliances.

**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 ₹. 120 Lakhs or more, or employees who are employed for part of the year and in receipt of ₹. 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 are no significant material orders passed by the Regulators /Courts/ Tribunals which would impact the going concern status of the Company and its future operations except as stated below:

**AMALGAMATION:**

As the members are aware that the company had filed a petition with the Hon'ble National Company Law Appellate Tribunal, New Delhi against the order passed by the Hon'ble National Company Law Tribunal, Hyderabad Bench to approve the proposed Scheme of Amalgamation between Avantel Limited (Transferee Company) and Wiki Kids Limited (Transferor Company) and their respective shareholders and creditors. Even though all the statutory authorities conveyed their no objection to the said Scheme it did not find in favour with the Hon'ble National Company Law Appellate Tribunal, New Delhi. In this regard the board of directors have decided to not pursue further.

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

There were no Material Changes and Commitments Affecting the Financial Position of the Company.



**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.

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

Place: Hyderabad  
Date: 28<sup>th</sup> May, 2018

Sd/-  
**A Vidyasagar**  
Chairman & Managing Director  
DIN: 00026524

Form No. MR-3

**SECRETARIAL AUDIT REPORT**

for the Financial Year ended March 31, 2018

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

To

The Members

Avantel Limited

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

Gambheeram(V), Anandapuram (M),

Vishakhapatnam, Andhra Pradesh-531163

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

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 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) The 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. There were no changes in the composition of the Board of Directors 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 company has approached 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. On 21st December, 2017 the Hon'ble Appellate Tribunal have pronounced orders dismissing the proposed Scheme of Amalgamation.

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

Place: Hyderabad  
Date : 28<sup>th</sup> May, 2018

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, 2017 to 31<sup>st</sup> March, 2018.

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 Board 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:**

₹. 87,13,292/- (Rupees Eighty Seven Lakhs Thirteen Thousand Two Hundred Ninty 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 ₹. 1,74,266/- ( Rupees One Lakh Seventy Four Thousand Two Hundred Sixty Six Only)

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

- a) Total amount spent for the financial year: ₹. 8,01,875/-
- 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 is taking care of maintainance of rest rooms & wash areas of Z P H School adopted by it during the F. Y. 2016-17.	Education	Chandrampalem, Madhurawada, Visakhapatnam (Andhra Pradesh)		31,500	31,500	By the Company
2	The Company has forwarded an amount of ₹.7,50,000 to Smt. Abburi Lakshmikantam Charitable Trust to carry out the construction of dining hall cum kitchen and renovation of buildings of Z P H School, Taduvai under its Corporate Social Responsibility activities.	Education	Z P H School Taduvai, W.G.Dt. Andhra Pradesh		7,70,375	7,70,375	By the Trust
<b>Total</b>					<b>8,01,875</b>	<b>8,01,875</b>	

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

Sd/-

**A Vidyasagar**

Chairman & Managing Director

DIN: 00026524

Place: Hyderabad  
Date: 28<sup>th</sup> May, 2018

## 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 and Corporate office
- (ii) The Company for utilizing alternate source of energy is here under
- 25 KVA Grid connected Solar Power Plant installed at Visakhapatnam.

**B. PARTICULARS WITH RESPECT TO ABSORPTION OF TECHNOLOGY, RESEARCH AND DEVELOPMENT (R&D) SPECIFIC AREAS, IN WHICH R & D WAS CARRIED OUT BY THE COMPANY:****a) Technology Absorption Adoption and Innovation**

The Company develops products with in-house technology.

Automatic wire harness tester is established.

Anechoic Chamber for antenna test facility is 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 1 KW HF Power Amplifier & Antenna Tuning Unit

Development of MSS transceiver for SSK submarines.

Development of MSS transceivers with voice up gradation feature for MARCOS

1.5 to 30 MHz Power Amplifier 1 KW, 20 to 500MHz 1 KW power amplifier.

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

MSS reporting terminal for Coastal surveillance.

MSS Transceiver with Electronic Beam former for GSAT-7 Satellite for Indian Naval Ships.

**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 and P8I aircraft.
- MSS transceiver with electronic Beam Former for Seaking & ALH helicopters.

- Development of MSS Terminals for Next Generation Satellite.
- Development of IKW HF System for Indian Navy.
- Two Way Data terminal for coastal surveillance.
- MSS transceiver with electronic beam former for G-Sat 6
- Universal MSS Terminal for voice and data applications using G-Sat-6
- Hardware development of ASIC based modem with high data rate up to 40Mbps.
- MSS Terminal for minesweepers.
- Hybrid Portable Multimedia terminal (MSS+GSM)
- HF radio & Modem with SDR architecture.

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

₹. in Lakhs

Capital	29.69
Recurring	454.32
<b>Total</b>	<b>484.01</b>
<b>Total R &amp; D expenditure % as of Turnover</b>	<b>9.29%</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	:	₹. 898.67 Lakhs

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

Place: Hyderabad  
Date: 28<sup>th</sup> May, 2018

Sd/-  
**A Vidyasagar**  
Chairman & Managing Director  
DIN: 00026524

**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 ₹.
Dr. Abburi Vidyasagar Chairman & Managing Director	Remuneration & perquisites	3 Years w.e.f. 3 <sup>rd</sup> August, 2017	N.A	03.08.2017	30,00,000
Dr. Abburi Vidyasagar Chairman & Managing Director	Commission on Profit	3 Years w.e.f. 3 <sup>rd</sup> August, 2017	N.A	03.08.2017	34,16,835
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	Commission on Profit	3 Years w.e.f. 14.05.2017	N.A	09.02.2017	41,46,530
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: 28<sup>th</sup> May, 2018

Sd/-  
**A Vidyasagar**  
Chairman & Managing Director  
DIN: 00026524



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

**EXTRACT OF ANNUAL RETURN**

**As on financial year ended on 31.03.2018**

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

<b>I. REGISTRATION &amp; OTHER DETAILS:</b>		
1	CIN	L72200AP1990PLC011334
2	Registration Date	30/05/1990
3	Name of the Company	AVANTEL LIMITED
4	Category/Sub-category of the Company	Company limited by Shares
		Indian Non - Government Company
5	Address of the Registered office & contact details	Sy. No. 141, plot no.47/P, APIIC Industrial Park, Gambheeram(v), Anandapuram (m), Vishakhapatnam, Andhra Pradesh, India - 531163
6	Whether listed company	Yes
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Computershare Pvt. Ltd Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032.

<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)			
<b>Sl. No.</b>	<b>Name and Description of main products / services</b>	<b>NIC Code of the Product/service</b>	<b>% to total turnover of the company</b>
1	Telecom Equipment	61900	100

<b>III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES</b>					
<b>Sl. No</b>	<b>Name and address of the Company</b>	<b>CIN/GLN</b>	<b>Holding/ Subsidiary/ Associate</b>	<b>% of shares held</b>	<b>Applicable Section</b>
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-2017]				No. of Shares held at the end of the year[As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	15,19,268	0	15,19,268	37.47%	14,71,944	0	14,71,944	36.30%	(1.17%)
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>15,19,268</b>	<b>0</b>	<b>15,19,268</b>	<b>37.47%</b>	<b>14,71,944</b>	<b>0</b>	<b>14,71,944</b>	<b>36.30%</b>	<b>(1.17%)</b>
<b>(2) 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>15,19,268</b>	<b>0</b>	<b>15,19,268</b>	<b>37.47%</b>	<b>14,71,944</b>	<b>0</b>	<b>14,71,944</b>	<b>36.30%</b>	<b>(1.17%)</b>
<b>B. Public Shareholding</b>									
<b>1. 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%	530	0	530	0.01%	0.01%
f) Insurance Companies	-	-	-	0.00%	-	-	-	0.00%	0.00%
g) FII's	-	-	-	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>530</b>	<b>0</b>	<b>530</b>	<b>0.01%</b>	<b>0.01%</b>

<b>2.</b>	<b>Non-Institutions</b>									
	<b>a) Bodies Corp.</b>									
i)	Indian	2,35,147	400	2,35,547	5.81%	1,76,554	200	1,76,754	4.36%	(1.45%)
ii)	Overseas	-	-	-	0.00%	-	-	-	0.00%	0.00%
	<b>b) Individuals</b>									
i)	Individual shareholders holding nominal share capital upto Rs. 1 lakh	11,93,555	91,044	12,84,599	31.68%	12,98,661	57,543	13,56,204	33.45%	1.77%
ii)	Individual shareholders holding nominal share capital in excess of Rs 1 lakh	9,66,659	0	9,66,659	23.84%	9,69,902	0	9,69,902	23.92%	0.08%
	<b>c) Others (specify)</b>									
	Non Resident Indians	31,373	0	31,373	0.77%	31,481	0	31,481	0.78%	0.01%
	Non Resident Indians-Non Repatriation	5,722	0	5,722	0.14%	9,265	0	9,265	0.23%	0.09%
	Overseas Corporate Bodies	-	-	-	0.00%	-	-	-	0.00%	0.00%
	Foreign Nationals			-	0.00%	-	-	-	0.00%	0.00%
	Clearing Members	11,325	0	11,325	0.28%	3,032	0	3,032	0.07%	(0.21%)
	Trusts	0	0	-	0.00%	0	0	-	0.00%	0.00%
	Foreign Bodies - D R	0	0	-	0.00%	0	0	-	0.00%	0.00%
	IEPF	-	-	-	0.00%	35,381	0	35,381	0.87%	0.87%
	<b>Sub-total (B)(3):-</b>	<b>24,43,781</b>	<b>91,444</b>	<b>25,35,225</b>	<b>62.53%</b>	<b>25,24,276</b>	<b>57,743</b>	<b>25,82,019</b>	<b>63.68%</b>	<b>1.15%</b>
	<b>Total Public (B)</b>	<b>24,43,781</b>	<b>91,444</b>	<b>25,35,225</b>	<b>62.53%</b>	<b>25,24,806</b>	<b>57,743</b>	<b>25,82,549</b>	<b>63.70%</b>	<b>1.17%</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>39,63,049</b>	<b>91,444</b>	<b>40,54,493</b>	<b>100.00</b>	<b>39,96,750</b>	<b>57,743</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 2017			Shareholding at the end of the year March 2018			% 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	7,86,720	19.40%	0	7,39,396	18.23%	0	(1.17%)
2	Abburi Sidhartha Sagar	2,74,000	6.76%	0	2,74,000	6.76%	0	0.00%
3	Abburi Sarada	1,99,449	4.92%	0	1,99,449	4.92%	0	0.00%
4	Abburi Sailaja	2,22,479	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	15,19,268	37.47%	0	14,71,944	36.30%	0	(1.17%)

**(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	01.04.2017	N.A.	15,19,268	37.47%	-	0.00%
Changes during the year	29.06.2017	Sale	(13,399)	(0.33%)	15,05,869	37.14%
	05.07.2017	Sale	(33,925)	(0.84%)	14,71,944	36.30%
At the end of the year	31.03.2018	N.A.	14,71,944	36.30%	14,71,944	36.30%

**(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	01.04.2017	N.A.	3,00,000	7.40%	-	
	Changes during the year	NA		-	0.00%	3,00,000	7.40%
	At the end of the year	31.03.2018	N.A.	3,00,000	7.40%	3,00,000	7.40%

2	<b>VASUDEVARAO DHANEKULA</b>						
	At the beginning of the year	01.04.2017	N.A.	28,390	0.70%	-	
	Changes during the year	07.04.2017	Purchase	3,983	0.10%	32,373	0.80%
		14.04.2017	Purchase	2,627	0.06%	35,000	0.86%
		30.06.2017	Purchase	703	0.02%	35,703	0.88%
		07.07.2017	Purchase	297	0.01%	36,000	0.89%
		14.07.2017	Purchase	11,000	0.27%	47,000	1.16%
		05.01.2018	Purchase	2,372	0.06%	49,372	1.22%
		12.01.2018	Purchase	628	0.02%	50,000	1.23%
		09.02.2018	Purchase	10,096	0.25%	60,096	1.48%
		16.02.2018	Purchase	4,840	0.12%	64,936	1.60%
		23.02.2018	Purchase	64	-	65,000	1.60%
		09.03.2018	Purchase	10,000	0.25%	75,000	1.85%
16.03.2018	Purchase	827	0.02%	75,827	1.87%		
At the end of the year	31.03.2018	N.A.	75,827	1.87%	75,827	1.87%	
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	01.04.2017	N.A.	61,460	1.52%	-	-
	Changes during the year	12.05.2017	Purchase	2	-	2	-
		02.06.2017	Purchase	24,167	0.60%	24,169	0.60%
		09.06.2017	Sold	(500)	(0.02)	23,669	0.58%
		30.06.2017	Purchase	50,642	1.25%	74,311	1.83%
		28.07.2017	Sold	(6,000)	(0.15%)	68,311	1.68%
		01.09.2017	Sold	(1,000)	(0.02)	67,311	1.66%
		08.09.2017	Sold	(526)	(0.01%)	66,785	1.65%
		09.02.2018	Sold	(5,325)	(0.13%)	61,460	1.52%
At the end of the year	31.03.2018	N.A.	61,460	1.52%	61,460	1.52%	
5	<b>Hindustan Candle MFG Co. Pvt. Ltd</b>						
	At the beginning of the year	01.04.2016	N.A.	43,657	1.08%	-	
	Changes during the year	NA	NA	NA	NA	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	01.04.2017	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>PRAVIN KUMAR AGRAWAL</b>						
	At the beginning of the year	01.04.2017	N.A.	-	-	-	-
	Changes during the year	02.02.2018	Purchase	4,078	0.10%	4,078	0.10%
		09.02.2018	Purchase	5,922	0.15%	10,000	0.25%
		09.03.2018	Purchase	10,000	0.25%	20,000	0.49%
16.03.2018		Purchase	10,000	0.25%	30,000	0.74%	
At the end of the year	31.03.2018	N.A.	30,000	0.74%	30,000	0.74%	
8	<b>RAJASEKHAR GUTTIKONDA</b>						
	At the beginning of the year	01.04.2017	N.A.	30,787	0.76%	-	-
	Changes during the year	N.A.	N.A.	-	-	30,787	0.76%
	At the end of the year	31.03.2018	N.A.	30,787	0.76%	30,787	0.76%
9	<b>UTSAV PRAMODKUMAR SHRIVASTAV</b>						
	At the beginning of the year	01.04.2017	N.A.	30,000	0.74%	-	-
	Changes during the year	30.06.2017	Purchase	10,000	0.25%	40,000	0.99%
		07.07.2017	Sold	(40,000)	(0.99%)	0	0.00%
		29.09.2017	Purchase	41,000	1.01%	41,000	1.01%
		29.12.2017	Purchase	4,000	0.10%	45,000	1.11%
		05.01.2018	Sold	(4,000)	(0.10%)	41,000	1.01%
At the end of the year	31.03.2018	N.A.	41,000	1.01%	41,000	1.01%	
10	<b>ASHOK ATLURI #</b>						
	At the end of the year	01.04.2017	N.A.	28,300	0.70%	28,300	0.70%
	Changes during the year	31.10.2017	Sold	(2,600)	(0.07)	25,700	0.63%
		03.11.2017	Sold	(3,600)	(0.08)	22,100	0.55%
		09.03.2018	Sold	(4,000)	(0.10)	18,100	0.45%
At the end of the year	31.03.2018	N.A.	-	-	-	-	
11	<b>VARALAKSHMI GUTTIKONDA*</b>						
	At the beginning of the year	01.04.2017	NA	16,120	0.40%	16,120	0.40%
	Changes during the year	NA	NA	9,403	0.23%	25,523	0.63%
	At the end of the year	31.03.2018	NA	25,523	0.63%	25,523	0.63%

\* Marked shareholders were not present in the list of top 10 shareholders as on 01.04.2017 and are reflecting in the above list since they are in the top 10 list as on 31.03.2018.

# Marked shareholders ceased to be in the list of top 10 shareholders as on 31.03.2018, however they are reflected in the above list since they were present in the top 10 list as on 01.04.2017

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

SN	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
I	<b>Abburi Vidyasagar</b>						
	At the beginning of the year	01.04.2017	NA	7,86,720	19.40%		
	Changes during the year	29.06.2017	Sale	(13,399)	-0.33%	7,73,321	19.07%
		05.07.2017		(33,925)	-0.84%	7,39,396	18.23%
At the end of the year	31.03.2018	NA	7,39,396	18.23%	7,39,396	18.23%	

2	<b>Abburi Sarada</b>						
	At the beginning of the year	01.04.2017	NA	1,99,449	4.92%		0.00%
	Changes during the year	N.A.	NA	-	0.00%	-	0.00%
	At the end of the year	31.03.2018	NA	1,99,449	4.92%	1,99,449	4.92%
3	<b>Subramaniyam Balakrishnan</b>						
	At the beginning of the year	01.04.2017	NA	-	0.00%		0.00%
	Changes during the year	N.A.	NA	-	0.00%	-	0.00%
	At the end of the year	31.03.2018	NA		0.00%	-	0.00%
4	<b>Naveen Nandigam</b>						
	At the beginning of the year	01.04.2017	NA	-	0.00%		0.00%
	Changes during the year	N.A.	NA	-	0.00%	-	0.00%
	At the end of the year	31.03.2018	NA		0.00%	-	0.00%
5	<b>Yalamanchili Kishore</b>						
	At the beginning of the year	01.04.2017	NA	-	0.00%		0.00%
	Changes during the year	N.A.	NA	-	0.00%	-	0.00%
	At the end of the year	31.03.2018	NA		0.00%	-	0.00%
6	<b>Raghu Prasad Pidikiti</b>						
	At the beginning of the year	01.04.2017	N.A.	-	0.00%		0.00%
	Changes during the year	N.A.	N.A.	-	0.00%	-	0.00%
	At the end of the year	31.03.2018	N.A.		0.00%	-	0.00%
7	<b>Myneni Narayana Rao</b>						
	At the beginning of the year	01.04.2017	N.A.	-	0.00%		0.00%
	Changes during the year	N.A.	N.A.	-	0.00%	-	0.00%
	At the end of the year	31.03.2018	N.A.		0.00%	-	0.00%
8	<b>Eluru Bala Venkata Ramana Gupta</b>						
	At the beginning of the year	01.04.2017	N.A.	-	0.00%		0.00%
	Changes during the year	N.A.	N.A.	-	0.00%	-	0.00%
	At the end of the year	31.03.2018	N.A.		0.00%	-	0.00%
9	<b>Ravindra Mamilapalli</b>						
	At the beginning of the year	01.04.2017	N.A.	-	0.00%		0.00%
	Changes during the year	N.A.	N.A.	-	0.00%	-	0.00%
	At the end of the year	31.03.2018	N.A.		0.00%	-	0.00%

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment. (Amt. ₹.)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	11,43,66,225	-	-	11,43,66,225
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>11,43,66,225</b>	<b>-</b>	<b>-</b>	<b>11,43,66,225</b>
Change in Indebtedness during the financial year				

* Addition	-	-	-	-
* Reduction	(11,43,66,225)	-	-	(11,43,66,225)
Net Change	(11,43,66,225)	-	-	(11,43,66,225)
Indebtedness at the end of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</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 ₹.)
		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	25,93,548	11,64,516	37,58,064
	(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>25,93,548</b>	<b>11,64,516</b>	<b>37,58,064</b>
	Ceiling as per the Act	3,000,000	3,000,000	6,000,000

### B. Remuneration to other Directors

Sl. No..	Particulars of Remuneration	Name of Directors				Total Amount ₹.
1	Independent Directors	Y. Kishore	N. Naveen	EBV Ramana Gupta	M Narayna Rao	
	Fee for attending board committee meetings	67,500.00	1,20,000.00	82,500.00	92,500.00	3,62,500.00
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	<b>Total (I)</b>	<b>67,500.00</b>	<b>1,20,000.00</b>	<b>82,500.00</b>	<b>92,500.00</b>	<b>3,62,500.00</b>



2	Other Non-Executive Directors	S.Balakrishnan	Raghu prasad pidikiti			-
	Fee for attending board committee meetings	45,000.00	22,500.00			67,500.00
	Commission					-
	Others, please specify					-
	<b>Total (2)</b>	<b>45,000.00</b>	<b>22,500.00</b>	<b>-</b>		<b>67,500.00</b>
	<b>Total (B)=(1 +2)</b>					<b>4,30,000.00</b>
	<b>Total Managerial Remuneration</b>					<b>41,88,064.00</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		11,64,516.00	2,40,000.0	14,04,516.00
	(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>11,64,516.00</b>	<b>2,40,000.00</b>	<b>14,04,516.00</b>

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

	Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/Compounding fees imposed	Authority [RD / NCLT/ COURT]	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: 28<sup>th</sup> May, 2018

Sd/-  
**A Vidyasagar**  
Chairman & Managing Director  
DIN: 00026524

## 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 recorded highest annual turnover and profit since inception in the financial year under review. This was possible with consistent efforts and consolidation of its present product offerings more particularly in the Satcom segment. As part of your company's continuous endeavours to offer products with new features, the company unveiled the new version of MSS system viz. MSS Mark II which works on Beam Former Technology. The new version facilitates Satellite based Voice and data communications on Ships and Aircrafts.

Your company was accorded certification by CEMILAC for undertaking Modification and Installation of Avionics Systems on Military aircraft. The Company has successfully completed Installation of the UHF Satcom system on IL-38 aircraft.

Your company designed and developed an innovative Real Time Train Tracking system working on GSAT-6 satellite. The MSS system was installed and tested successfully on 10 Locomotives attached to Rajdhani and Shatabdi trains in the Northern Railway.

You are further aware that Your Company has collaborated with M/S Hegenuk Marinekommunikations, 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 company has recorded a total income of ₹. 67.24 crores as against ₹. 34.10 crores in the previous year. Setting aside the profit on sale of assets, your company achieved an impressive growth of 53% during the Silver Jubilee year. Similarly the profit after tax rose by 364 % compared to last fiscal.

#### Outlook for the next year

Indian economy gave a resilient performance in 2017-18 and has been continuing on the trajectory of sustained growth. According to the Secretary, Department of Economic Affairs, and Government of India, the Country is poised to remain the fastest growing large economy in the World and its GDP is expected to reach \$ 5 Trillion by 2025 by leveraging on digitalization, globalization, favourable demographics and structural reforms.

The Economy is expected to grow at around 7.4% in 2018-19 as estimated by various agencies. The transformational reforms such as GST, and initiatives such as Insolvency and Bankruptcy code, recapitalization of banks and unclugging of infrastructure investments will support such elevated growth.

Though India's Defence Budget FY 2018-19, registered a marginal increase from ₹. 2.74 lakh crores in FY17-18 to ₹. 2.95 lakh crores, the Indian defence landscape is evolving rapidly. The prioritisation of indigenous manufacturing in the current DPP has helped set the tone for expanded domestic capacities and larger investments in production capabilities. The MSME ecosystem however remains underdeveloped for a variety of reasons. The offsets regime has tried to correct this imbalance by imposing certain conditions for regulating procurement from foreign vendors.

The Honourable Finance Minister during Budget speech announced that the Government would also bring out an industry-friendly "defence production policy 2018" to promote domestic production by the public sector, private sector and Micro, Small and Medium Enterprises (MSMEs).

### (B) Risks And Concerns:

#### RISKS:

The customer concentration is high as around 80% of the sales were made to a single customer. The business of the company is sensitive to the project priorities of Defence establishments besides policies/procedures of the government. Therefore the time frame of the orders is unpredictable and consequently steady stream of revenue cannot be expected. Commercial feasibility of small orders supplemented with a lack of economies of scale in production and long gestation periods are some of the concerns lagging the growth trajectory.

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

**RISK MITIGATION:**

The company has put in place a comprehensive 'Risk Management Framework' for the continuous identification, updating, evaluation, prioritization and management of risks. The RMC reviews the risk management efforts in the company as a whole in a quarterly basis.

The company's R&D efforts are oriented towards improvements in the existing product capability and development of new technologies that can serve the customer better.

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

With regard to effect of foreign currency fluctuations on the profitability of the company, no adverse affect is envisaged as at present the value of imported components as a percentage of sales revenue is not significant.

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

The growth of Indian Defense sector is driven by modernization plans, an increased focus on security due to perceived threats from neighbors, besides growing attractiveness as a market for cost effective defense manufacturing hub The Government of India , in order to make focus on " Make in India" undertook changes in the defense policies there by creating conducive business environment for private sector participation along with public sector companies for capability and capacity creation / utilization. Global majors in defense sector are setting up manufacturing facilities in India and are developing the supply chain in India for their global requirements. This may throw up good opportunities on export front.

As per estimates by Reliance Infrastructure Ltd, the government opportunity for defense hardware acquisition in next 15 years is estimated to be around ₹.15 trillion (i.e. ₹.1 trillion per annum). Out of the total opportunity, aerospace would be around ₹. 5.2 trillion, Navy at ₹. 3.5 trillion, Land systems at ₹. 6 trillion and other security at ₹. 0.3 trillion. Moreover, it also expects India to receive Offset opportunities in the excess of ₹. 770 bn in next 2-3years. As per Larsen and Toubro, the current profile of infrastructure held by the Indian Armed Forces suggests that government needs to make serious efforts towards upgrading defence resources, by the modernization, up gradation and maintenance of the existing setup and this will result in opportunities for the defence manufacturing companies.

Avantel is well positioned to leverage the emerging opportunities in "Make in India" guided by the new policy in view of its core competence offering innovative/ niche solutions in Satellite Communications & Wireless solutions segment in India.

**THREATS:**

The increasing FDI and the offset policy introduced by the government is attracting many global players in the country. These players are forming joint ventures with Indian counterparts to gain share and are in the process of establishing supply-chain.

Global players are entering into tie-up arrangements with big companies in private as well as public sector. This may spur competition in the Satcom sector and could be a threat and may turn to be a potential opportunity for your company as well.

**(D) Internal Control Systems:**

Your company has well defined internal control systems. The company has the following certifications:

- (i) Accreditation by National Accreditation Board for Testing and Calibration Laboratories (NABL) as per ISO / IEC 17025:2005 for Test facilities of the company
- (ii) Certification as per the new standards AS 9100:2015 (Revision D) and ISO 9001:2015

The company has a robust Internal audit mechanisms which are regularly monitored through the ERP system “Funwork”. Regular Management reviews are undertaken to take corrective actions where necessary. You will be happy to note that all the external reviews carried out during the year appreciated the processes followed and the management efforts in maintaining the highest quality standards. Suggestions given by the agencies for further improvements are being implemented.

**(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 organization 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:**

Your Company has developed the following new systems during the current FY:

- (i) MSS Mark II System with Beam Former Technology
- (ii) MSS Hub Systems – Upgrade version
- (iii) 1 KW Power Amplifiers for LIC Systems
- (iv) MSS Real Time Information system (RTIS) project of Indian Railways
- (v) Universal Mobile Terminal
- (vi) Shipborn 1 KW HF system

**(G) 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. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. Actual results may differ materially from these expressed in the statement. Important factors that could make difference to Company’s operations include economic conditions, changes in the Government priorities/policies/ regulations, tax laws and other statutes and other incidental factors affecting the business environment. The Company assumes no responsibility to publicly amend, modify or revise forward-looking statements on the basis of any subsequent developments, information or events.

For and on behalf of the Board of Directors

**Avantel Limited**

Sd/-

**A Vidyasagar**

Chairman & Managing Director

DIN: 00026524

Place: Hyderabad

Date: 28<sup>th</sup> May, 2018

**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**

- In the financial year, there was increase in the remuneration of Managing Director and Whole-Time Director.
- In the financial year, there was no increase in remuneration of each Director other than Managing Director and Whole-Time Director , Chief Financial Officer and Company Secretary.
- In the financial under review, there was a decrease of 8.13% in the median remuneration of employees
- There were 195 permanent employees on the rolls of Company as on 31st March, 2018.
- 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 (₹. In Lacs) Per Annum	Previous Employment	Relative of Director If any	% of Share holding
P BalaBhaskar Rao	43	D E C E, AMIETE & 22	Vice President - Marketing	13 <sup>th</sup> February, 1995	Permanent	20.61	-	-	-
N Srinivas Rao	46	DECE, BS & 23	General Manager	10 <sup>th</sup> February, 1995	Permanent	18.38	Radio and TV Centre Electronics Corporation of India	-	-
PRL Prakash	52	M.Tech & 4	General Manager	1 <sup>st</sup> April, 2014	Permanent	17.40	BrahMos Aerospace Private Limited Det Norske Veritas (DNV) Indian Air Force	-	-
Nageswara Rao Tatikonda	55	M.Tech, PGDM & 6	General Manager	13 <sup>th</sup> July, 2012	Permanent	16.41	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 (₹. In Lacs) Per Annum	Previous Employment	Relative of Director If any	% of Share holding
Ravi Shankar Jawa	34	MBA (Mktg), B.Tech (IT) 1 Year 7 months	Regional Manager	12 <sup>th</sup> Sept, 2016	Permanent	14.18	1) In LevelOne Communications (Inida) Private Limited as Business Manager 2) In Rolta Defense Technology Systems Pvt Ltd as Management Associate I-LI	-	-
D Mahesh Kumar	49	B A, MBA, GNIIT & 19	General Manager (MIS) & CISO	1 <sup>st</sup> April, 1999	Permanent	13.92	Pennar Paterson Securities Limited Randezvous Infotech Pvt Ltd	-	-
Ipe KK	59	M.Tech & 2	Director (Technical)	4 <sup>th</sup> April, 2016	Permanent	13.50	Indian Navy	-	-
Pusuluru Srinivasa Rao	44	M.Sc & 13	General Manager (Production)	19 <sup>th</sup> January, 2005	Permanent	13.20	Vikas Communication Pvt Ltd	-	-
M J S Kishore	35	M.Sc & 12	Senior Manager (R&D)	26 <sup>th</sup> March, 2006	Permanent	12.96	-	-	-
K Pushpa Bharathi	50	B.Sc & 11	Senior Manager (Software)	3 <sup>rd</sup> October, 2006	Permanent	12.82	-	-	-

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

Place: Hyderabad  
Date: 28<sup>th</sup> May, 2018

Sd/-  
**A Vidyasagar**  
Chairman & Managing Director  
DIN: 00026524

## INDEPENDENT AUDITOR'S REPORT

To

**The Members of AVANTEL Limited**

**Report on the Audit of Ind AS Financial Statements :**

We have audited the accompanying Ind AS financial statements of **Avantel Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss (including Other Comprehensive income), the Statement of changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "financial statement").

**Management's Responsibility for the Ind AS Financial Statements**

The company's Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the act') with respect to the preparation of these Ind AS financial Statements that give a true and fair view of the state of affairs, profit/loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.

This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and effectively design, implementation and maintenance of adequate internal financial controls, that were operating for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS 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 Ind AS financial statements based on our audit. We have taken

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

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, as well as evaluating the overall presentation of the financial statements.

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

**Opinion:**

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS 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 including the Ind AS of the state of affairs of the Company as at 31st March, 2018, its Profit (including



other comprehensive income), its changes in equity and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor’s Report) Order, 2016 (“the Order”) issued by the 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 paragraphs 3 and 4 of the Order to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss, the statement of Changes in Equity and Statement of Cash Flow dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
  - (e) On the basis of written representations received from the directors as on 31st March, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March,

2018 from being appointed as a director in terms of Section 164(2) of the Act;

- (f) With respect to the adequacy of internal financial controls over financial reporting of the company and operating effectiveness of such controls, refer to our separate report in “Annexure-B”; and
- (g) With respect to 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 given to us:
  - (i) The Company does not have any pending litigations which would impact its financial position;
  - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

Sd/-  
**(K Sreenivasan)**

Partner

Place: Hyderabad  
Date : 28<sup>th</sup> May, 2018

ICAI Membership No: 206421

## Annexure – A to the Independent Auditors’ Report

The Annexure referred to in our Independent Auditors’ Report to the members of the **Avantel Limited** on the Ind AS financial statements for the period ended 31st March 2018, we report that:

- 1.1 The Company is maintaining proper records showing full particulars including the Quantitative details and the 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 business.
- 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 property are held in the name of company.

In respect of immovable properties been taken on lease and disclosed as property, plant and equipment in the Ind AS financial statements, the lease agreements are in the name of the Company.

- 2.1 The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The company has maintained proper records of inventory. The discrepancies noticed on verification between the physical stock and book records were not material.
- 3.1 According to the information and explanations given to us, 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 Act. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the order are not applicable to the company.

4.1 In our opinion and according to the information and explanations given to us, the Company has not given any loans, made investments or provided securities to companies and other parties listed under section 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the order is not applicable to the company.

5.1 The Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 of the Act and rules framed thereunder.

6.1 In our opinion and according to the information and explanations given to us the maintenance of Cost records under section 148 (1) of the Act, as prescribed by the Central Government are not applicable to the Company. Accordingly, the provisions of clause 3(vi) of the order 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, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, service tax, Goods and Services Tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues as applicable to the appropriate authorities have generally been regularly deposited during the year by the Company with 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, Goods and Services Tax, duty of customs, duty of excise, value added tax, cess and other material statutory were in arrears as at 31st March 2018 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 Goods and Services Tax or duty of customs or duty of excise or value added tax which have not been deposited by the company on account of dispute.

- 8.1 According to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions and banks. The company did not have any outstanding loans or borrowings from financial institutions or Government and there are no dues to debenture holders during the year.
- 9.1 In our opinion and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans. Accordingly, paragraph 3(ix) of the Order is not applicable.
- 10.1 To the best of our knowledge and 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 information and explanation given to us and based on our examination of records of the company, the company has paid /provided for managerial remuneration with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Act.
- 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 to the company.
- 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 Ind AS 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 records of the company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the company.
- 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 them. Accordingly, paragraph 3(xv) of the Order is not applicable to the company.
- 16.1 According to the information and explanations given to us, 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

Place: Hyderabad

Date : 28<sup>th</sup> May, 2018

ICAI Membership No: 206421

## Annexure - B to the Independent Auditors' Report

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

### 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 31st March, 2018 in conjunction with our audit of the Ind AS 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 31st March, 2018 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)**

Place: Hyderabad  
Date : 28<sup>th</sup> May, 2018

Partner  
ICAI Membership No: 206421

**BALANCE SHEET AS AT MARCH 31, 2018**

(In ₹)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
<b>I. ASSETS</b>				
<b>(1) Non-current assets</b>				
(a) Property, Plant and Equipment	2	120,978,064	133,016,452	133,910,835
(b) Financial Assets				
(i) Trade Receivables	3	121,687	8,171,848	5,593,636
(ii) Others	4	13,830,710	5,963,314	4,078,494
(c) Deferred tax Assets (net)	5	-	4,864,469	4,234,350
<b>(2) Current Assets</b>				
(a) Inventories	6	66,731,553	76,978,796	124,429,601
(b) Financial Assets				
(i) Trade Receivables	7	89,162,958	96,248,500	35,328,761
(ii) Cash & Cash Equivalents	8	5,945,793	212,949	369,777
(iii) Bank Balances other than (iii) above	9	103,687,715	2,986,611	4,167,020
(iv) Others	10	989,184	964,649	970,868
(c) Current Tax Assets	11	5,628,120	852,241	2,231,797
(d) Other Current Assets	12	23,345,206	8,251,632	6,409,776
<b>Total</b>		<b>430,420,990</b>	<b>338,511,461</b>	<b>321,724,915</b>
<b>II. EQUITY AND LIABILITIES</b>				
<b>(1) Equity</b>				
(a) Equity Share Capital	13	40,550,930	40,550,930	40,550,930
(b) Other Equity	14	329,027,667	165,745,151	161,787,661
<b>Liabilities</b>				
<b>(2) Non-current liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	15	-	14,100,000	24,300,000
(b) Provisions	16	5,331,174	2,537,763	2,621,212
(c) Deferred Tax Liability (Net)	5	12,384,420	-	-
<b>(3) Current liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	17	-	90,230,565	60,888,739
(ii) Trade payables	18	20,514,682	5,063,296	3,224,622
(iii) Other Financial Liabilities	19	18,422,265	15,372,678	19,896,891
(b) Provisions		-	-	-
(c) Current Tax Liabilities		-	-	-
(d) Other current liabilities	20	4,189,852	4,911,078	8,454,860
<b>Total Equity and Liabilities</b>		<b>430,420,990</b>	<b>338,511,461</b>	<b>321,724,915</b>
<b>III. Significant Accounting Policies</b>	I			

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

for and on behalf of **Avantel Limited**

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

Sd/-  
**A. VIDYASAGAR**  
Chairman & Managing Director  
DIN : 00026524

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

Place: Hyderabad  
Date: 28<sup>th</sup> May, 2018

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

Sd/-  
**M. RAVINDRA**  
Company Secretary

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018**

(In ₹)

Particulars	Note No.	Year Ended March 31, 2018	Year Ended March 31, 2017
<b>I. Income</b>			
i) Revenue From Operations	21	521,033,161	344,903,819
ii) Other Income	22	154,392,464	5,105,084
<b>Total Income</b>		<b>675,425,625</b>	<b>350,008,903</b>
<b>II. Expenses</b>			
i) Cost of materials consumed	23	174,994,372	100,206,883
ii) Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	24,239,909	47,657,797
iii) Excise Duty		2,781,833	9,026,990
iv) Employee benefits expense	25	77,807,396	48,093,686
v) Manufacturing Expenses	26	28,122,094	17,218,215
vi) Research and Development Expenses	27	45,431,807	44,328,677
vii) Administration Expenses	28	6,621,556	6,504,556
viii) Selling and Distribution Expenses	29	19,412,748	16,800,138
ix) Depreciation and amortisation expense	30	16,362,344	17,933,402
x) Finance Cost	31	8,654,328	15,183,591
xi) Other Expenses	32	29,076,244	16,503,964
<b>Total expenses</b>		<b>433,504,631</b>	<b>339,457,899</b>
<b>III. Profit/(loss) before exceptional items and tax</b>		<b>241,920,994</b>	<b>10,551,004</b>
Exceptional Items			
<b>IV. Profit Before Tax</b>		<b>241,920,994</b>	<b>10,551,004</b>
Tax Expenses		<b>68,878,699</b>	<b>1,713,624</b>
i) Current Tax		<b>51,629,810</b>	<b>2,343,743</b>
ii) Deferred Tax		<b>17,248,889</b>	<b>(630,119)</b>
<b>V. Profit/(loss) for the period from continuing operations</b>		<b>173,042,295</b>	<b>8,837,380</b>
Profit/(loss) from discontinued operations		-	-
Tax expense of discontinued operations		-	-
<b>Profit/(loss) from discontinued operations after tax</b>		<b>-</b>	<b>-</b>
<b>VI. Profit/(loss) for the Period</b>		<b>173,042,295</b>	<b>8,837,380</b>
<b>VII. Other Comprehensive Income</b>			
i) Items that will not be reclassified to profit or loss:			
ii) Items that will be reclassified to profit or loss:			
iii) Other Comprehensive Income		-	-
<b>VIII. Total Comprehensive Income for the period</b>		<b>173,042,295</b>	<b>8,837,380</b>
<b>IX. Earnings per equity share :</b>			
<b>Equity Shares of par value ₹ 10/- each</b>			
(1) Basic (₹)		<b>42.68</b>	2.18
(2) Diluted (₹)		<b>42.68</b>	2.18

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

for and on behalf of **Avantel Limited**

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

Sd/-  
**A. VIDYASAGAR**  
Chairman & Managing Director  
DIN : 00026524

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

Place: Hyderabad  
Date: 28<sup>th</sup> May, 2018

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

Sd/-  
**M. RAVINDRA**  
Company Secretary

## Statement of Changes in Equity for the period ended 31.03.2018

Note No. 13

Particulars	As at March 31, 2018		As at March 31, 2017		As at March 31, 2016	
	No of Shares	Amount	No of Shares	Amount	No of Shares	Amount
Opening Equity Shares	4,054,493	40,544,930	4,054,493	40,544,930	4,054,493	40,544,930
Changes in Equity Share Capital during the year	-	-	-	-	-	-
Add Forfeited Shares (Amount originally paid up)		6,000		6,000		6,000
Closing balance	4,054,493	40,550,930	4,054,493	40,550,930	4,054,493	40,550,930

Note No. 14

Particulars	Reserves and Surplus				Total
	General Reserve	Capital Reserve	Security Premium Reserve	Retained Earnings	
Balance at the beginning of the reporting period	34,598,093	10,982,230	7,930,104	112,234,724	165,745,151
Changes in accounting policy or prior period errors	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	173,042,295	173,042,295
Dividend and Dividend Distribution Tax	-	-	-	(9,759,779)	(9,759,779)
Unamortized Premium on forward Contract	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-
Any other Changes	-	-	-	-	-
Balance at the end of the reporting period	34,598,093	10,982,230	7,930,104	275,517,240	329,027,667

B. Other Equity as at March 31, 2017

Particulars	Reserves and Surplus				Total
	General Reserve	Capital Reserve	Security Premium Reserve	Retained Earnings	
Balance at the beginning of the reporting period	34,598,093	10,982,230	7,930,104	108,277,234	161,787,661
Changes in accounting policy or prior period errors	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	8,837,380	8,837,380
Dividend and Dividend Distribution Tax	-	-	-	(4,879,890)	(4,879,890)
Unamortized Premium on forward Contract	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-
Any other Changes	-	-	-	-	-
Balance at the end of the reporting period	34,598,093	10,982,230	7,930,104	112,234,724	165,745,151



C. Other Equity as at April 01, 2016

	Reserves and Surplus				Total
	General Reserve	Capital Redemption Reserve	Security Premium Reserve	Retained Earnings	
Balance at the beginning of the reporting period	34,598,093	10,982,230	7,930,104	90,737,217	144,247,644
Changes in accounting policy or prior period errors	-	-	-	17,540,017	17,540,017
Total Comprehensive Income for the year	-	-	-	-	-
Dividend and Dividend Distribution Tax	-	-	-	-	-
Unamortized Premium on forward Contract	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-
Any other Changes	-	-	-	-	-
Balance at the end of the reporting period	34,598,093	10,982,230	7,930,104	108,277,234	161,787,661

**STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2018**

(In ₹)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>A. Cash flow from operating activities</b>		
Profit before income tax from		
Continuing operations	241,920,994	10,551,004
<b>Profit before income tax including discontinued operations</b>	<b>241,920,994</b>	<b>10,551,004</b>
Adjustments for		
Depreciation and amortisation expense	16,362,344	17,933,402
Gain on disposal of property, plant and equipment	(151,022,216)	(110,756)
Written off assets	3,592,706	16,664
Dividend and interest income classified as investing cash flows	(1,773,698)	(640,954)
Finance costs	8,654,328	15,183,591
	<b>117,734,458</b>	<b>42,932,951</b>
<b>B. Change in operating assets and liabilities, net of effects from purchase of controlled entities and sale of subsidiary:</b>		
(Increase)/Decrease in trade receivables	15,135,703	(63,497,951)
(Increase) in inventories	10,247,243	47,450,805
(Increase) in other financial assets	(24,535)	6,219
(Increase)/decrease in other current assets	(15,093,574)	(1,841,856)
Increase in trade payables	15,451,386	1,838,674
Increase/(Decrease) in provisions	2,793,411	(83,449)
Increase/(Decrease) in other current liabilities	(721,226)	(3,543,782)
Increase/(Decrease) in financial liabilities	3,049,587	(4,524,213)
<b>Cash generated from operations</b>	<b>148,572,453</b>	<b>18,737,398</b>
Income taxes paid	(57,405,688)	(964,187)
<b>Net cash inflow from operating activities</b>	<b>91,166,765</b>	<b>17,773,211</b>

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>C. Cash flows from investing activities</b>		
Payments for property, plant and equipment	(31,903,089)	(17,235,181)
Increase in Term deposits	(108,568,500)	(704,411)
Proceeds from sale of property, plant and equipment	176,008,643	290,254
Interest received	1,773,698	640,954
<b>Net cash outflow from investing activities</b>	<b>37,310,752</b>	<b>(17,008,384)</b>
<b>D. Cash flows from financing activities</b>		
Increase/(Decrease) in borrowings	(104,330,565)	19,141,826
Interest paid	(8,654,328)	(15,183,591)
Dividends paid to Company's share holders	(9,759,779)	(4,879,890)
Net cash inflow (outflow) from financing activities	(122,744,672)	(921,655)
<b>E. Net increase (decrease) in cash and cash equivalents</b>	<b>5,732,845</b>	<b>(156,828)</b>
Cash and cash equivalents at the beginning of the financial year	212,949	369,777
Effects of exchange rate changes on cash and cash equivalents	-	
<b>Cash and cash equivalents at end of the year</b>	<b>5,945,793</b>	<b>212,949</b>

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

for and on behalf of **Avantel Limited**

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

Sd/-  
**A. VIDYASAGAR**  
Chairman & Managing Director  
DIN : 00026524

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

Place: Hyderabad  
Date: 28<sup>th</sup> May, 2018

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

Sd/-  
**M. RAVINDRA**  
Company Secretary

## Note I: COMPANY OVERVIEW AND SIGNIFICANT ACCOUNTING POLICIES:

### A. Company Overview:

Avantel Limited is a company engaged in manufacturing of wireless front-end, Satellite Communication, Embedded systems, Signal Processing, Network management and Software development and rendering related customer support services, and having an in-house R&D facility at Vishakhapatnam, Andhra Pradesh. The Company is incorporated and domiciled in India and has its registered office at 141, Plot No.47/P, APIIC Industrial Park, Gambheeram(V), Anandapuram (M), Vishakhapatnam Andhra Pradesh, India. The Company has been in Bombay Stock Exchange (BSE).

The Financial Statements are approved by the Board of Directors on 28<sup>th</sup> May 2018.

### B. Basis of Preparation of Financial Statements:

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS), the provisions of the Companies Act, 2013 ("the Companies Act"), as applicable and guidelines issued by the Securities and Exchange Board of India ("SEBI"). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

For the year ended March 31, 2017 and in the years prior to 2017, the Company prepared its financial statements in accordance with the requirements of the Indian GAAP ("Previous GAAP"), which included Standards notified under the Companies (Accounting Standards) Rules, 2006. The date of transition to Ind AS is April 1, 2016.

The accounting policies have been applied consistently to all periods presented in these financial statements.

### C. Basis of Measurement:

These financial statements have been prepared on a historical cost convention and on an accrual basis, except for certain assets and liabilities which have been measured at fair value as per Ind AS.

The financial statements are presented in Indian Rupees (INR) being the functional currency of the Company.

### D. Use of Estimates:

The preparation of financial statements in conformity with Ind AS requires management to make estimates, judgments' and assumptions (including revisions, if any). These estimates, judgments and assumptions affect the application of accounting policies and reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenue and expenses during the period.

Appropriate changes in the estimates are made as management becomes aware of changes in circumstances. Changes in the estimates are reflected in the financial statements in the period in which changes are made.

### E. Revenue of Recognition:

Revenue is net of GST wherever applicable, recognized on accrual basis, to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

**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.

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

Interest income is recognized using the effective interest rate method.

### F. Property Plant and Equipment:

Property, Plant and Equipment are stated at cost net of GST, if any and subsequently at cost less depreciation and impairment losses if any.

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
(vi) Leasehold improvements	--	amortized over the period of lease

**G. 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.

**H. Impairment:**

As at the end of each Balance Sheet date, the carrying amount of assets is assessed as to whether there is any indication of impairment. If the estimated recoverable amount is found less than its carrying amount, the impairment loss is recognized and assets are written down to their recoverable amount.

**I. Foreign Exchange Transactions/Translation:**

Transactions in foreign currencies are accounted at functional currency, at the exchange rate prevailing on the date of transactions. Gains/losses arising out of the fluctuations in the exchange rate between functional currency and foreign currency are recognized in the Statement of Profit & Loss in the period in which they arise. The fluctuations between foreign currency and functional currency relating to monetary items at the year ending are accounted as gains / losses in the Statement of Profit & Loss.

**J. Research and 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.

**K. Provisions, Contingent Assets/ Contingent Liabilities:**

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Show cause notices issued by Government Authorities where the probability of outflow of economic resources is remote are not considered as obligations. When the demands are raised against show-cause notices and are disputed by the company, these are treated as disputed obligations along with other contingent liabilities. Such contingent liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

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

**L. Leases**

Where the company is a lessee Operating lease payments are recognized as expense on a straight line basis over the lease term.

**M. Income Tax:**

Income tax expense represents the sum of current tax payable and deferred tax. Current Tax: The tax currently payable is based on the current year taxable profit for the year. The current tax is calculated using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax: Deferred tax is provided using the Balance Sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that the taxable profits will be available against which those deductible temporary differences can be utilized. Deferred tax is calculated using the tax rates that have been enacted or substantively enacted at the end of the reporting period. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

**N. Earnings per Share:**

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attribute to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

**O. Employee benefits:**

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.

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.

**P. Financial Instruments:**

Non-derivative financial instruments

Non-derivative financial instruments consist of:

- i) financial assets, which include cash and cash equivalents, trade receivables, other advances and eligible current and non-current assets;
- ii) Financial liabilities, which include long and short-term loans and borrowings, , trade payables, eligible current and non-current liabilities.

Non derivative financial instruments are recognized initially at fair value including any directly attributable transaction costs. Financial assets are derecognized when substantial risks and rewards of ownership of the financial asset have been transferred. In cases where substantial risks and rewards of ownership of the financial assets are neither transferred nor retained, financial assets are derecognized only when the Company has not retained control over the financial asset.

Subsequent to initial recognition, non-derivative financial instruments are measured as described below:

- a) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash in hand, at banks and demand deposits with banks, net of outstanding bank overdrafts, if any, that are repayable on demand and are considered part of the Company's cash management system.

b) **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Loans and receivables are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost, less any impairment losses. Loans and receivables comprise trade receivables and other assets.

The company estimates the un-collectability of accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

c) **Trade and payable**

Liabilities are recognized for amounts to be paid in future for goods or services received, whether billed by the supplier or not.

**Q. 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.

**R. Segment Information:**

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.

**S. Events after the reporting period :**

Adjusting events are events that provide further evidence of condition that existed at the end of the reporting period. The financial statements are adjusted for such events before authorization for issue.

**T. Prior Period Errors**

Errors of material amount relating to prior period(s) are disclosed by a note with nature of prior period errors, amount of correction of each such prior period presented retrospectively, to the extent practicable along with change in basic and diluted earnings per share. However, where retrospective restatement is not practicable for a particular period then the circumstances that lead to the existence of that condition and the description of how and from where the error is corrected are disclosed in Notes to Accounts.

**Notes to accounts for the year ended March 31, 2018**  
**Note: 2 Property, Plant and Equipment**

(In ₹)

Particulars	Land	Buildings (Freehold)	Leasehold Buildings	Furniture & Fixtures	Revaluations/ Impairment	Plant & Machinery (Assembly & Testing)	Computers	Office Equipment & Electricals	Vehicles	R & D Equipments	Total 31-03-2018
Gross Block											
As at 01-04-2017	28,867,913	84,412,873	-	3,868,409	-	7,104,678	1,643,346	8,402,489	4,588,493	11,872,054	150,760,255
Additions			4,574,411	3,137,561		12,777,242	2,127,076	3,156,155	3,161,729	2,968,915	31,903,089
(Deduction/Retirement) During the year	(11,434,200)	(17,134,523)	-	(1,296,521)		(93,117)	(91,273)	(462,597)	(786,204)		(31,298,435)
Gross Block as at 31-03-2018	17,433,713	67,278,350	4,574,411	5,709,449	-	19,788,803	3,679,149	11,096,047	6,964,018	14,840,969	151,364,909
Depreciation/Amortization as at 01-04-2017	-	5,728,956	-	1,197,773	-	1,927,253	728,280	5,702,197	1,122,344	1,337,000	17,743,803
Depreciation for the Year	-	4,003,345	440,907	1,387,248		3,259,026	722,719	1,675,784	1,677,635	3,195,680	16,362,344
(Deduction/Adjustments) During the year	-	(2,318,212)	-	(477,202)		(93,072)	(55,745)	(288,895)	(486,176)	-	(3,719,302)
Total Depreciation As at 01-04-2018	-	7,414,089	440,907	2,107,819	-	5,093,207	1,395,254	7,089,086	2,313,803	4,532,680	30,386,845
Net Block											
As at 31-03-2018	17,433,713	59,864,261	4,133,504	3,601,630	-	14,695,596	2,283,895	4,006,961	4,650,215	10,308,289	120,978,064



(In ₹)

**Note: 2 Property, Plant and Equipment**

Particulars	Land	Buildings (Freehold)	Leasehold Buildings	Furniture & Fixtures	Revaluations/ Impairment	Plant & Machinery (Assembly & Testing)	Computers	Office Equipment & Electricals	Vehicles	R & D Equipments	Total 31-03-2017
Deemed Cost *											
As at 01-04-2016	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
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	-					(21,825)	(170)		(347,101)		(369,097)
Gross Block as at 31-03-2017	28,867,913	84,412,873	-	3,868,409	-	7,104,678	1,643,346	8,402,489	4,588,493	11,872,054	150,760,255
Depreciation/Amortization as at 01-04-2016	-										-
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	-					(21,742)			(167,857)		(189,599)
Total Depreciation As at 31-03-2017	-	5,728,956	-	1,197,773	-	1,927,253	728,280	5,702,197	1,122,344	1,337,000	17,743,803
<b>Net Block</b>											
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

**Note: 3. Trade Receivables Non Current**

(In ₹)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
<b>(i) Trade Receivables from related parties</b>			
<b>(ii) Other Trade Receivables</b>			
Secured, considered good	-	-	-
Unsecured, considered good	121,687	8,171,848	5,593,636
Doubtful	-	-	-
Allowances for doubtful debts	-	-	-
<b>Sub-Total</b>	<b>121,687</b>	<b>8,171,848</b>	<b>5,593,636</b>
<b>Total</b>	<b>121,687</b>	<b>8,171,848</b>	<b>5,593,636</b>

**Note: 4. Other Financial Assets NonCurrent**

Unsecured (considered good)	-	-	-
In Margin Money/ Deposit A/c with original maturity of more than one year	10,426,600	4,936,343	3,268,593
Deposits	3,364,610	1,026,971	809,901
Staff Advances	39,500	-	-
Unsecured Doubtful	-	-	-
Less : Provision for Doubtful Loans	-	-	-
<b>Total</b>	<b>13,830,710</b>	<b>5,963,314</b>	<b>4,078,494</b>

**Note: 5. Deferred tax assets and (Liabilities)**

Deferred tax assets and liabilities are attributable to the following:

Deferred Tax Liability			
Property, plant and equipment	(14,150,330)	4,078,930	3,661,890
Intangible assets	-	-	-
<b>Sub Total</b>	<b>(14,150,330)</b>	<b>4,078,930</b>	<b>3,661,890</b>
<b>Deferred tax Assets</b>			
Unabsorbed Depreciation as per Income Tax	-	-	-
Amalgamation Expenses	-	307,289	-
Employee benefits	1,765,910	478,250	572,460
Provisions	-	-	-
<b>Sub Total</b>	<b>1,765,910</b>	<b>785,539</b>	<b>572,460</b>
<b>Net Deferred Tax Assets/(Liabilities)</b>	<b>(12,384,420)</b>	<b>4,864,469</b>	<b>4,234,350</b>

Movement in deferred tax balances during the year

Particulars	Balance As at March 31, 2017	Recognised in Profit and Loss	Recognised in OCI	Balance As at March 31, 2018
Property, plant and equipment	4,078,930	(18,229,260)	-	(14,150,330)
Intangible assets	-	-	-	-
Employee benefits	478,250	1,287,660	-	1,765,910
Amalgamation Expenses	307,289	(307,289)	-	-
<b>Total</b>	<b>4,864,469</b>	<b>(17,248,889)</b>	<b>-</b>	<b>(12,384,420)</b>

Movement in deferred tax balances during the year

(In ₹)

Particulars	Balance As at April 01, 2016	Recognised in profit & loss	Recognised in OCI	Balance As at March 31, 2017
Property, plant and equipment	3,661,890	417,040	-	4,078,930
Intangible assets			-	-
Employee benefits	572,460	(94,210)	-	478,250
Amalgamation Expenses		307,289	-	307,289
<b>Total</b>	<b>4,234,350</b>	<b>630,119</b>	-	<b>4,864,469</b>

**Unrecognised Deferred tax assets**

Deferred tax assets have not been recognised in respect of the following items

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Deductible temporary differences	-	-	-
Tax losses	-	-	-
<b>Total</b>	-	-	-

**Note: 6. Inventories**

Raw Materials			
- Indigenous	17,929,317	9,276,647	9,857,553
- Imported	14,367,474	7,104,236	5,687,359
- R&D	971,685	2,894,927	3,523,906
Work in Progress	33,463,077	57,702,986	105,360,783
<b>Total</b>	<b>66,731,553</b>	<b>76,978,796</b>	<b>124,429,601</b>

**Note: 7. Trade Receivables Current**

(i) Trade Receivables from related parties	-	-	-
(ii) Other Trade Receivables			
Secured, considered Good	-	-	-
Unsecured, considered good	89,162,958	96,248,500	35,328,761
Doubtful	-	-	-
Allowances for doubtful debts	-	-	-
<b>Sub-Total</b>	<b>89,162,958</b>	<b>96,248,500</b>	<b>35,328,761</b>
<b>Total</b>	<b>89,162,958</b>	<b>96,248,500</b>	<b>35,328,761</b>

**Note: 8. Cash & Cash Equivalents**

Cash on hand	23,232	411	43,869
Cheques, Drafts on hand	-	-	-
Balances with Banks	-	-	-
(a) in Current Account	5,922,561	212,538	325,908
(b) in Cash Credit Account	-	-	-
<b>Total</b>	<b>5,945,793</b>	<b>212,949</b>	<b>369,777</b>

**Note: 9. Bank Balances other than above**

(In ₹)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
For Unpaid Dividend	947,515	754,111	729,010
As Margin money/under lien	-	-	-
In term deposit with original maturity more than 3 months but less than 12 months	102,740,200	2,232,500	3,438,010
Others	-	-	-
<b>Total</b>	<b>103,687,715</b>	<b>2,986,611</b>	<b>4,167,020</b>

**Note: 10. Other Financial Assets Current**

Unsecured (considered good)	-	-	-
Cash Ledger balance in GST	-	-	-
Accrued Interest	909,184	454,149	744,868
Other Advances Staff	80,000	510,500	226,000
Unsecured Doubtful	-	-	-
Less : Provision for Doubtful Loans	-	-	-
<b>Total</b>	<b>989,184</b>	<b>964,649</b>	<b>970,868</b>

**Note: 11. Current tax Assets**

Advance tax paid for the FY 2017-18 (Net)	570,190	-	-
TDS and TCS (Net)	5,057,930	852,241	2,231,797
<b>Total</b>	<b>5,628,120</b>	<b>852,241</b>	<b>2,231,797</b>

**Note: 12. Other Assets Current**

Unsecured (considered good)	-	-	-
Prepaid Expenses	6,965,409	5,091,922	2,736,420
Advance from Suppliers	2,854,672	737,190	1,223,085
Other Advances	5,007,165	813,153	1,757,136
Balances with Excise Department	3,936,291	1,609,367	693,135
Balance with GST credit ledger	4,581,669	-	-
Unsecured Doubtful	-	-	-
Less : Provision for Doubtful Loans	-	-	-
<b>Total</b>	<b>23,345,206</b>	<b>8,251,632</b>	<b>6,409,776</b>

**Note: 13. Equity Shares**

Authorized	-	-	-
Ordinary shares of par value of Rs. 10/- each	-	-	-
Number	7,000,000	7,000,000	7,000,000
Amount In ₹	70,000,000	70,000,000	70,000,000
Issued, subscribed and fully paid	-	-	-
Ordinary shares of par value of Rs.10/- each	-	-	-
Number	4,054,493	4,054,493	4,054,493
Amount	40,544,930	40,544,930	40,544,930
Add Forfeited Shares (Amount originally paid up)	6,000	6,000	6,000
Amount In ₹	40,550,930	40,550,930	40,550,930

**Reconciliation of number of shares:**

(In ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Opening Equity Shares	4,054,493	4,054,493
Add: - No. of Shares, Share Capital issued/ subscribed during the year	-	-
Less: Deduction	-	-
<b>Closing balance</b>	<b>4,054,493</b>	<b>4,054,493</b>

**No. of Shares in the company held by shareholder holding more than 5 percent**

Name of the Shareholder	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Sri Vidya Sagar Abburi	739,396	786,720	806,720
Smt K Swapna	300,000	300,000	300,000
Smt. Sarada Abburi	-	-	219,449
Ms. Sailaja Abburi	222,479	222,479	222,479
Sri Sidhartha Sagar Abburi	274,000	274,000	274,000

The Company has one class of share capital, comprising ordinary shares of Rs. 10/- each. Subject to the Company's Articles of Association and applicable law, the Company's ordinary shares confer on the holder the right to receive notice of and vote at general meetings of the Company, the right to receive any surplus assets on a winding-up of the Company, and an entitlement to receive any dividend declared on ordinary shares.

The Company does not have any holding Company.

**Note: 14. Other Equity**

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
<b>Capital Redemption Reserve</b>			
Opening balance	10,982,230	10,982,230	10,982,230
Add: Current Year Transfer	-	-	-
Less: Written Back in Current Year	-	-	-
<b>Total</b>	<b>10,982,230</b>	<b>10,982,230</b>	<b>10,982,230</b>
<b>Securities Premium Reserve</b>			
Opening balance	7,930,104	7,930,104	7,930,104
Add: Current Year Transfer	-	-	-
Less: Written Back in Current Year	-	-	-
<b>Total</b>	<b>7,930,104</b>	<b>7,930,104</b>	<b>7,930,104</b>
<b>General Reserve</b>			
Opening balance	34,598,093	34,598,093	34,598,093
Add: Current Year Transfer	-	-	-
Less: Written Back in Current Year	-	-	-
<b>Total</b>	<b>34,598,093</b>	<b>34,598,093</b>	<b>34,598,093</b>
Surplus in Profit and Loss account			
Opening balance	112,234,724	108,277,234	108,277,234
Add: Current Year Transfer			
Profit and loss account	173,042,295	8,837,380	
Less: Dividend Paid	(8,108,986)	(4,054,493)	-
Less: Tax on Dividend	(1,650,793)	(825,397)	-
<b>Total</b>	<b>275,517,240</b>	<b>112,234,724</b>	<b>108,277,234</b>
<b>Total Other Equity</b>	<b>329,027,667</b>	<b>165,745,151</b>	<b>161,787,661</b>

**Note: 15. Borrowings Non Current**

(In ₹)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
<b>(i) Term Loans</b>			
(a) From Banks			
- Secured*	-	14,100,000	24,300,000
- Unsecured	-	-	-
(b) From Other parties	-	-	-
<b>Total</b>	<b>-</b>	<b>14,100,000</b>	<b>24,300,000</b>

\* Equitabel Mortgage of Land and Buildings situated at Plot No. 47, Survey No. 141, APIIC Industrial Park, Gambheeram (V), Visakapatnam, Collateral Security of land and buildings and hypothecation of Plant and Machinery situated at Madhapur, Hypothecation of Stocks and Book Debts and personal guarantee of Dr. A.Vidya Sagar, Managing Director of the Company. The Loan is payable on monthly instalments @ ₹. 8.5 Lakhs per month upto August 2019 which was repaid during the year 2017-18 and the rate of interest @13.65% p.a.

**Note: 16. Provisions Non Current**

Provision for employee benefits	5,331,174	2,537,763	2,621,212
<b>Total</b>	<b>5,331,174</b>	<b>2,537,763</b>	<b>2,621,212</b>

**Note: 17. Borrowings Current**

(i) Term Loans	-		
(ii) Cash Credits			
(a) From Banks			
- Secured*	-	90,066,225	60,168,739
(b) From Other parties	-	-	-
(iii) Deposits		164,340	720,000
<b>Total</b>	<b>-</b>	<b>90,230,565</b>	<b>60,888,739</b>

\*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

**Note: 18. Trade Payable Current****CURRENT**

Other than MSMEs			
- Trade Payables	12,277,854	4,067,358	2,328,040
- Trade Payables to Related Parties	-	-	-
MSMEs	8,236,828	995,938	896,582
<b>Total</b>	<b>20,514,682</b>	<b>5,063,296</b>	<b>3,224,622</b>

**Note: 19. Other Financial Liabilities Current**

(In ₹)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Sundry Creditors-Other than trade	10,049,665	3,271,052	4,867,368
Employees salaries and other payables	7,425,085	1,147,515	2,909,385
Current amount payable on long term loans	-	10,200,000	10,200,000
Unpaid Dividend	947,515	754,111	729,010
Others	-	-	1,191,128
<b>Total</b>	<b>18,422,265</b>	<b>15,372,678</b>	<b>19,896,891</b>

**Note: 20. Other Liabilities Current**

**Non Current**

**Current**

Advance Received from Customers	-	276,527	6,617,306
Statutory dues Payable	4,189,852	4,634,551	1,837,554
<b>Total</b>	<b>4,189,852</b>	<b>4,911,078</b>	<b>8,454,860</b>

**Note: 21. Revenue From Operations**

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Sale of Products	526,892,573	300,822,878
Sale of Services	90,758,048	51,149,745
Scrap Sales	440,200	70,650
Less Service Tax and GST	97,057,660	7,139,454
<b>Total</b>	<b>521,033,161</b>	<b>344,903,819</b>

**Note: 22. Other Income**

Interest income	1,773,698	640,954
Miscellaneous Receipts	762,571	439,452
Profit On Sale of Assets	151,022,216	110,756
Rent received	833,979	3,913,922
<b>Total</b>	<b>154,392,464</b>	<b>5,105,084</b>

**Note: 23. Cost of Materials Consumed**

**Cost of Materials Consumed**

**Indigenous**

Indigenous(Opening Stock)	9,276,647	9,857,553
Purchase	108,789,986	59,567,782

<b>Sub Total</b>	<b>118,066,633</b>	<b>69,425,335</b>
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Indigenous(Closing Stock)	(17,929,317)	(9,276,647)
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<b>Cost of Raw Materials Consumed</b>	<b>100,137,316</b>	<b>60,148,688</b>
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**Imported**

Imported(Opening Stock)	7,104,237	5,687,359
Purchase	82,120,294	41,475,072

<b>Sub Total</b>	<b>89,224,529</b>	<b>47,162,431</b>
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Imported(Closing Stock)	(14,367,474)	(7,104,236)
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<b>Cost of Raw Materials Consumed</b>	<b>74,857,056</b>	<b>40,058,195</b>
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<b>TOTAL</b>	<b>174,994,372</b>	<b>100,206,883</b>
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**Note: 24. Changes in Inventory**

(In ₹)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Changes in inventories of finished goods and work-in-progress</b>		
Opening Balance	57,702,986	105,360,783
Closing Balance	(33,463,077)	(57,702,986)
Net (Increase) /Decrease	<b>24,239,909</b>	<b>47,657,797</b>

**Note: 25. Employees' Benefit Expenses**

Salaries and wages	52,829,325	39,164,359
Directors Remuneration	12,221,930	3,554,000
Bonus	1,056,526	452,889
Exgratia & Gratuity	4,414,239	1,416,551
Training & Recruitment	316,292	275,219
Contribution to P.F. and Other Funds	2,044,277	1,713,514
Staff welfare Expenses	4,924,807	1,517,154
<b>TOTAL</b>	<b>77,807,396</b>	<b>48,093,686</b>

**Note: 26. Manufacturing Expenses**

Jobwork Charges	7,162,318	3,697,799
Power and fuel	4,295,249	3,149,045
Consumption of stores and spare parts	534,568	476,008
Freight Inwards	394,249	123,657
Repairs & Maintenance - Plant & Machinery	110,235	1,261,290
Testing Charges	1,917,475	353,836
Installation & Commissioning Charges	13,708,000	8,156,580
<b>TOTAL</b>	<b>28,122,094</b>	<b>17,218,215</b>

**Note: 27. Research and Development Expenses**

Cost of materials consumed	15,781,289	20,421,875
Salaries	24,289,629	20,330,625
Jobwork Charges	427,361	-
Repairs & Maintenance	906,147	829,382
Professional & Consultancy Charges	1,874,200	1,914,750
Testing & Certification Charges	329,800	-
Travelling & Conveyance	1,447,065	234,542
Other Expenses	376,316	597,503
<b>TOTAL</b>	<b>45,431,807</b>	<b>44,328,677</b>

**Note: 28. Administrative and Other Expenses**

Repairs & Maintenance		
Plant & Machinery and Others	2,857,819	2,513,106
Vehicles	750,875	735,634
Computers	344,312	229,199
Buildings	2,668,550	3,026,617
<b>TOTAL</b>	<b>6,621,556</b>	<b>6,504,556</b>



**Note: 29. Selling and Distribution Expenses**

(In ₹)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Freight Outwards	1,384,161	1,025,644
Packing Materials	349,982	605,558
Business Promotion	1,244,836	1,507,118
Travelling Expenses	2,526,592	1,862,578
Late Delivery Charges	1,310,215	424,624
Warranty Expenses	4,963,928	3,876,452
Customer Support Expenses	7,633,034	7,498,164
<b>TOTAL</b>	<b>19,412,748</b>	<b>16,800,138</b>

**Note: 30. Depreciation And Amortization Expenses**

Depreciation / Amortisation for the year

Depreciation on PPE

**TOTAL**

16,362,344	17,933,402
<b>16,362,344</b>	<b>17,933,402</b>

**Note: 31. Finance Cost**

Interest Expenses

Bank Charges

**TOTAL**

3,480,327	13,101,450
5,174,001	2,082,141
<b>8,654,328</b>	<b>15,183,591</b>

**Note: 32. Other Expenses**

Rent, Fees, Taxes & Licenses

Insurance

Couriers, Postages, Telephones and others

Printing & Stationery

Payment to Auditors

Professional & Consultancy Charges

Travelling & Conveyance

Secretarial Expenses

Watch & Ward

Sitting Fee

Fluctuation In Foreign Currency

Bad Debts written off

Office Maintenance

CSR Expenses

Donations

Miscellaneous Expenses

**TOTAL**

4,033,029	737,753
694,049	389,953
1,863,651	1,705,888
844,726	1,042,907
379,000	313,775
4,242,886	2,332,786
4,742,911	3,310,800
3,590,509	2,162,591
1,758,837	1,858,645
430,000	472,500
335,536	146,626
3,592,706	16,664
1,154,589	741,517
801,875	847,514
380,000	231,200
231,940	192,845
<b>29,076,244</b>	<b>16,503,964</b>

(i) Amount paid to auditors'	(In ₹)	
Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
As Auditor	250,000	250,000
For Taxation Matters/Tax Audit	-	-
For Other Services	129,000	63,775
For Reimbursement of Expenses	-	-
<b>TOTAL</b>	<b>379,000</b>	<b>313,775</b>

**Note: 33. First time adoption of Indian Accounting Standards (Ind AS) - Ind AS 101**

All companies having that are being listed with stock exchange are required to adopt Ind AS. Accordingly, the company has adopted Ind AS, in accordance with Notification dated February 16, 2015 issued by Ministry of Corporate Affairs, Government of India, with effect from April 01, 2017 with transition date on April 01, 2016.

**Transition from IGAAP to Ind AS:**

These financial statements, for the year ended March 31, 2018, are the first financial statements prepared by the Company in accordance with Ind AS. For years upto and including the year ended March 31, 2017, the company prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of Companies (Accounts) Rules, 2014 and accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) (herein after referred as IGAAP).

The company has prepared Ind AS compliant financial statements for the year ending March 31, 2018. Accordingly, the company has prepared opening Ind AS balance sheet as at April 01, 2016, the company's date of transition to Ind AS in accordance with requirement of Ind AS 101, "First-time Adoption of Indian Accounting Standards". The principal adjustments made by the company in restating its IGAAP financial statements, including the balance sheet as at April 01, 2016 and the balance sheet as at and the Statement of Profit & Loss for the year ended March 31, 2017, are explained in detail in the accompanying reconciliation statement and the basic approach adopted is summarized hereunder.

- i) All assets and liabilities have been classified into financial assets/liabilities and non-financial assets/liabilities.
- ii) In accordance with Ind AS 101, the resulting adjustments are considered as arising from events and transactions entered before the date of transition and recognized directly in the retained earnings at the date of transition to Ind AS.
- iii) Ind AS 101 also allows first time adopter certain exemptions from the retrospective application of certain requirements under Ind AS. Accordingly, the company has availed the following exemptions/mandatory exceptions as per Ind AS 101:
  - a) **Deemed Cost for Property, Plant & Equipment and Intangible assets (PPE):** The Company has availed exemption under para D7AA of appendix D to Ind AS 101 which permits a first time adopter to continue with the carrying values as per IGAAP for its PPE as at the date of transition to Ind AS.
  - b) **Classification & Fair value measurement of financial assets or financial liabilities at initial recognition:** The financial assets and financial liabilities have been classified on the basis of facts existing as at the date of transition to Ind AS.

**Deferred Tax:**

The Company recalculated the deferred tax using balance sheet method as defined under Ind-AS. Accordingly, the adjustment to deferred tax asset is Nil as at March 31, 2017 and the adjustment to deferred tax asset is Nil as at April 01, 2016. Consequently, the retained earnings have been adjusted accordingly.

**Proposed dividend:** Under the IGAAP, dividend proposed by the Board of Directors after the balance sheet date but before the approval of the financial statements was considered as adjusting events. Accordingly, provision for proposed dividend including dividend tax was recognized as a liability under provisions. Under Ind AS such dividends including dividend tax are recognized when the same is approved by the share holders in the general meeting. Accordingly, the liability for provision for dividend including dividend tax of ₹. 97,59,779 as at March 31, 2017 (April 1, 2016-₹. 48,79,890) included under provisions has been reversed with corresponding adjustments to retained earnings. Consequently, the total equity is increased by an equivalent amount.

**Prior Period Income/Expenses:**

Under previous GAAP, Prior period items identified in a particular period were disclosed separately in computing the net profit for that period. Under Ind AS, Prior Period items are recognized by restating the comparative figures for the period to which the error pertains. Where the error pertains to a period prior to the earliest reporting period, adjustments are made to the opening balances of assets, liabilities and equity of the earliest reporting period. As a result, as at March 31, 2017, on account of prior period items, other equity stands decreased by ₹. 1,10,412 (increase as at April 1, 2016 by ₹. 39,545) with a corresponding net increase in liabilities by ₹. 1,10,412 (decrease as at April 1, 2016 ₹. ₹. 39,545).

**Retained Earnings:**

Retained earnings as at April 1, 2016 and as at March 31, 2017 have been adjusted consequent to the above Ind-AS transition adjustments, details are given in annexure below.

As per Ind AS Transition Facilitation Group (ITFG) considered clarifications issued on 1 on May 5, 2017 the company transferred balance outstanding in the revaluation reserve as on April 1 2016 ₹. 1,26,20,582 to retained earnings i.e., surplus in profit and loss accounts.

**Excise Duty:**

Under the IGAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty is shown separately in the statement of profit and loss as a part of expense. This change has resulted in an increase in total revenue and total expenses for the year ended March 31, 2017 by Rs.90,29,990. There is no impact on profit.

**Appendix to Note on transition from previous GAAP to IND-AS****Reconciliation between previous GAAP and Ind-AS****Reconciliation of Equity as at the date of transition to IndAS ( April I 2016)****(In ₹ )**

<b>Particulars</b>	<b>Previous GAAP*</b>	<b>Adjustments</b>	<b>Ind AS</b>
<b>ASSETS</b>			
<b>I. Non-current assets</b>			
(a) Property, Plant and Equipment	133,910,835	-	133,910,835
(b) Capital work-in-progress			
(c) Investment Property			
(d) Other intangible assets			
(e) Intangible Assets Under Development			
(f) Financial Assets			
(i) Investments			
(ii) Trade Receivables	5,593,636	-	5,593,636
(iii) Loans			
(iv) Other Financial Assets	4,078,494	-	4,078,494
(g) Deferred tax Assets (net)	4,234,350	-	4,234,350
(h) Other non-current Assets			
<b>2. Current Assets</b>			
(a) Inventories	124,429,601	-	124,429,601
(b) Financial Assets			
(i) Investments			
(ii) Trade Receivables	35,328,761	-	35,328,761
(iii) Cash & Cash Equivalents	369,777	-	369,777
(iv) Bank Balances other than (iii) above	4,167,020	-	4,167,020
(v) Loans	0	-	0
(iv) Other Financial Assets	970,868	-	970,868
(c) Current Tax Assets	2,231,797	-	2,231,797
(d) Other Current Assets	6,409,776	-	6,409,776
<b>Total Assets</b>	<b>321,724,915</b>	<b>-</b>	<b>321,724,915</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity Share Capital	40,550,930		40,550,930
(b) Other Equity	156,868,226	4,919,435	161,787,661
<b>LIABILITIES</b>			
<b>I. Non-current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	24,300,000	-	24,300,000
(ii) Trade Payables			
(iii) Other Financial Liabilities			
(b) Provisions	2,621,212	-	2,621,212
(c) Other non-current liabilities			
<b>2. Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	60,888,739	-	60,888,739
(ii) Trade payables	3,224,622	-	3,224,622
(iii) Other Financial Liabilities	19,936,436	(39,545)	19,896,891
(b) Provisions	4,879,890	(4,879,890)	-
(c) Current Tax Liabilities	-	-	0
(d) Other current liabilities	8,454,860	-	8,454,860
<b>Total Equity and Liabilities</b>	<b>321,724,915</b>	<b>-</b>	<b>321,724,915</b>

**Reconciliation between previous GAAP and IndAS**

**Reconciliation of Equity as at the date of transition to IndAS (March 31, 2017)**

(In ₹)

Particulars	Previous GAAP*	Adjustments	Ind AS
<b>ASSETS</b>			
<b>I. Non-current assets</b>			
(a) Property, Plant and Equipment	133,016,452	-	133,016,452
(b) Capital work-in-progress	-	-	-
(c) Investment Property	-	-	-
(d) Other intangible assets	-	-	-
(e) Intangible Assets Under Development	-	-	-
(f) Financial Assets			
(i) Investments	8,171,848	-	8,171,848
(ii) Trade Receivables	-	-	-
(iii) Loans	5,963,314	-	5,963,314
(iv) Other Financial Assets	4,864,469	-	4,864,469
(g) Deferred tax Assets (net)	-	-	-
(h) Other non-current Assets	-	-	-
<b>2. Current Assets</b>			
(a) Inventories	76,978,796	-	76,978,796
(b) Financial Assets			
(i) Investments	-	-	-
(ii) Trade Receivables	96,248,500	-	96,248,500
(iii) Cash & Cash Equivalents	212,949	-	212,949
(iv) Bank Balances other than (iii) above	2,986,611	-	2,986,611
(v) Loans	-	-	-
(iv) Other Financial Assets	964,649	-	964,649
(c) Current Tax Assets	852,241	-	852,241
(d) Other Current Assets	8,251,632	-	8,251,632
<b>Total Assets</b>	<b>338,511,461</b>	<b>-</b>	<b>338,511,461</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity Share Capital	40,550,930		40,550,930
(b) Other Equity	165,855,563	(110,412)	165,745,151
<b>LIABILITIES</b>			
<b>I. Non-current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	14,100,000	-	14,100,000
(ii) Trade Payables	-	-	-
(iii) Other Financial Liabilities	-	-	-
(b) Provisions	2,537,763	-	2,537,763
(c) Other non-current liabilities	-	-	-
<b>2. Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	90,230,565	-	90,230,565
(ii) Trade payables	5,063,296	-	5,063,296
(iii) Other Financial Liabilities	15,262,266	110,412	15,372,678
(b) Provisions	-	-	-
(c) Current Tax Liabilities	-	-	-
(d) Other current liabilities	4,911,078	-	4,911,078
<b>Total Equity and Liabilities</b>	<b>338,511,461</b>	<b>-</b>	<b>338,511,461</b>

**Note: 34. Income Tax****(In ₹)**

A reconciliation of the Income Tax provision to the amount computed by applying the statutory income tax rate to the net profit before tax is summarized as follows:

Particulars	As at March 31, 2018	As at March 31, 2017
Profit before tax	241,920,994	10,551,004
Enacted Tax rates for the financial year (MAT)	21.34%	21.34%
Expected tax expense (A)	5,152,088	2,343,743
Tax affect on allowable items (B)	-	-
Tax affect on disallowable items (C)	-	-
Tax on incomes chargeable under other heads (D)	-	-
Provision for income tax for the current year (A+B+C+D)	-	-
Interest on income tax for the year	-	-
Current tax for the year	5,152,088	2,343,743
Tax credits allowable	-	-
Deferred tax for the year	17,248,889	(630,119)
Tax expense of earlier years adjusted	-	-
Net tax expense for the year	22,400,977	1,713,624

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.

**Note: 35. Employee Benefits****(In ₹)**

- Provident Fund: Company pays fixed contribution to provident fund at predetermined rates to the government authorities. The contribution of ₹. 20,44,277 (Previous year ₹. 17,13,514) including administrative charges is recognized as expense and is charged in the Statement of Profit and Loss. The obligation of the Company is to make such fixed contribution and to ensure a minimum rate of return as specified by GOI to the members. The overall interest earnings and cumulative surplus is more than the statutory interest payment requirement during the year.
- Gratuity: Gratuity is a funded Defined Benefit Plan payable to the qualifying employees on separation. It is managed by a Life Assurance Scheme' of the Life Insurance Corporation of India.

Company makes annual contribution to the Fund based on the present value of the Defined Benefit obligation and the related current service costs which are measured on actuarial valuation carried out as on Balance Sheet date. The liability has been assessed using Projected Unit Credit Method.

Reconciliation of opening and closing balances of the present value of the defined benefit obligation as at the year ended March 31, 2018 are as follows:

I. Change in Benefit obligation :	As at March 31, 2018	As at March 31, 2017
Present value of obligation as at the beginning	5,567,099	4,716,890
Interest Cost	445,368	377,351
Current Service Cost	663,161	456,977
Benefits paid	(389,390)	(638,785)
Actuarial (gain) / loss	3,498,916	654,666
Present value of obligation at the end of the period	9,785,154	5,567,099

<b>II. Change in Fair value of plan assets</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
Fair value of Plan Assets at the beginning of the year	3,029,336	2,095,678
Expected return on plan assets	325,649	176,794
Contributions	1,620,828	1,498,228
Benefits paid	(389,390)	(638,785)
Premium Expense	(132,443)	(102,579)
Actuarial gain/loss on plan assets	-	-
Fair value of planned assets at the end of the period	4,453,980	3,029,336
<b>III. Expenses recognized in the Statement of Profit &amp; Loss :</b>		
Interest Cost	445,368	377,351
Current Service Cost	663,161	456,977
Expected return on Plan Assets	(325,649)	(176,794)
Net Actuarial (gain)/loss recognized in the period	3,498,916	654,666
Premium Expense	132,443	102,579
Expenses recognized in the statement of Profit & Loss	4,414,239	1,414,779
<b>IV. Amounts recognized in the Balance Sheet:</b>		
Present value of Obligation as at the end of the period	9,785,154	5,567,099
Fair value of Plan Assets at the end of the period	(4,453,980)	(3,029,336)
Funded Status	5,331,174	2,537,763
Urecognized Past Service cost	-	-
Net Asset or Liability recognised in the Balancesheet	5,331,174	2,537,763
<b>V. Actual Return of plan assets:</b>		
Actual Return on Plan Assets	(325,649)	(176,794)
<b>VI. Movement in Balance Sheet:</b>		
Opening Liability	2,537,763	2,621,212
Expenses as above	4,414,239	1,414,779
Contribution paid	(1,620,828)	1,498,228
Closing Liability	5,331,174	2,537,763
<b>VII. Principal Assumptions:</b>		
Discounting Rate	8%	8%
Salary Escalation Rate	7%	7%
Expected rate of return on plan assets	9%	9%

The estimates of future salary increase considered in actuarial valuation, have been factored in inflation, seniority, promotion and other relevant factors.

**Note: 36. Related Party Disclosures:**

(In ₹)

List of Related Parties Parties with whom the company has entered into transactions during the year/where control exists.

**A. Key Management Personnel**

i) Dr. Abburi Vidyasagar	Chairman & Managing Director
ii) Mrs. Abburi Sarada	Wholetime Director & CFO
iii) Mr. Subramanaiya Balakrishnan	Non Executive Director
iv) Mr. Raghu Prasad Pidikiti	Non Executive Director
v) Mr. Yalamanchili Kishore	Independent Director
vi) Mr. Naveen Nandigam	Independent Director
vii) Mr. Eluru Bala Venkata Ramana Gupta	Independent Director
viii) Mr. Myneni Narayana Rao	Independent Director

**B. Relative of Key Management Personnel**

NIL

**C. Transaction with Related Parties**

Particulars	Nature of Transaction	2017-2018	2016-2017
Dr. Abburi Vidyasagar	Remuneration	2,593,548	1,800,000
Dr. Abburi Vidyasagar	Commission on Profit	3,416,835	-
Mrs. Abburi Sarada	Remuneration	1,164,516	900,000
Mrs. Abburi Sarada	Commission on Profit	4,146,530	-
Mrs. Abburi Sarada	Rent	900,500	854,000
Mr. Subramanaiya Balakrishnan	Sitting Fee	45,000	57,500
Mr. Raghu Prasad Pidikiti	Sitting Fee	22,500	50,250
Mr. Yalamanchili Kishore	Sitting Fee	67,500	96,750
Mr. Naveen Nandigam	Sitting Fee	120,000	112,500
Mr. Eluru Bala Venkata Ramana Gupta	Sitting Fee	82,500	78,500
Mr. Myneni Narayana Rao	Sitting Fee	92,500	77,000

**Note: 37. Earnings per Share:**

(In ₹)

Particulars		2017-2018	2016-2017
Profit/ (Loss) after Tax	In ₹	173,042,295	8,837,380
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
The nominal value per Ordinary Share	In ₹	10.00	10.00
Earnings per Share			
Basic	In ₹	42.68	2.18
Diluted	In ₹	42.68	2.18

**Note: 38. Dividend:**

The Board of Directors have recommended a dividend at ₹. 4/- per share of ₹.10/- amounting to ₹. 1,95,51,613/- for the year 2017-18 Including dividend distribution tax.



**Note: 39. Contingent liabilities and commitments**

(to the extent not provided for)

2017-2018

(In ₹)

2016-2017

**Contingent liabilities**

Claims against the company not acknowledged as debt

(i) Guarantees

104,152,805

65,259,833

**Total**

**104,152,805**

**65,259,833**

**Note: 40. Segmental Reporting :**

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

**Note: 41. Financial Instruments- Fair Values and Risk Management**

a) Financial Instruments by Categories

The following tables show the carrying amounts and fair values of financial assets and financial liabilities by categories. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Amount in ₹ as of March 31, 2018

Particulars	Cost	Financial assets / liabilities at FVTPL	Financial assets/ liabilities at fair value through OCI	Total carrying value	Total fair value
<b>Assets:</b>					
Cash & Cash Equivalents	5,945,793	-	-	5,945,793	5,945,793
Trade Receivable	89,284,645	-	-	89,284,645	89,284,645
Deposits	116,531,410	-	-	116,531,410	116,531,410
Other Financial Assets	1,976,199	-	-	1,976,199	1,976,199
<b>Liabilities:</b>					
Trade Payable	20,514,682	-	-	20,514,682	20,514,682
Borrowings	-	-	-	-	-
Other Financial Liabilities	18,422,265	-	-	18,422,265	18,422,265

Amount in ₹ as of March 31, 2017

Particulars	Cost	Financial assets / liabilities at FVTPL	Financial assets/ liabilities at fair value through OCI	Total carrying value	Total fair value
<b>Assets:</b>					
Cash & Cash Equivalents	212,949	-	-	212,949	212,949
Trade Receivable	104,420,348	-	-	104,420,348	104,420,348
Deposits	8,195,814	-	-	8,195,814	8,195,814
Other Financial Assets	1,718,760	-	-	1,718,760	1,718,760
<b>Liabilities:</b>					
Trade Payable	5,063,296	-	-	5,063,296	5,063,296
Borrowings	104,330,565	-	-	104,330,565	104,330,565
Other Financial Liabilities	15,372,678	-	-	15,372,678	15,372,678

Amount in ₹ as of April 1, 2016

Particulars	Cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at fair value through OCI	Total carrying value	Total fair value
<b>Assets:</b>					
Cash & Cash Equivalents	369,777	-	-	369,777	369,777
Trade Receivable	40,922,397	-	-	40,922,397	40,922,397
Deposits	7,516,504	-	-	7,516,504	7,516,504
other Financial Assets	1,699,878	-	-	1,699,878	1,699,878
<b>Liabilities:</b>					
Trade Payable	3,224,622	-	-	3,224,622	3,224,622
Borrowings	85,188,739	-	-	85,188,739	85,188,739
Other Financial Liabilities	19,896,891	-	-	19,896,891	19,896,891

Fair Value Hierarchy Management considers that, the carrying amount of those financial assets and financial liabilities that are not subsequently measured at fair value in the Financial Statements approximate their transaction value. No financial instruments are recognized and measured at fair value for which fair values are determined using the judgments and estimates. The fair value of Financial Instruments referred below has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active market for identical assets or liabilities. (Level-1 measurements) and lowest priority to unobservable (Level-3 measurements).

The Company does not hold any equity investment and no financial instruments hence the disclosure are nil

#### Financial Risk Management:

The Company's activities expose to a variety of financial risks viz., market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is credit risk and liquidity risk. The Company's exposure to credit risk is influenced mainly by Government Orders.

#### Management of Market Risk:

Market risks comprises of Price risk and Interest rate risk. The Company does not designate any fixed rate financial assets as fair value through Profit and Loss nor at fair value through OCI. Therefore, the Company is not exposed to any interest rate risk. Similarly, the Company does not have any Financial Instrument which is exposed to change in price.

#### Foreign Currency Risks:

The Company is exposed to foreign exchange risk arising from various Currency exposures primarily with respect to the US Dollars (USD), for the imports being made by the Company.

The Company exposure to foreign currency risk as at the end of the reporting period expressed in INR as on March 31, 2017 is as follows:

Particulars	USD
<b>Financial Assets:</b>	
Cash & Cash Equivalents	-
Trade Receivable	
Deposits	-
Other Financial Assets	
<b>Financial Liabilities:</b>	
Trade Payable	8,356,011
Borrowings	-
Other Financial Liabilities	-
The Company exposure to foreign currency risk as at the end of the reporting period expressed in INR as on March 31, 2017 is as follows:	

Particulars	USD
<b>Financial Assets:</b>	
Cash & Cash Equivalents	-
Trade Receivable	-
Deposits	
Other Financial Assets	
<b>Financial Liabilities:</b>	
Trade Payable	230,193
Borrowings	-
Other Financial Liabilities	-

The Company exposure to foreign currency risk as at the end of the reporting period expressed in INR as on April 1, 2016 is as follows:

Particulars	USD
<b>Financial Assets:</b>	
Cash & Cash Equivalents	
Trade Receivable	-
Deposits	-
Other Financial Assets	
<b>Financial Liabilities:</b>	
Trade Payable	1,336,964
Borrowings	-
Other Financial Liabilities	-

**Credit Risk:**

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables. The company operations are with Government and allied companies and hence no issues credit worthiness. The company considers that, all the financial assets that are not impaired and past due as on each reporting dates under review are considered credit worthy.

**Credit risk exposure**

An analysis of age-wise trade receivables at each reporting date is summarized as follows:

<b>For the year ended March 31, 2018</b>						<b>(In ₹)</b>
<b>Paticulars</b>	<b>Gross Carrying Amount</b>	<b>Less than one year</b>	<b>More than one year</b>	<b>More than two year</b>	<b>More than three year</b>	
Gross Carrying Amount	89,284,645	89,162,958	18,000	-	103,687	
Expected Credit loss	-	-	-	-	-	
Carrying amount (net of impairment)	89,284,645	89,162,958	18,000	-	103,687	

<b>For the year ended March 31, 2017</b>						
<b>Paticulars</b>	<b>Gross Carrying Amount</b>	<b>Less than one year</b>	<b>More than one year</b>	<b>More than two year</b>	<b>More than three year</b>	
Gross Carrying Amount	104,420,348	96,248,500	6,808,912	958,910	404,026	
Expected Credit loss	-	-	-	-	-	
Carrying amount (net of impairment)	104,420,348	96,248,500	6,808,912	958,910	404,026	

<b>As on April 1, 2016</b>						<b>(In ₹)</b>
<b>Paticulars</b>	<b>Gross Carrying Amount</b>	<b>Less than one year</b>	<b>More than one year</b>	<b>More than two year</b>	<b>More than three year</b>	
Gross Carrying Amount	40,922,397	35,328,761	2,936,745	803,311	1,853,580	
Expected Credit loss	-	-	-	-	-	
Carrying amount (net of impairment)	40,922,397	35,328,761	2,936,745	803,311	1,853,580	

**Liquidity Risk:**

The company's liquidity needs are monitored on the basis of monthly projections. The principal sources of liquidity are cash and cash equivalents, cash generated from operations and availability of cash credit and overdraft facilities to meet the obligations as and when due. Short term liquidity requirements consist mainly of sundry creditors, expenses payable and employee dues during the normal course of business. The company maintains sufficient balance in cash and cash equivalents and working capital facilities to meet the short term liquidity requirements.

The company assesses long term liquidity requirements on a periodical basis and manages them through internal accruals and committed credit lines.

The following table shows the maturity analysis of the Companies Financial Liabilities based on contractually agreed, undiscounted cash flows as at the balance sheet date.

Particulars	Gross Carrying Amount	Less than one year	More than one year	(In ₹)	
				More than two year	More than three year
<b>As on March 31 2018</b>					
Trade Payables	20,514,682	20,514,682	-	-	-
Other Financial liabilities	19,896,891	19,896,891	-	-	-
<b>As on March 31 2017</b>					
Trade Payables	5,063,296	5,063,296	-	-	-
Other Financial liabilities	15,372,678	15,372,678	-	-	-
<b>As on April 1 2016</b>					
Trade Payables	3,224,622	3,224,622	-	-	-
Other Financial liabilities	19,896,891	19,896,891	-	-	-

**Note: 42. Consumption Of Raw Materials:**

Raw Material	2017-2018		2016-2017	
	%	₹	%	₹
Indigenous	57.22	100,137,316	60.02	60,148,688
Imported	42.78	74,857,056	39.98	40,058,195
<b>TOTAL</b>	<b>100</b>	<b>174,994,372</b>	<b>100</b>	<b>100,206,883</b>

**Note: 43. Value of Imports (Calculated in CIF Value):**

Particulars	(In ₹)	
	2017-2018	2016-2017
Materials	88,362,907	50,655,850
Capital Equipment	-	-
<b>Total</b>	<b>88,362,907</b>	<b>50,655,850</b>

**Note: 44. Expenditure in Foreign Currency:**

Particulars	(In ₹)	
	2017-2018	2016-2017
Purchases (Imports)	89,206,195	60,068,278
Foreign Travel	660,713	568,371
<b>Total</b>	<b>89,866,908</b>	<b>60,636,649</b>

**Note: 45. The disclosure relating to transactions with Micro, Small and Medium Enterprises**

Sundry Creditors includes ₹. 82,36,828/- (previous year ₹. 40,67,358/-) 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.

**Note: 46. Corporate Social Responsibility (CSR)**

As per Section 135 of the Companies Act, 2013 and rules made there under on CSR Activities, the Company has incurred an amount of ₹. 8,01,875/- (2016-2017 year ₹. 10,78,714/-) towards Corporate Social Responsibility activities during the Financial Year 2017-18 and debited to Statement of Profit and Loss.

The amount of expenditure to be spent on CSR activities and financial details as per the Companies Act, 2013 for the FY 2017-18 are as under:

Particulars	(In ₹)	
	2017-2018	2016-2017
Aggregate net profits of last three financial years as per Section 198 of the Companies Act, 2013	26,139,875	3,254,376
Average of net profits	8,713,292	1,084,792
Earmarked percentage U/s 135 of the Companies Act, 2013 towards CSR Activities	174,266	21,696
Amount to be spent towards CSR Activities	801,875	1,078,714

As per Paragraph 17(b) of the Guidance Note on CSR issued by ICAI, the details of expenditure incurred by the Company on CSR activities are as follows:

Particulars	In Cash	Yet to be paid in Cash	Total
Construction/Acquisition of asset			
Other than (i) above:			

**Note: 47. Confirmations**

The Company requested its debtors and creditors to confirm the balances as at the end of half year in respect of trade payables, trade receivables and advances directly to the Statutory Auditors.

**Note: 48.**

Previous year's figures have been regrouped/reclassified/recasted wherever necessary to confirm to the current year's presentation.

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

for and on behalf of **Avantel Limited**

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

Sd/-  
**A. VIDYASAGAR**  
Chairman & Managing Director  
DIN : 00026524

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

Place: Hyderabad  
Date: 28<sup>th</sup> May, 2018

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

Sd/-  
**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 –531 163.

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

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

I hereby record my presence at the 28<sup>th</sup> Annual General Meeting of the shareholders of Avantel Limited on Friday, 27<sup>th</sup> July, 2018, 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)



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**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 28<sup>th</sup> Annual General Meeting of the Company, to be held on Friday, 27<sup>th</sup> July, 2018 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 2017-2018 together with the Report of the Board of Directors and Auditors thereon.	
2	To declare dividend of ₹. 4.00/- per Equity Share of ₹.10/- each to the shareholders for the Financial Year 2017-18.	
3	To appoint a Director in place of Shri. Subramaniya Balakrishnan (DIN: 00026612), who retires by rotation and being eligible, offers himself for re-appointment as Director.	

Signed this ..... day of ..... 2018.

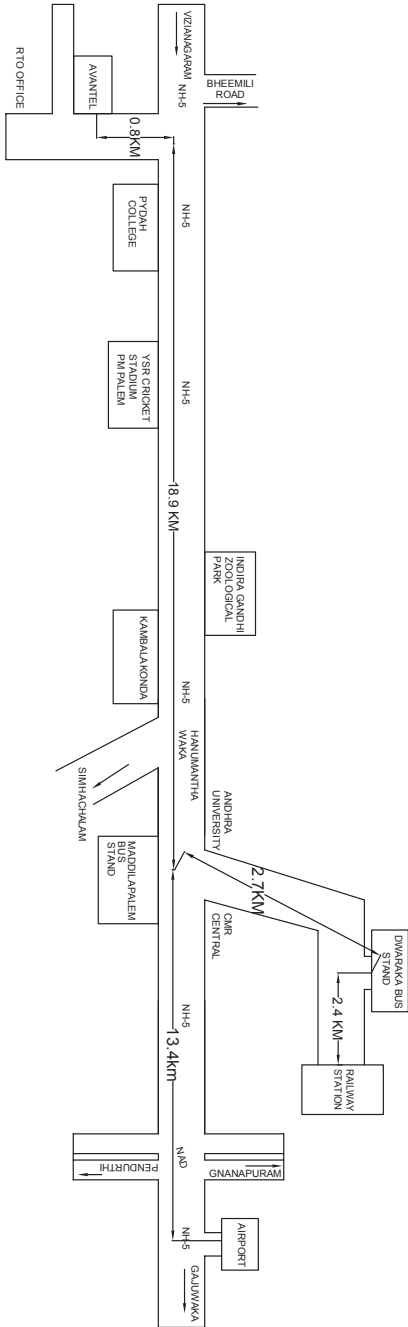
Signature of shareholder: \_\_\_\_\_ Signature of Proxy holder(s): \_\_\_\_\_

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

Affix Revenue Stamp
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# ROUTE MAP



# avantel

connect • create • conserve

**AVANTEL LIMITED**

Registered Office

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

Gambheeram (V), Anandapuram (M)

Visakhapatnam-531 163. A.P.

Phone: +91 - 891 - 6698000

Fax: +91 - 891 - 6698004