

Date: 17.06.2019

To
The Corporate Relations Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai-400 001
Fax No.: 022-22723121/3719

Dear Sir,

Sub: Notice of 29th Annual General Meeting (AGM) and Annual Report of the Company for the F.Y. 2018-19

Ref: Company Code: 532406


With reference to the subject cited above, please find the enclosed Notice convening the 29th AGM of the Company to be held on Friday, 12th July 2019 at 11.00 A.M at the Registered Office of the Company situated at Plot No. 47/P, Sy. No. 141, APIIC Industrial Park, Gambheeram (V), Anandpuram (M), Visakhapatnam, Andhra Pradesh-531163.

In order to comply with the requirements of Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith the Annual Report of the Company along with the Notice of AGM for the financial year 2018-19 which is being dispatched / sent to the members by the permitted mode(s).

Further, an erroneous attachment was made while submission of the Annual Report to the Stock exchange on 12.06.2019. Hence the proper copy of the Annual Report for F.Y.2018-19 is enclosed herewith.

This is for your information and necessary records.

For Avantel Limited



Abburi Sarada
Whole Time Director & CFO
DIN: 00026543

Avantel Limited

Registered Office
Plot No. 47/P, APIIC Industrial Park
Gambheeram (V), Anandapuram (M)
Visakhapatnam - 531 163 A.P.
Tel : +91-891-2850000
Fax : +91-891-2850004

Corporate Office

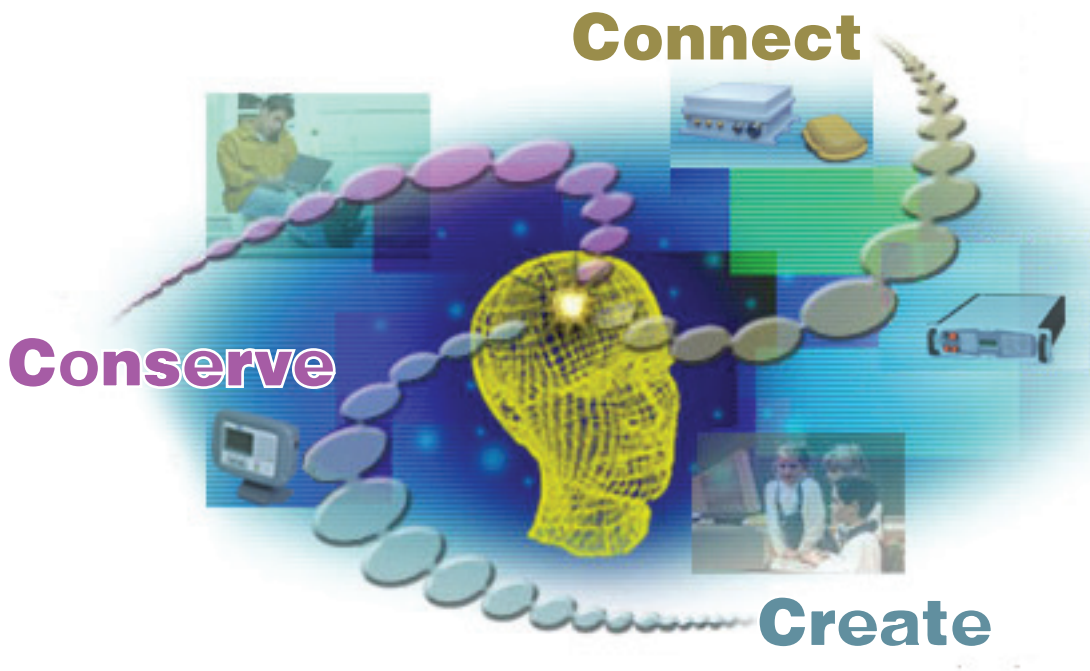
Plot No. 68 & 69, 4th Floor, Jubilee Heights
Survey No s. 66 & 67, Jubilee Enclave
Madhapur, Hyderabad - 500 081. Telangana
Tel : +91-40-6630 5000
Fax : +91-40-6630 5004

CIN - L72200AP1990PLC011334

www.avantel.in
info@avantel.in

AS 9100D
ISO 9001:2015
ISO 27001: 2013

avantel
connect • create • conserve



Annual Report
2018 - 2019

COMPANY INFORMATION

BOARD OF DIRECTORS

| | | |
|---------------------------------------|---|--|
| Dr. Abburi Vidyasagar | - | Chairman & Managing Director |
| Smt. Abburi Sarada | - | Whole-Time Director |
| Shri. Subramaniya Balakrishnan | - | Non Executive Director (upto 31.03.2019) |
| 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 (upto 07.05.2019)

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 - 2850000
 Fax: +91 - 891 - 2850004

Corporate Office:

Plot No. 68 & 69, Jubilee Heights, 4th 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 Fintech 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., Chartered Accountants
 6-3-661/B/1, Plot No: 78, Sangeeth Nagar,
 Somajiguda, Hyderabad-500082, Telangana.
 Tel No: 040-23311864/30686266.

Secretarial Auditors:

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

Bankers:

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

Board Committees

Audit Committee

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

Nomination and Remuneration Committee

| | | |
|-----------------------------|---|----------|
| Shri. Y. Kishore | - | Chairman |
| Shri. N. Naveen | - | Member |
| Shri. Raghu Prasad Pidikiti | - | Member |
| Shri. M. Narayana Rao | - | Member |

Stakeholders Relationship Committee:

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

Corporate Social Responsibility Committee:

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

Contents

| | Page No. |
|---------------------------------------|----------|
| Notice | 03 |
| Directors' Report | 17 |
| Independent Auditors' Report..... | 64 |
| Balance Sheet | 72 |
| Statement of Profit & Loss | 73 |
| Cash flow statement | 74 |
| Significant Accounting Policies | 78 |
| Notes on Accounts..... | 83 |
| Proxy form | 105 |

NOTICE

Notice is hereby given that the 29th Annual General Meeting of the Members of Avantel Limited will be held on Friday, the 12th day of July, 2019 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 2018-2019 together with the Report of the Board of Directors and Auditors thereon.
2. To declare final dividend of Rs. 2/- per Equity Share of Rs.10/- each to the shareholders for the Financial Year 2018-19.
3. To appoint a Director in place of Shri. Raghu Prasad Pidikiti (DIN: 01660157), who retires by rotation and being eligible, offers himself for re-appointment as Director.
4. Re-Appointment of Statutory Auditors of the Company

To consider and, if thought fit, to pass the following resolution as Ordinary Resolution:

“RESOLVED THAT pursuant to Sections 139,141,142 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and Companies (Audit and Auditors) Rules, 2014 made thereunder and other applicable rules, if any, under the Act and pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force) M/s. Ramanatham & Rao, Chartered Accountants (Firm Registration No. 002934S), be and are hereby appointed as the Statutory Auditors of the Company, commencing from the conclusion of this Annual General Meeting till the conclusion of 31st Annual General Meeting at a remuneration of Rs. 3,25,000/- per annum plus out of pocket expenses and taxes at the applicable rates.”

SPECIAL BUSINESS:

5. **To consider and approve the reappointment of Dr. Abburi Vidyasagar as the Managing Director of the company**

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

“RESOLVED THAT pursuant to the provisions of section 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013, read with Schedule V of the said act and Companies (Appointment and Remuneration of Managerial Personal) Rules, 2014 (including any statutory modification(s) or reenactment(s) thereof, for the time being in force), the recommendations of Nomination & Remuneration Committee and the Board of Directors, the consent of the members of the Company be and is hereby accorded for the re-appointment of Dr. Abburi Vidyasagar, as the Managing Director of the Company at a remuneration of Rs. 36,00,000/- (Rupees Thirty-Six Lakhs only) per annum and other superannuation benefits as per service rules of the Company and a perquisite of Rent Free Accommodation as approved by the Remuneration Committee, for another Three years term effective from 01st day of April, 2019.”

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

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

“FURTHER RESOLVED THAT in the event the Company does not have profits or the profit of the Company is inadequate in any financial year during his tenure as referred above, the amount of Salary and perquisites referred above shall be paid as minimum remuneration in terms of Section II of Part II of Schedule V to the Companies Act, 2013.

6. Appointment of Shri. N Naveen (DIN: 02726620) as an Independent Director of the Company for a second term of five consecutive years, in terms of Section 149 of the Companies Act, 2013:

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

“RESOLVED THAT pursuant to the provisions of Section 149, 152, 160 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, Shri. N Naveen (DIN: 02726620), who was appointed as an Independent Director of the Company for a term of five years at the 24th Annual General Meeting, in terms of Section 149 of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five consecutive years upto the conclusion of the 34th Annual General Meeting of the members of the company.”

7. Appointment of Shri. Y Kishore (DIN: 01633048) as an Independent Director of the Company for a second term of five consecutive years, in terms of Section 149 of the Companies Act, 2013:

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

“RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, Shri. Y Kishore (DIN: 01633048), who was appointed as an Independent Director of the Company for a term of five years at the 24th Annual General Meeting, in terms of Section 149 of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five consecutive years upto the conclusion of the 34th Annual General Meeting of the members of the company.”

By order of the Board of Directors

For **Avantel Limited**

Sd/-

Abburi Vidyasagar

Chairman & Managing Director

DIN: 00026524

Place: Hyderabad

Date: 7th May, 2019

NOTES:

1. An Explanatory Statement setting out all material facts as required under Section 102 of the Companies Act, 2013 in respect of special business of the Company is appended and forms part of the Notice.
2. 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.
3. 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.
4. 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.
5. 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.
6. The Company has notified closure of Register of Members and Share Transfer Books from 6th day of July, 2019 to 12th day of July, 2019 for determining the names of members eligible for dividend on Equity Shares, if declared at the Meeting.
7. 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 5th day of July, 2019; 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.
8. In case you are holding the Company's shares in dematerialized form, please contact your depository participant and give suitable instructions to update your bank details in your demat account and to notify any changes with respect to their addresses email id, ECS mandate.

In case you are holding Company's shares in physical form, please inform Company's STA viz. M/s. Karvy Fintech Pvt. Ltd., Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, by enclosing a photocopy of blank cancelled cheque of your bank account.
9. M/s. Karvy Fintech Pvt. Ltd., Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, Phones: 040 - 6716 1565 Email: einward.ris@karvy.com is the Registrar & Share Transfer Agent (STA) of the Company. All communications in respect of share transfers and change in the address of the members may be communicated to them.
10. Members holding shares in the same name under different Ledger Folios are requested to apply for consolidation of such Folios and send the relevant share certificates to the Share Transfer Agent/Company.
11. Members holding shares in physical form are informed to furnish their bank account details to the STA to have printed the same on the dividend warrants so as to avoid any possible fraudulent encashment / misuse of dividend warrants by others.

12. Members seeking any information or clarification on the accounts are requested to send queries in writing to the Registered Office of the Company, at least one week before the date of the meeting. Replies will be provided in respect of such written queries at the meeting.
13. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered office of the Company on all working days, between 11.00 A.M. to 1.00 P.M. upto the date of the meeting.
14. Members/Proxies are requested to bring the attendance slip filled in for attending the Meeting. Members are requested to come to the venue of the meeting well in advance for registration. No registration will be entertained after fifteen minutes from the scheduled time of the commencement of the meeting.
15. The annual report for the financial year 2018-19 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. 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 2018-19, 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.
16. The Securities and Exchange Board of India has mandated submission of Permanent Account Number (PAN) by every participant in securities market for transaction of transfer, transmission/transposition and deletion of name of deceased holder. Members holding shares in demat form are, therefore, requested to submit PAN details to the Depository Participants with whom they have demat accounts. Members holding shares in physical form can submit their PAN details to the Registrar & Share Transfer Agents of the Company i.e., Karvy Fintech Private Limited.
17. 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.
18. 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 2011-12 onwards are requested to make their claims to the Company without any further delay.
19. 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.
20. 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.

21. 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.
22. 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.
23. The voting rights of members shall be in proportion to their shareholding in the paid up equity share capital of the Company as on Friday, 5th day of July 2019 being the cut-off date.
24. The members of the Company, holding shares either in physical form or in dematerialized form, as on Friday, 5th day of July 2019, being the cutoff date, may cast their vote (for or against) electronically.
25. 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.
26. 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.
27. Mr. M. B. Suneel, Practising Company Secretary has been appointed by the Board as Scrutinizer for the purpose of ascertaining the requisite majority for all the businesses in a fair and transparent manner. The results declared along with the scrutinizer's report shall be placed on the website of the Company.
28. 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.
29. The Proxy Form and the Attendance slip are enclosed with this notice.
30. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / STA.

E-VOTING

1. The Company is providing facility for voting by electronic means and the business as set out in the Notice may be transacted through electronic voting system. Pursuant to the provisions of Section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014 and Sub-regulation (1) of Regulation 44 of SEBI (LODR) Regulations, 2015, the Company is pleased to offer e-voting facility as an alternate to its members to cast their votes electronically on all resolutions set forth in the Notice convening the 29th Annual General Meeting. The Company has engaged the services of M/s. Karvy Fintech Pvt. Ltd, to provide the e-voting facility.
2. The Members whose names appear in the Register of Members / List of Beneficial Owners as on Friday, 5th day of July 2019 (cut-off date), are entitled to vote on the resolutions set forth in this Notice.
3. The e-voting period will commence on Tuesday, 9th day of July, 2019 (9:00 hrs) and will end Thursday, 11th day of July 2019 (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 Fintech 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/compliance@avantel.in with a copy marked to evoting@karvy.com. The scanned image of the above-mentioned documents should be in the naming format "Corporate Name EVENT NO." The documents should reach the Scrutinizer and such other person on or before Thursday, 11th day of July, 2019, 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. Friday, 5th day of July 2019 may write to the Karvy on the email ID: shyam.kumar@karvy.com (or) contact Mr. Shyam Kumar on 040-67162222, at M/s. Karvy Fintech Private Limited, Unit – Avantel Limited, Karvy Selenium Tower B, Plot31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032, requesting for the User ID and Password. After receipt of the above credentials, please follow all the steps from Sr. No. (i) to (xii) as mentioned in (A) above, to cast the vote.
2. The remote e-voting period commences on Tuesday, 9th day of July 2019 at 9:00 hours and ends on Thursday, 11th day of July 2019 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 Friday, 5th day of July 2019, 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 Fintech 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 29th 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. Friday, 5th day of July, 2019.
 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. Friday, 5th day of July, 2019 only shall be entitled to avail the facility of remote e-voting/voting at 29th 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 Tuesday, 9th day of July, 2019; End of remote e-voting: Up to 17:00 hours (IST) on Thursday, 11th day of July, 2019. 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. Friday, 12th day of July, 2019.
11. The Results on resolutions shall be declared not later than 48 hours from the conclusion of the AGM of the Company and the resolutions will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favour of the Resolutions.
12. The results declared along with the scrutinizer's report(s) will be available on the website of the Company (www.avantel.in) and on service provider's website (<https://evoting.karvy.com>) and will be communicated to the BSE Limited within 48 hours from the conclusion of the AGM.

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

Place: Hyderabad
Date: 7th May, 2019

Sd/-
Abburi Vidyasagar
Chairman & Managing Director
DIN: 00026524

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

ITEM NO. 4:

In terms of Section 139 of the Companies Act, 2013 ("the Act"), and the Companies (Audit and Auditors) Rules, 2014, made thereunder, the term of the present Statutory Auditors of the Company, M/s. Ramanatham & Rao, Chartered Accountants (Firm Registration No. 002934S), will be expiring at the ensuing Annual General Meeting.

The Board of Directors at its meeting held on 7th May, 2019, after considering the recommendations of the Audit Committee, had recommended the appointment of M/s. Ramanatham & Rao, Chartered Accountants, as the Statutory Auditors of the Company for another term of two years at a remuneration of Rs. 3,25,000/- per annum plus out of pocket expenses and taxes at the applicable rates from the conclusion of the twenty ninth Annual General Meeting till the conclusion of thirty first Annual General Meeting of the Company.

M/s. Ramanatham & Rao is a Chartered Accountancy Firm registered with Institute of Chartered Accountants of India with Firm Registration No. 002934S. The Firm provides range of services which include Audit & Assurance, Taxation, Accounting and Risk Advisory.

M/s. Ramanatham & Rao, Chartered Accountants, have consented to the aforesaid appointment and confirmed that their appointment, if made, will be within the limits specified under Section 141(3)(g) of the Companies Act, 2013 They have further confirmed that they are not disqualified to be appointed as the Statutory Auditors in terms of the Companies Act. 2013 and the rules made thereunder.

Pursuant to Section 139 of the Companies Act, 2013, Approval of the members is required for appointment of the Statutory Auditors and fixing their remuneration by means of an ordinary resolution. Accordingly, approval of the members is sought for appointment of M/s. Ramanatham & Rao, Chartered Accountants as the Statutory Auditors of the Company and to authorise the Board of Directors, on the recommendation of the Audit Committee, to determine the remuneration payable to them.

None of the Directors, Key Managerial Personnel of the Company and their respective relatives is concerned or interested in the Resolution. The Board of Directors recommend the resolution for approval of the members.

ITEM NO. 5:

The tenure of Dr. A. Vidyasagar, Managing Director of the Company, expired on 31st March 2019. Taking into consideration of his rich experience and contribution to the Company, and pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company, subject to the approval of the members at the ensuing AGM, passed a resolution on 28th January, 2019, approving the re-appointment of Dr. A. Vidyasagar as the Managing Director of the Company for a further period of three years with effect from 01st April, 2019 to 31st March, 2022, at a remuneration of Rs. 36,00,000/- (Rupees Thirty-Six Lakhs only) per annum and a perquisite of rent-free accommodation, as approved by the Nomination and Remuneration Committee w.e.f. 01.04.2019. In addition to the above-mentioned salary and perquisites, Dr. A. Vidyasagar is also eligible for commission of 3% on net profits of the Company arrived in pursuance of Section 198 of the Companies Act, 2013.

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

Dr. A Vidyasagar is a Post Graduate in Electronics and Communication Engineering. He did his B. Tech from JNTU, Kakinada, Andhra Pradesh from 1977 to 1981 and did his Master of Engineering from IIT, Kharagpur from 1981 to 1983. He also did Master of Business Administration from Osmania University, Hyderabad in the year 1989-1991. Dr. Sagar received Doctorate from JNTU, Hyderabad for his outstanding work on E- Learning Methodologies. Dr. Sagar is founder Director of Avantel Ltd.

Following are few of his career achievements:

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

Avantel has won the following accolades under his leadership:

- ❖ Avantel has been awarded “IEI Industry Excellence Awards” for the Year 2018
- ❖ Avantel has been awarded with “India SME 100 Awards” for the year 2018 by India SME forum.
- ❖ Avantel has been awarded “SME Empowering India Awards 2018” under the category of “Electronic Goods & Services 2018” by Arrucus Media Private Limited in coordination with National Productivity Council in May 2018.
- ❖ Avantel has been awarded with “ELCINA Defenovation Awards 2018” in Excellence in R&D - MSME Category

Dr. A. Vidyasagar is spouse of Mrs. A. Sarada, Whole Time Director of the Company. Dr. A. Vidyasagar holds 7,88,376 (Seven Lakhs Eighty Eight Thousand Three Hundred and Seventy Six) equity shares constituting 19.44% of total equity share capital of the Company. Dr. A. Vidyasagar does not have directorship or membership of committee of Board in any other listed Company.

The Board of Directors recommends the resolution in relation to the re-appointment of Managing Director, for the approval of the shareholders of the Company.

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

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

I General Information

(1) Nature of industry:

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

(2) Date or expected date of commercial production:

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

(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:

Not Applicable

(4) Financial performance based on given indicators:

(₹. In Lakhs)

| PARTICULARS | Financial Year 2018-19 | Financial Year 2017-18 |
|------------------------------------|-----------------------------------|-----------------------------------|
| Total Revenue | 5051.12 | 5197.23 |
| Net Profit / Loss Before Tax (PBT) | 1233.57 | 2419.21 |
| Net Profit (PAT) | 950.79 | 1730.42 |

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

(II) Information about the appointee

(1) Back ground details:

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

(2) Past remuneration:

Dr. Abburi Vidyasagar was drawing a remuneration of Rs. 30,00,000 Lakhs per annum in the previous financial year.

(3) Recognition or awards:

During his tenure as the Managing Director, the company had bagged many prestigious awards like (a) "Excellence in Indigenous Development" by Society of Indian Aerospace Technologies & Industries (SIATI), Bangalore in September 2014 (b) "SME Excellence Award in innovation - for Electronic Goods & Component Sector" by Karnataka Small & Medium Business Owner's Association (KSMBOA) in July 2015 (c) "IEI Industry Excellence Award 2015" by the Institute of Engineers (India) in the 30th Indian Engineering Congress held at Guwahati in Dec 2015 (d) "India SME 100 Awards" for the year 2016 by India SME forum (e) patent for "Integrated UHF (Satcom& LOS) for Voice and Data Communication to work with Indian Satellite" in December 2016. Avantel has been awarded "IEI Industry Excellence Awards" for the Year 2018. (f) Avantel has been awarded with "India SME 100 Awards" for the year 2018 by India SME forum. (g) Avantel has been awarded "SME Empowering India Awards 2018" under the category of "Electronic Goods & Services 2018" by Arrucus Media Private Limited in coordination with National Productivity Council in May 2018. (h) Avantel has been awarded with "ELCINA Defennovation Awards 2018" in Excellence in R&D - MSME Category

(4) Job profile and his suitability:

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

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

(5) Remuneration proposed:

The board has recommended for a remuneration of Rs. 36,00,000 per annum (Rupees Thirty-Six Lakhs Only) along with the superannuation benefits as per the service rules of the company and a perquisite of Rent-Free Accommodation with effect from 1st April, 2019.

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

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

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

- (7) Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any. Besides the proposed remuneration, Dr. Abburi Vidyasagar is spouse of Smt. Abburi Sarada, Whole Time Director & CFO of the Company. As on 31.03.2019 Dr. Abburi Vidyasagar holds 7,88,376 (Seven Lakhs Eighty-Eight Thousand Three Hundred and Seventy Six) equity shares constituting 19.44% of total equity share capital of the Company. He does not have any directorship or membership of committee of the Board in any other listed Company.

III. Other information:

1. Reasons of loss or inadequate profits:

At present the financial performance of the company is good and possesses adequate profits. Further, due to the delay in government procedures to finalize the orders and realization of the payments after execution of such projects there may be inadequate profits in any of the financial years in near future.

2. Steps taken or proposed to be taken for improvement

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

3. Expected increase in productivity and profits in measurable terms

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

ITEM NO. 6 & 7

In accordance with the provisions of Section 149 read with schedule IV to the Companies Act, 2013, appointment of an Independent Director requires approval of members. Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors have proposed that Shri N Naveen and Shri Y Kishore be appointed as Non-Executive Independent Directors on the Board for a second term of five consecutive years, in terms of Section 149 of the Companies Act, 2013, whose office is not liable to retire by rotation.

The appointment of Shri. N Naveen and Shri. Y Kishore shall be effective upon approval by the members in the Meeting.

The Company has received notices in writing from members under Section 160 of the Act proposing the candidature of Shri N Naveen and Shri Y Kishore for the office of Director of the Company. The Company has received individual declarations from Shri N Naveen and Shri Y Kishore stating that they meet the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act.

Shri N Naveen and Shri Y Kishore are not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given individual consents to act as Director.

Brief Resume of Shri N Naveen

Mr. N. Naveen is a fellow member of Institute of Chartered Accountants of India (ICAI) and he has been in CA practice since 1990 and in the year 1993 having a passionate interest in making a difference to the student community he started DIGVIJAY Coaching Center at Hyderabad to provide professional coaching to students pursuing CA, CS, CWA courses in India. Over the past 20 years, his committed passion with his team of faculties has produced more than 1000 CA, CS and CWA fully qualified professionals in India.

Mr. Naveen continuously balances his CA profession as well as his coaching assignments with each other.

Brief Resume of Shri Y Kishore

Kishore has 30+ years of rich product development and implementation experience including Presales, Solution architecture, Consulting, Implementation, Quality & Governance, Engineering and R&D. Prior to his role as Senior Vice

President of Delivery of Products and Services, Kishore held various technical leadership roles in design and development of products in a multi-shore environment. The products developed include for insurance industry, legacy modernization, GIS and cloud native products. He was Head of Offshore Delivery Team where he managed the product development and implementation of services around Intellect SEEC products. He also served as Senior Manager at ERA Software Systems where he was involved in product and application development including document management, medical imaging, and defense applications.

Kishore holds a Master's degree from Indian Institute of Technology, Bombay. He is having 30+ years' experience spanning all aspects of software products delivery - Presales, Consulting, Implementation, Engineering and Support – to global customers

NOTABLE ACHIEVEMENTS/ACCOMPLISHMENTS

- Successful in setting up a off-shore product development team for SEEC Business Component Software (BCS) and expanding it to multiple LOB and Verticals to meet the company's growth plans.
- Successful in setting up a off-shore product development team for Composite Application Suite in short span of time.
- Successful in delivering quality products on time for SEEC using offshore delivery model.
- Instrumental in making the SEEC Asia Profitable and achieving good sales since its inception in 1998.
- Involved in setting up software engineering practices, monitoring and improvement of quality processes.
- Successful in conceptualizing, prototyping, development and releasing of VIEWPC and REDLINEPC a document management software for FORMTEK, Pittsburgh (a Lockheed Martin enterprise) and received an achievement award.
- Successful in Developing a Medical Imaging Software (a Research Project) at Carnegie Mellon University, Pittsburgh under the guidance of Dr. Raj Reddy. Dr. Raj Reddy is the Herbert A Simon University Professor of Computer Science and Robotics in the School of Computer Science at Carnegie Mellon University.

EDUCATIONAL QUALIFICATION

Bachelor of Technology in Electronics and Communication Engineering, 1981, JNTU, Kakinada

Master of Technology in Controls and Instrumentation, 1984, IIT, Bombay

Directorships/Memberships, Shareholding and relationship with directors inter-se of Shri. N. Naveen and Shri. Y Kishore

Shri N Naveen and Shri Y Kishore are not related to any of the Directors of the Company. Shri N Naveen and Shri Y Kishore do not hold any shares in the equity share capital of the Company. Shri N Naveen and Shri Y Kishore does not have directorship or membership of committee of Board in any other listed Company.

The Board of Directors recommend the resolutions set out at Item No. 6 & 7 in relation to the appointment of Shri N Naveen and Shri Y Kishore as Independent Directors of the Company for the approval of the shareholders of the Company.

Except Shri N Naveen and Shri Y Kishore, none of the Directors and Key Managerial Personnel of the Company and their respective relatives is concerned or interested, financially or otherwise in the resolutions set out at item no. 6 & 7 respectively.

Information pursuant to the Listing Regulations and Secretarial Standards in respect of Appointment/ Re-appointment of Directors

| Particulars | Dr. A Vidyasagar | Shri Raghu Prasad Pidikiti | Shri N Naveen | Shri Y Kishore |
|---|--|--|---|---|
| Date of Birth | 15/06/1960 | 30/05/1957 | 14/01/1962 | 01/02/1959 |
| Date of Appointment | 01/04/2007 | 25/10/2014 | 30/10/2010 | 30/04/2011 |
| Qualifications | B.Tech, M.Tech, M.B.A. & Ph.D | B.Tech | Chartered Accountant | B.Tech & M.Tech |
| Expertise in specific Functional area | <ol style="list-style-type: none"> 1. Strategic Planning & Executive Decision making. 2. Design and Engineering of avionics equipment and Sales and marketing strategy & execution satellite communication products. | <ol style="list-style-type: none"> 1. Designing Engineering and construction of Bridges, Buildings and Tunnels. | <ol style="list-style-type: none"> 1. Financial Planning and Accounts. | <ol style="list-style-type: none"> 1. Product development and implementation experience including Presales, Solution architecture, Consulting, Implementation, Quality & Governance, Engineering and R&D |
| Directorship held in other public companies (excluding foreign companies) | Nil | 1 | <ol style="list-style-type: none"> 1. Tanvi Foods (India) Limited 2. Kapston Facilities Management Limited 3. Sai Silks (Kalamandir) Limited | Nil |
| Memberships/Chairmanships of committees of other Public companies (includes only Audit and Shareholders/ Investors Grievance Committee) | Nil | Nil | 3 | Nil |
| Number of shares held in the company | 7,88,376 | Nil | Nil | Nil |

DIRECTOR'S REPORT

Dear Members,

Your directors have pleasure in presenting the 29th Annual Report on the business of your Company together with the Audited Statements of Accounts for the financial year ended 31st March, 2019.

I. COMPANY PERFORMANCE:

Your Company's performance during the year ended 31st March, 2019, as compared to the previous financial year, is summarized as below:

(₹. In Lakhs)

| PARTICULARS | Financial Year 2018-19 | Financial Year 2017-18 |
|------------------------------------|---------------------------|---------------------------|
| Revenue from Operations | 5,051.12 | 5,197.23 |
| Other Income | 91.12 | 1,543.92 |
| Total Revenue | 5,142.24 | 6,741.15 |
| Expenses | 3645.97 | 4071.77 |
| Operating Profit | 1496.27 | 2,669.38 |
| Depreciation | 204.72 | 163.63 |
| Finance Charges | 57.98 | 86.54 |
| Net Profit / Loss Before Tax (PBT) | 1233.57 | 2419.21 |
| Provision for Tax | | |
| Current Tax | 295.23 | 516.30 |
| Deferred tax | (12.45) | 172.49 |
| Net Profit (PAT) | 950.79 | 1730.42 |

During the financial year 2018-19 the company has recorded a Profit Before Tax of Rs.12.34 Crores as against Rs.9.13 Crores (other than sale of land & buildings of Rs.15.06 crores) in the previous year with an increase in profit by 35% as compared to previous financial year.

2. TRANSFER TO RESERVES

The Board of Directors of the Company have not recommended for transfer of any amount to the General Reserve for the Financial Year ended March 31, 2019.

3. DIVIDEND:

Your Directors recommended a final dividend of Rs. 2/- per share for the financial year 2018-19. The dividend payout is subject to the approval of the members at the ensuing Annual General Meeting.

During the Financial Year 2018-19 the company has declared an interim dividend of Rs.3/- per equity share to the members of the company. A table containing the details of the dividend is mentioned below:

| Particulars | Dividend (in Rs.) |
|------------------|-------------------|
| Interim Dividend | 3.00 |
| *Final Dividend | 2.00 |
| TOTAL | 5.00 |

* Recommended by the Board of Directors at the meeting held on 07th May, 2019. The payment is subject to the approval of the Shareholders at the ensuing Annual General Meeting scheduled to be held on 12th July, 2019.

The Dividend will be paid to members whose names appear in the register of members as on Friday, the 5th day of July 2019 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.

4. DIRECTORS & KEY MANAGERIAL PERSONAL:

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of the company, Shri. Raghu Prasad Pidikiti (DIN: 01660157), Director retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment. The Board recommends his reappointment for the consideration of the members of the company at the forthcoming annual general meeting. Brief details of Shri. Raghu Prasad Pidikiti (DIN: 01660157) has been mentioned in the notice convening the Annual General Meeting at "Information pursuant to the Listing Regulations and Secretarial Standards in respect of Appointment/ Re-appointment of Directors".

The tenure of Dr. A Vidyasagar, Managing Director expired on 31st March, 2019. Taking in to consideration of his rich experience and contribution to the Company, and pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company, subject to the approval of the members at the ensuing AGM, passed a resolution on 28th January, 2019, approving the reappointment of Dr. A. Vidyasagar as Managing Director of the Company for a further period of three years with effect from 01st April, 2019 to 31st March, 2022.

Shri. Naveen Nandigam and Shri. Yalamanchili Kishore who were appointed as the independent directors of the company at the 24th Annual General Meeting of the company for a period of five years i.e. up to 29th Annual General Meeting of the company have completed their term of appointment. Further, pursuant to the provisions of Section 149 of the Companies Act, 2013, the recommendations of the Nomination and Remuneration Committee, the Board of Directors of the Company hereby recommends the appointment of Shri. Naveen Nandigam and Shri. Yalamanchili Kishore as the Independent Directors of the company for another period of 5 years.

5. 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.

6. MEETINGS OF THE BOARD

The Board met Four times during the financial year 2018-19 viz., on 25.05.2018, 02.08.2018, 25.10.2018 and 28.01.2019. The maximum interval between any two meetings did not exceed 120 days.

7. STATUTORY AUDITORS:

M/s. Ramanatham & Rao, Chartered Accountants, who were appointed as the statutory auditors of the company at the 24th Annual General Meeting (AGM) held on September 25, 2014, to hold office as such till the conclusion of the ensuing 29th AGM (subject to ratification of the appointment by the members at every AGM held after that AGM). The term of the said Statutory Auditors shall expire at the ensuing, 29th Annual General Meeting of the company.

Further, pursuant to Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 M/s. Ramanatham & Rao, Chartered Accountants, being eligible, offer themselves for re-appointment for a term of 2 (Two) years subject to the ratification by the members at every AGM in accordance with the provisions of Sec. 139 of the Companies Act, 2013 and the rules made there under. The Company has also received written consent from the Auditors and a confirmation to the effect that their re-appointment, if made, would be within the limits prescribed under the Section 141 of the Companies Act, 2013 and the rules made there under.

Accordingly, the appointment of M/s. Ramanatham & Rao, Chartered Accountants, as the statutory auditors of the Company, at a remuneration of Rs. 3,25,000/- per annum plus out of pocket expenses and taxes at the applicable rates is hereby placed before the shareholders for their approval.

8. 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, 2019.

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.

9. 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.

10. SECRETARIAL AUDITORS:

M/s. P. S. Rao & Associates, Practising Company Secretaries were appointed to conduct the Secretarial Audit of the Company for the financial year 2018-19, as required under Section 204 of the Companies Act, 2013 and Rule 9 there-under. The secretarial audit report for F.Y. 2018-19 forms part of this Report as **Annexure- I**.

11. SECRETARIAL AUDIT REPORT

There are no qualifications, reservations or adverse remarks made by M/s. P. S. Rao & Associates, Practising Company Secretaries in their report for the Financial Year ended 31st March, 2019.

12. 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.

13. CORPORATE SOCIAL RESPONSIBILITY (CSR):

As part of the Corporate Social Responsibility initiative the Company has spent an amount of Rs. Rs. 10,63,983/- (Rupees Ten Lakhs Sixty Three Thousand Nine Hundred and Eighty Three Only) towards the various CSR activities in the financial year 2018-19. 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.

Composition of Corporate Social Responsibility Committee:

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

14. 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.

15. 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**.

16. 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.

17. 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.

18. SUBSIDIARIES/ ASSOCIATE COMPANIES/ JOINT VENTURES:

The Company has no subsidiaries/ associate companies/ joint ventures as on 31st March, 2019.

19. 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.

20. 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.

21. 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.

22. 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, 2019, the company has not received any complaints pertaining to sexual harassment.

23. 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, 2019, 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, 2019 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.

24. 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 on the following link <http://www.avantel.in/inversteinfo.php>

25. RELATED PARTY TRANSACTIONS:

Related party transactions entered during the financial year under review are disclosed in Note No. 34 of the Financial Statements of the Company for the financial year ended 31st March, 2019. 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.

26. 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**. Further, pursuant to the provisions of Section 92 (3) of the Companies Act, 2013 the Annual Return of the company is placed on the website of the Company www.avantel.in on the following link <http://www.avantel.in/inversteinfo.php>.

27. 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.

28. 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**.

29. CORPORATE GOVERNANCE REPORT:

Pursuant to Regulation 34 read with Schedule V of SEBI (LODR) Regulations, 2015, a report on Corporate Governance is herewith annexed as **Annexure-VII**.

30. 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- VIII**.

In terms of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company does not have any employee who is employed throughout the financial year and in receipt of remuneration of Rs. 120 Lakhs or more, or employees who are employed for part of the year and in receipt of Rs. 8.50 Lakhs or more per month.

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

31. 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.

32. 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.

33. 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.

34. 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**

Sd/-

A Vidyasagar

Chairman & Managing Director

DIN: 00026524

Place: Hyderabad

Date: 07th May, 2019

Annexure-I
Form No. MR-3
SECRETARIAL AUDIT REPORT

for the Financial Year ended March 31, 2019

**[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/R, 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, 2019 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, 2019 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, 2009/2018. (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, 2008/2018; (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, 1998/2018;(Not applicable to the Company during the audit period)
 - (i) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- vi. Other specifically applicable laws to the Company:
- * Telecom Regulatory Authority of India Act, 1997;
 - * The Micro, Small and Medium Enterprises Development Act, 2006;
 - * Industries (Development and Regulation) Act 1951;

We have also examined compliance with the applicable clauses Secretarial Standards issued by the institute of Company Secretaries of India.

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

We further report that:

- * The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. 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.
- * there were no such specific events/ actions in pursuance of the above referred laws, rules, regulations, etc., having a major bearing on the company's affairs.

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

Place: Hyderabad
Date : 07th May, 2019

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

ANNEXURE –II REPORT ON CSR ACTIVITIES

The CSR is being reported from 1st April, 2018 to 31st March, 2019.

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

(A) CSR POLICY

CSR Vision Statement & Objective

CSR Vision:

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

Objective:

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

Resources:

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

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

Implementation Process:

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

Monitoring:

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

(B) COMPOSITION OF THE CSR COMMITTEE

The CSR Committee of the Company consists of the following Directors on the Boards of the Company:

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

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

Rs. 3,62,24,983/- (Rupees Three Crores Sixty Two Lakhs Twenty Four Thousand Nine Hundred and Eighty Three Only)

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

2% Average net profit of the Company for last three financial years is Rs. 7,24,500/- (Rupees Seven Lakhs Twenty-Four Thousand Five Hundred Only)

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

- a) Total amount spent for the financial year: Rs. 10,63,984/-
 b) Amount unspent, if any: Nil
 c) Manner in which the amount spent during the financial year is detailed below:

| Sl. No. | CSR project or activity identified | Sector in which the project is covered | Projects or programme (1) Local area or other (2) Specify the state and district where projects or programs was undertaken | Amount outlay (budget) project or programs wise | Amount spent on the project or programme (1) Direct expenditure on projects or programmes (2)Overheads | Cumulative expenditure up to the reporting period | Amount Spent direct or through implementing agency |
|--------------|---|--|--|---|--|---|--|
| 1 | The Company has adopted ZPH School with strength of 2000 members. (after providing the toilet facility in the last financial year, the Company is arranged Maintain the same as well) | Education | Chandrampalem, Madhurawada, Visakhapatnam (Andhra Pradesh) | | 54,163 | 54,163 | By the Company |
| 2 | The Company has donated an amount of Rs.10,09,821/- to Smt. Abburu Lakshmikantham Charitable Trust under Corporate Social Responsibility for the purpose of construction of dining and kitchen along with the requisite furniture and kitchen equipment. A fully equipped science lab is also established at ZPH School, Taduvai, West Godavari | Education | Z P H School Taduvai, W.G.Dt. Andhra Pradesh | | 10,09,821 | 10,09,821 | By the Trust |
| Total | | | | | 10,63,984 | 10,63,984 | |

For and on behalf of the Board of Directors
Avantel Limited

Place: Hyderabad
 Date: 07th May, 2019

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

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:

In line with the Company's commitment towards conservation of energy, the Company continued with their energy saving efforts and installed LED fixtures in place of conventional ones at its Registered Office and Corporate office. Further, the Company is utilizing a 25 KvaGrid connected Solar Power Plant at its Visakhapatnam Plant as an alternate source of energy.

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 and to facilitate such development, the following facilities have been established:

- Automatic wire harness tester is established.
- Anechoic Chamber for antenna test facility is established.
- Double side PCB fabrication process established.
- Engraving facility established.
- Test setup for EMI/EMC pre-compliance

b) Research and Development

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

c) Specific Areas in which R&D was carried out by the Company

- MSS Transceiver with Electronic Beam former for GSAT-7 Satellite for Indian Naval Ships
- MSS Transceivers MKII with voice and data communication for aircrafts and helicopters
- 20 to 500MHz, 500W Solid State Filter Switching Unit
- Environmental Radiation Monitoring System with Satellite
- Universal Mobile Terminal for G-Sat6
- Satellite Based Automatic Identification System(S-AIS)
- ASIC based modem for Higher Data Rates
- UHF Satcom terminal for submarine communication
- Development of 1KW HF Power Amplifier & Antenna Tuning Unit
- Development of MSS transceiver for SSK submarines
- Development of MSS transceivers with voice up gradation feature for MARCOS

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, ISRO and BARC

e) Future plan of Action:

- Development of UHF Satcom System for Helios and M R Aircraft
- MSS transceiver with electronic Beam Former for helicopters
- Development of MSS Terminals for Next Generation Satellite
- Development of SDR
- MSS transceiver with electronic beam former for G-Sat 6
- MSS Terminal for minesweepers
- TR system for Radars
- Environmental Radiation Monitoring Systems with Satellite

f. Expenditure on Research & Development:

₹. in Lakhs

| | |
|---|---------------|
| Capital | 48.22 |
| Recurring | 416.93 |
| Total | 465.15 |
| Total R & D expenditure % as of Turnover | 9.21% |

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 | : | ₹. 522.31 Lakhs |

For and on behalf of the Board of Directors

Avantel Limited

Place: Hyderabad
Date: 7th May, 2019

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.

I. 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.

| 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 rd 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 rd August, 2017 | N.A | 03.08.2017 | 28,20,207 |
| 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 | 40,61,644 |
| Smt. Abburi Sarada Whole Time Director & CFO, Wife of Dr. Abburi Vidyasagar | Rent | Ongoing | N.A | 30.10.2009 | 9,49,200 |

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

For and on behalf of the Board of Directors
Avantel Limited

Place: Hyderabad
Date: 7th May 2019

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

Annexure-V
FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2019

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

| I. REGISTRATION & OTHER DETAILS: | | |
|---|--|---|
| 1 | CIN | L72200AP1990PLC011334 |
| 2 | Registration Date | 30/05/1990 |
| 3 | Name of the Company | AVANTEL LIMITED |
| 4 | Category/Sub-category of the Company | Company limited by Shares |
| | | Indian Non - Government Company |
| 5 | Address of the Registered office & contact details | Sy. No. 141, plot no.47/P, APIIC Industrial Park, Gambheeram(v), Anandapuram (m), Vishakhapatnam, Andhra Pradesh, India - 531163 |
| 6 | Whether listed company | Yes |
| 7 | Name, Address & contact details of the Registrar & Transfer Agent, if any. | Karvy Fintech Pvt Ltd Karvy Selenium, Tower B, Plot No - 31 & 32, Financial District, Nanakramguda, Serilingampally Hyderabad, Rangareddi-500032 |

| II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY | | | |
|--|--|---------------------------------|------------------------------------|
| (All the business activities contributing 10 % or more of the total turnover of the company shall be stated) | | | |
| Sl. No. | Name and Description of main products / services | NIC Code of the Product/service | % to total turnover of the company |
| 1 | Telecom Equipment | 61900 | 100 |

| III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES | | | | | |
|--|---------------------------------|---------|--------------------------------|------------------|--------------------|
| Sl. No | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
| 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-2018] | | | | No. of Shares held at the end of the year[As on 31-March-2019] | | | | % Change during the year |
|--------------------------|-----------------------------------|---|----------|------------------|-------------------|--|----------|------------------|-------------------|--------------------------|
| | | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. | Promoters | | | | | | | | | |
| (1) | Indian | | | | | | | | | |
| a) | Individual/ HUF | 14,71,944 | 0 | 14,71,944 | 36.30% | 15,51,098 | 0 | 15,51,098 | 38.26% | 1.96% |
| b) | Central Govt | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| c) | State Govt(s) | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| d) | Bodies Corp. | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| e) | Banks / FI | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| f) | Any other | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| | Sub Total (A) (1) | 14,71,944 | 0 | 14,71,944 | 36.30% | 15,51,098 | 0 | 15,51,098 | 38.26% | 1.96% |
| (2) | Foreign | | | | | | | | | 0.00% |
| a) | NRI Individuals | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| b) | Other Individuals | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| c) | Bodies Corp. | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| d) | Any other | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| | Sub Total (A) (2) | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| | TOTAL (A) | 14,71,944 | 0 | 14,71,944 | 36.30% | 15,51,098 | 0 | 15,51,098 | 38.26% | 1.96% |
| B. | Public Shareholding | | | | | | | | | |
| 1. | Institutions | | | | | | | | | |
| a) | Mutual Funds | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| b) | Venture Capital Funds | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| c) | Alternate investment Funds | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| d) | Foreign venture Capital Investors | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| e) | Foreign Portfolio Investors | 530 | - | 530 | 0.01% | - | - | - | 0.00% | 0.00% |
| f) | Fis/Banks | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| g) | Insurance Companies | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |

| | | | | | | | | | | |
|-----------|--|------------|-------|------------|--------------|-----------|--------|-----------|--------------|--------------|
| | h) Provident Funds/ Pension Funds | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| | i) Any Others (specify) | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| | Sub-total (B)(1):- | 530 | - | 530 | 0.01% | - | - | - | 0.00% | 0.01% |
| 2 | Central Govt/ State Govt/ President of India | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| | Sub-total (B)(2):- | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| 2. | Non-Institutions | | | | | | | | | |
| | a) Bodies Corp. | | | | | | | | | |
| | i) Indian | 1,76,554 | 200 | 1,76,754 | 4.36% | 147164 | 200 | 147364 | 3.63 | (0.73%) |
| | ii) Overseas | - | - | - | 0.00% | 0 | 0 | - | 0.00% | 0.00% |
| | b) Individuals | | | | | | | | | |
| | i) Individual shareholders holding nominal share capital upto Rs. 2 lakh | 1522527 | 57543 | 1580070 | 38.97% | 15,11,057 | 53,643 | 15,64,700 | 38.59% | (0.38%) |
| | ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh | 746036 | 0 | 746036 | 18.40% | 7,12,108 | 0 | 7,12,108 | 17.56% | (0.84%) |
| | b) NBFC's registered with RBI | - | - | - | - | 250 | 0 | 250 | 0.01% | 0.01% |
| | c) Others (specify) | | | | | 1,47,164 | 200 | 1,47,364 | 4.71% | |
| | Non Resident Indians | 40746 | 0 | 40746 | 1.01% | 43,095 | 0 | 43,095 | 1.06% | |
| | Overseas Corporate Bodies | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| | Foreign Nationals | | | - | 0.00% | - | - | - | 0.00% | 0.00% |
| | Clearing Members | 3,032 | 0 | 3,032 | 0.07% | 497 | 0 | 497 | 0.01% | 0.06% |
| | 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 | 35,381 | 0 | 35,381 | 0.87% | 35,381 | 0 | 35,381 | 0.87% | 0.00% |
| | Sub-total (B)(3):- | 25,24,276 | 57,743 | 25,82,019 | 63.68% | 24,49,552 | 53,843 | 25,03,395 | 61.74% | (1.94)% |
| | Total Public (B) | 25,24,806 | 57,743 | 25,82,549 | 63.70% | 24,49,552 | 53,843 | 25,03,395 | 61.74% | (1.96)% |
| | C. Shares held by Custodian for GDRs & ADRs | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| | Grand Total (A+B+C) | 39,96,750 | 57,743 | 40,54,493 | 100.00 | 40,00,650 | 53,843 | 40,54,493 | 100.00 | |

(ii) Shareholding of Promoters'

| Sl. No | Shareholder's Name | Shareholding at the beginning of the year March 2018 | | | Shareholding at the end of the year March 2019 | | | % 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 | 7,39,396 | 18.23% | 0 | 7,88,376 | 19.44% | 0 | 1.21% |
| 2 | Abburi Sidhartha Sagar | 2,74,000 | 6.76% | 0 | 2,74,873 | 6.78% | 0 | 0.02% |
| 3 | Abburi Sarada | 1,99,449 | 4.92% | 0 | 2,19,750 | 5.42% | 0 | 0.5% |
| 4 | Abburi Sailaja | 2,22,479 | 5.49% | 0 | 2,31,479 | 5.71% | 0 | 0.22% |
| 5 | Abburi Venkateswara Rao | 36,620 | 0.90% | 0 | 36,620 | 0.90% | 0 | - |
| | Total | 14,71,944 | 36.30% | 0 | 15,51,098 | 38.25% | 0 | 1.95% |

(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 | 01.04.2018 | N.A | 1471944 | 36.30 | 1471944 | 36.30 |
| Changes during the year | 21.09.2018 | purchase | 12801 | 0.32 | 1484745 | 36.62 |
| | 28.09.2018 | purchase | 9065 | 0.22 | 1493810 | 36.84 |
| | 02.11.2018 | purchase | 25647 | 0.63 | 1519457 | 37.47 |
| | 09.11.2018 | purchase | 1681 | 0.04 | 1521138 | 37.51 |
| | 23.11.2018 | purchase | 4752 | 0.12 | 1525890 | 37.63 |
| | 30.11.2018 | purchase | 9566 | 0.24 | 1535456 | 37.87 |
| | 07.12.2018 | purchase | 1000 | 0.02 | 1536456 | 37.89 |

| | | | | | | |
|-------------------------|------------|----------|---------|-------|---------|-------|
| Changes during the year | 14.12.2018 | purchase | 1725 | 0.04 | 1538181 | 37.93 |
| | 21.12.2018 | purchase | 5661 | 0.14 | 1543842 | 38.07 |
| | 11.01.2019 | purchase | 1276 | 0.03 | 1545118 | 38.10 |
| | 18.01.2019 | purchase | 118 | 0.00 | 1545236 | 38.11 |
| | 22.02.2018 | purchase | 1820 | 0.04 | 1547056 | 38.15 |
| | 01.03.2019 | purchase | 4042 | 0.10 | 1551098 | 38.25 |
| At the end of the year | 31.03.2019 | N.A. | 1551098 | 38.25 | 1551098 | 38.25 |

(iv) Shareholding Pattern of top ten Shareholders

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

| SI. 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 | K SWAPNA | | | | | | |
| | At the beginning of the year | 01.04.2018 | N.A. | 3,00,000 | % | - | |
| | Changes during the year | NA | | - | 0.00% | | |
| | At the end of the year | 31.03.2019 | N.A. | 3,00,000 | % | | |
| 2 | VASUDEVARAO DHANEKULA | | | | | | |
| | At the beginning of the year | 01.04.2018 | N.A. | 75,827 | 1.87% | 75827 | 1.87% |
| | Changes during the year | 13.04.2018 | Purchase | 15363 | 0.38% | 91190 | 2.25% |
| | | 20.04.2018 | Purchase | 5780 | 0.14% | 96970 | 2.39% |
| | | 27.04.2018 | Purchase | 30 | 0.00% | 97000 | 2.39% |
| | | 18.05.2018 | Purchase | 1000 | 0.02% | 98000 | 2.42% |
| At the end of the year | 31.03.2019 | N.A. | 98000 | 2.42% | 98000 | 2.42% | |
| 3 | NAGENDRA BABU NAGABHYARVA | | | | | | |
| | At the beginning of the year | 01.04.2018 | N.A. | 48,000 | 1.18% | - | |
| | Changes during the year | | N.A. | - | 0.00% | 48,000 | 1.18% |
| | At the end of the year | 31.03.2019 | N.A. | 48,000 | 1.18% | 48,000 | 1.18% |
| 4 | GIRISH GULATI HUF | | | | | | |
| | At the beginning of the year | 01.04.2018 | N.A. | 62338 | 1.54% | 62338 | 1.54% |
| | Changes during the year | 01.06.2018 | Sale | (2878) | (0.07)% | 59460 | 1.47% |
| | | 17.08.2018 | Sale | (5000) | (0.12)% | 54460 | 1.34% |
| At the end of the year | 31.03.2019 | N.A. | 54460 | 1.34% | 54,460 | 1.34% | |
| 5 | Hindustan Candle MFG Co. Pvt. Ltd | | | | | | |
| | At the beginning of the year | 01.04.2018 | N.A. | 43,657 | 1.08% | 43,657 | 1.08% |
| | Changes during the year | NA | NA | NA | - | - | - |
| | At the end of the year | 31.03.2019 | N.A. | 43,657 | 1.08% | 43,657 | 1.08% |

| | | | | | | | |
|------------------------|---|------------|----------|---------|--------|--------|-------|
| 6 | NILAKSHI SODHI | | | | | | |
| | At the beginning of the year | 01.04.2018 | N.A. | 38,210 | 0.94% | 38,210 | 0.94% |
| | Changes during the year | N.A. | N.A. | - | 0.00% | - | - |
| | At the end of the year | 31.03.2019 | N.A. | 38,210 | 0.94% | 38,210 | 0.94% |
| 7 | RAJASHEKHAR GUTTIKONDA | | | | | | |
| | At the beginning of the year | 01.04.2018 | N.A. | 33,652 | 0.83% | 33,652 | 0.83% |
| | Changes during the year | 06.04.2018 | Purchase | 694 | 0.02% | 34,346 | 0.85% |
| | | 05.10.2018 | Purchase | 2,980 | 0.07% | 37,326 | 0.92% |
| At the end of the year | 31.03.2019 | N.A. | 37,326 | 0.92% | 37,326 | 0.92% | |
| 8 | UTSAV PRAMODKUMAR SHRIVASTAV | | | | | | |
| | At the beginning of the year | 01.04.2018 | N.A. | 41,000 | 1.01% | 41,000 | 1.01% |
| | Changes during the year | N.A. | N.A. | - | - | - | - |
| | At the end of the year | 31.03.2019 | N.A. | 41,000 | 1.01% | 41,000 | 1.01% |
| 9 | INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY M | | | | | | |
| | At the beginning of the year | 01.04.2018 | N.A. | 35,381 | 0.87% | 35,381 | 0.87% |
| | Changes during the year | 31.10.2018 | N.A. | - | - | - | - |
| | At the end of the year | 31.03.2019 | N.A. | 35,381 | 0.87% | 35,381 | 0.87% |
| 10 | VARALAKSHMI GUTTIKONDA* | | | | | | |
| | At the end of the year | 01.04.2018 | N.A. | 43,123 | 1.06% | 43,123 | 1.06% |
| | Changes during the year | 28.09.2018 | Sold | (1,480) | 0.03% | 41,643 | 1.03% |
| | At the end of the year | 31.03.2019 | N.A. | - | - | - | - |

(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 |
| 1 | Abburi Vidyasagar | | | | | | |
| | At the beginning of the year | 01.04.2018 | NA | 7,39,396 | 18.24% | 7,39,396 | 18.24% |
| | Changes during the year | 28.09.2018 | Purchase | 1,565 | 0.04% | 7,40,961 | 18.28% |
| | | 02.11.2018 | Purchase | 25,647 | 0.63% | 7,66,608 | 18.91% |
| | | 09.11.2018 | Purchase | 1,681 | 0.04% | 7,68,289 | 18.95% |
| | | 23.11.2018 | Purchase | 4,752 | 0.12% | 7,73,041 | 19.07% |
| | | 30.11.2018 | Purchase | 9,566 | 0.24% | 7,82,607 | 19.30% |
| | | 14.12.2018 | Purchase | 662 | 0.02% | 7,83,269 | 19.32% |
| | | 22.02.2019 | Purchase | 1,820 | 0.04% | 7,85,089 | 19.36% |
| | 01.03.2019 | Purchase | 3,287 | 0.08% | 7,88,376 | 19.44% | |
| At the end of the year | 31.03.2019 | NA | 7,88,376 | 19.44% | 7,88,376 | 19.44% | |
| 2 | Abburi Sarada | | | | | | |
| | At the beginning of the year | 01.04.2018 | NA | 1,99,449 | 4.92% | 1,99,449 | 4.92% |
| | Changes during the year | 21.09.2018 | Purchase | 12,801 | 0.32% | 2,12,250 | 5.23% |
| | | 28.09.2018 | Purchase | 7,500 | 0.18% | 2,19,750 | 5.42% |
| At the end of the year | 31.03.2018 | NA | 2,19,750 | 5.42% | 2,19,750 | 5.42% | |

| | | | | | | | |
|---|--|------------|------|---|-------|---|-------|
| 3 | Subramaniam Balakrishnan | | | | | | |
| | At the beginning of the year | 01.04.2018 | NA | - | 0.00% | - | 0.00% |
| | Changes during the year | N.A. | NA | - | 0.00% | - | 0.00% |
| | At the end of the year | 31.03.2019 | NA | - | 0.00% | - | 0.00% |
| 4 | Naveen Nandigam | | | | | | |
| | At the beginning of the year | 01.04.2018 | NA | - | 0.00% | - | 0.00% |
| | Changes during the year | N.A. | NA | - | 0.00% | - | 0.00% |
| | At the end of the year | 31.03.2019 | NA | - | 0.00% | - | 0.00% |
| 5 | Yalamanchili Kishore | | | | | | |
| | At the beginning of the year | 01.04.2019 | NA | - | 0.00% | - | 0.00% |
| | Changes during the year | N.A. | NA | - | 0.00% | - | 0.00% |
| | At the end of the year | 31.03.2019 | NA | - | 0.00% | - | 0.00% |
| 6 | Raghu Prasad Pidikiti | | | | | | |
| | At the beginning of the year | 01.04.2018 | N.A. | - | 0.00% | - | 0.00% |
| | Changes during the year | N.A. | N.A. | - | 0.00% | - | 0.00% |
| | At the end of the year | 31.03.2019 | N.A. | - | 0.00% | - | 0.00% |
| 7 | Myneni Narayana Rao | | | | | | |
| | At the beginning of the year | 01.04.2018 | N.A. | - | 0.00% | - | 0.00% |
| | Changes during the year | N.A. | N.A. | - | 0.00% | - | 0.00% |
| | At the end of the year | 31.03.2019 | N.A. | - | 0.00% | - | 0.00% |
| 8 | Eluru Bala Venkata Ramana Gupta | | | | | | |
| | At the beginning of the year | 01.04.2018 | N.A. | - | 0.00% | - | 0.00% |
| | Changes during the year | N.A. | N.A. | - | 0.00% | - | 0.00% |
| | At the end of the year | 31.03.2019 | N.A. | - | 0.00% | - | 0.00% |
| 9 | Ravindra Mamilapalli | | | | | | |
| | At the beginning of the year | 01.04.2018 | N.A. | - | 0.00% | - | 0.00% |
| | Changes during the year | N.A. | N.A. | - | 0.00% | - | 0.00% |
| | At the end of the year | 31.03.2019 | 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 | - | - | - | - |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | | - | - | |
| Change in Indebtedness during the financial year | | | | |
| * Addition | - | - | - | - |
| * Reduction | - | - | - | - |
| Net Change | - | - | - | - |

| Indebtedness at the end of the financial year | | | | |
|---|---|---|---|---|
| i) Principal Amount | - | - | - | - |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | - | - | - | - |

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 | 30,00,000 | 12,00,000 | 42,00,000 |
| | (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 | 28,20,207 | 40,61,644 | 68,81,851 |
| | - others, specify | - | - | - |
| 5 | Others, please specify | - | - | - |
| | Total (A) | 58,20,207 | 52,61,644 | 1,10,81,851 |
| | Ceiling as per the Act | | | |

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 | 1,10,000 | 1,10,000 | 80,000 | 80,000 | 3,80,000 |
| | Commission | - | - | - | - | - |
| | Others, please specify | - | - | - | - | - |
| | Total (I) | 1,10,000 | 1,10,000 | 80,000 | 80,000 | 3,80,000 |

| | | | | | | |
|---|--|----------------|-----------------------|--|--|--------------------|
| 2 | Other Non-Executive Directors | S.Balakrishnan | Raghu prasad pidikiti | | | - |
| | Fee for attending board committee meetings | 20,000 | 60,000 | | | 80,000 |
| | Commission | | | | | - |
| | Others, please specify | | | | | - |
| | Total (2) | | | | | |
| | Total (B)=(1 +2) | 20,000 | 60,000 | | | 4,60,000 |
| | Total Managerial Remuneration | | | | | 1,15,41,851 |
| | Overall Ceiling as per the Act | | | | | |

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 | | | |
| | Designation | CEO | CFO | CS | |
| 1 | Gross salary | | Abhuri Sarada | M Ravindra | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | | 12,00,000 | 2,40,000 | 14,40,000 |
| | (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 | - | 40,61,644 | - | 40,61,644 |
| | - others, specify | - | - | - | - |
| 5 | Others, please specify | | | | - |
| | Total | - | 52,61,644 | 2,40,000 | 55,01,644 |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

For and on behalf of the Board of Directors
Avantel Limited

Place: Hyderabad
 Date: 07th May, 2019

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 an impressive turnover of Rs. 50.51 Crores in the financial year FY 2018-19. During the year the company has consolidated its Satcom Business segment with its new offerings of mobile satellite services terminals for voice and data communications and to suit the requirements of the new MSS Mark II terminals, the Indian Navy MSS Hub stations have been upgraded.

The company has recorded a Profit (before tax) of Rs 12.34 Crores as against Rs. 9.13 Crores (other than sale of land & buildings of Rs. 15.06 crores) in the previous year with an increase in profit by 36 % compared to last fiscal.

Outlook for the next year

The defence budget was increased by 6.87 per cent to Rs. 3.18 lakh crore against last year's allocation of Rs. 2.98 lakh crore, notwithstanding expectations of a major hike when China and Pakistan were bolstering their military capabilities. As announced by FM during his budget speech in Feb 2018, a Draft Defence Production Policy has been shared to all stake holders for their inputs and expected to be officially released the coming fiscal. The policy is aimed at creation of a self reliant defence ecosystem with greater emphasis in Make in India and boost MSME participation in indigenization of defence technologies.

Risks And Concerns:

RISKS:

The company operates mainly in the Defence & Aerospace domain and major part of its customer base lies in the strategic sector. The business of the company is sensitive to the project priorities of strategic establishments besides policies/procedures of the government. Furthermore, the long gestation periods in order conversion affects the revenue stream and leads to uncertainties.

RISK MITIGATION:

There is a comprehensive 'Risk Management Framework' established in your company which takes care of emerging risks and their mitigation. As part of the diversification process, you will be glad to know that your company has forayed into HF communications and is on the look out to expand to other areas akin to the company's core competencies for sustainable growth ahead.

(B) Opportunities And Threats:

Opportunities:

The new Production Policy 2018 attempts to build on these initiatives and provide a focused, structured and significant thrust to development of defence design and production capabilities in the country. Avantel being a core R & D organisation has significantly contributed to indigenous R & D and has till date supplied various innovative products in the domain of RF, Wireless & SATCOM Technologies for the benefit of Indian Defence forces. Avantel shall utilise the favourable ecosystem building up now in India and would strive hard to stretch its capabilities to offer indigenous solutions.

THREATS:

The availability and allocation of bandwidth to Indian Defence Services in S band may limit the scope for growth. Your company has taken proactive steps i.e. planning newer offerings in the existing portfolio and diversification of its product offerings.

(C) 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 AS9100 :2016 (Revision D) and ISO 9001:2015
- (iii) Information Security Management Systems ISO 27001 certification

The company has a robust Internal & external 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 agencies including the customers like Boeing have favorably commented on the processes followed by the company. There are nil non compliance during the year and all the OFIs recommended by these agencies have been implemented successfully.

(D) 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.

(E) Development of new products:

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

- (i) Hardware Development Of ASIC Based Satellite Modem
- (ii) Two Way MSS Terminal For Vessel Tracking Using Gsat-6
- (iii) Electronic Beam Steering based MSS Receiver
- (iv) Environmental Radiation Monitor-Sat (ERM-SAT)
- (v) Solid stage Filter Switching Unit - 20-500MHz, 500W
- (vi) Satellite based reporting terminal with Ejection mechanism
- (vii) 1KW Power amplifier with FSU - 1.5 -30MHz, 1KW
- (viii) 1KW Power amplifier with FSU - 20 -5000MHz, 1KW
- (ix) 1KW Power amplifier - 500 - 1000 MHz, 1KW
- (x) GSM Amplifier 4X40W, 860-960MHz
- (xi) EGSM Amplifier 4X40W, 1805-1990MHz
- (xii) LDMOS based UHF amplifier, 400-500MHz, 1KW

(F) 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

Place: Hyderabad
Date: 07th May, 2019

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

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 no increase in the remuneration of Managing Director and Whole-Time Director.
- In the financial year, there was no increase in remuneration of each Director, Chief Financial Officer and Company Secretary.
- In the financial under review, there was an increase of 49% in the median remuneration of employees
- There were 196 permanent employees on the rolls of Company as on 31st March, 2019.
- 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 | AMIETE & 24.1 | Vice President - Marketing | 13 th February, 1995 | Permanent | 21.82 | - | - | - |
| N Srinivas Rao | 47 | BS & 22.1 | Vice-President | 10 th February, 1997 | Permanent | 19.92 | Radio and TV Centre Electronics Corporation of India | - | - |
| PRL Prakash | 52 | M.Tech & 5 | General Manager | 01 st April, 2014 | Permanent | 19.20 | BrahMos Aerospace Private Limited Det Norske Veritas (DNV) Indian Air Force | - | - |
| Gp Capt P Srinivas (Retd) | 47 | B.Tech, M.E. & 1.4 | General Manager | 04 th December, 2017 | Permanent | 19.20 | Indian Air Force as GP Captain | - | - |
| Dr. V. Nagarajan | 64 | DMIT Ph.D & 9m | Chief Technology Officer | 02 nd July, 2018 | Permanent | 18.00 | EMWD Technologies Pvt Ltd as founder & Managing Director | - | - |
| Nageswara Rao Tatikonda | 55 | M.Tech, PGDM & 6.8 | General Manager | 13 th July, 2012 | Permanent | 17.61 | 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 | 35 | MBA (Mktg), B.Tech (IT) & 2.7 | Regional Manager | 12 th Sept 2016 | Permanent | 16.20 | 1) In Level One Communications (Inida) Private Limited as Business Manager 2) In Rolta Defense Technology Systems Pvt Ltd as Management Associate I-LI | - | - |
| Rajendra Sudhakar Dixit | 50 | M.E. (E&T) & MBA & 1.8 | General Manager | 1 st August 2017 | Permanent | 15.60 | L&T Limited as a Deputy General Manager | - | - |
| D Mahesh Kumar | 50 | MBA, GNIIT & 20 | General Manager (MIS) & CISO | 1 st April, 1999 | Permanent | 15.34 | Pennar Paterson Securities Limited Randezvous Infotech Pvt Ltd | - | - |
| Ipe KK | 60 | M.Tech & 3 | Director (Technical) | 4 th April, 2016 | Permanent | 15.00 | Indian Navy | - | - |
| Pusuluru Srinivasa Rao | 45 | M.Sc & 14.2 | Head (RF Design) | 19 th January, 2005 | Permanent | 15.00 | Vikas Communication Pvt Ltd | - | - |

For and on behalf of the Board of Directors
Avantel Limited

Place: Hyderabad
Date: 07th May, 2019

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

Annexure-VIII

REPORT ON CORPORATE GOVERNANCE

Company's philosophy on Code of Governance:

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

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

At Avantel, we ensure application of best governance practices, adherence to high ethical values, healthy stakeholder relations and achievement of our objectives while meeting the stakeholder's needs

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

At Avantel we have always sought to be a value driven organization, where our growth and success is directed by our values. A report on Corporate Governance as required by the SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 is as under:

GOVERNANCE STRUCTURE

The Corporate Governance structure of M/s. Avantel Limited is as follows:

BOARD OF DIRECTORS

The composition of Board is in consonance with the requirements of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. As on 31st March, 2019. The Board of Avantel consists of 8 Members. The Company has Two Executive Directors, One Non-Executive Director and Four Non-Executive Independent Directors.

COMPOSITION AND CATEGORY OF DIRECTORS

| Name of Director | Category | Designation | No. of shares held in the Company (%) | Names of the Listed companies holding directorship & category of such directorship held |
|--------------------------|---------------|---------------------------------|---------------------------------------|--|
| Abburi Vidyasagar | Executive | Chairperson & Managing Director | 788376 (19.44) | 1. Avantel Ltd. (Managing Director) |
| Abburi Sarada | Executive | Whole-Time Director | 219750 (5.42) | 1. Avantel Ltd. (Whole Time Director) |
| Subramaniya Balakrishnan | Non-Executive | Non-Executive Director | Nil | Nil |
| Raghu Prasad Pidikiti | Non-Executive | Non-Executive Director | Nil | 1. Avantel Ltd. (Non-Executive Director) |
| Yalamanchili Kishore | Non-Executive | Independent Director | Nil | 1. Avantel Ltd. (Independent Director) |
| Naveen Nandigam | Non-Executive | Independent Director | Nil | 1. Avantel Ltd. 2. Kapston Facilities Management Ltd. 3. Tanvi Foods (India) Ltd. (Independent Director) |

| | | | | |
|----------------------------------|---------------|----------------------|-----|--|
| Elluru Bala Venkata Ramana Gupta | Non-Executive | Independent Director | Nil | 1. Avantel Ltd. (Independent Director) |
| Myneni Narayana Rao | Non-Executive | Independent Director | Nil | 1. Avantel Ltd. 2. RMG Alloy Steel Ltd. (Independent Director) |

The Board has identified the following skill set with reference to its business and industry which are available with the Board:

| Name of Director | Expertise in specific functional area |
|--|--|
| Dr. Abburi Vidyasagar | Industrialist, Business Strategist, Leadership, Telecommunication and Satellite Technologies |
| Smt. Abburi Sarada | Finance, Banking and Foreign Exchange Markets |
| Shri. Raghu Prasad Pidikiti | Technology, Entrepreneur, Business and Corporate Planning and Strategy |
| Shri. Yalamanchili Kishore | Leadership, Organization and Business Management |
| Shri. Naveen Nandigam | Finance, Banking, Markets and Wealth Management |
| Shri. Elluru Bala Venkata Ramana Gupta | Corporate Finance, Financial Risk Management, Corporate Treasury, Banking |
| Shri. Myneni Narayana Rao | Strategist, Technocrat Scientist, Leadership, Organization and Business Management |

Relationship among Directors

Mr. Abburi Vidyasagar and Mrs. Abburi Sarada are related to each other. Further, none of the other directors are related to each other.

Details of attendance of Directors at the AGM, Board Meetings with particulars of their Directorship and Chairmanship /Membership of Board /Committees in other Companies are as under:

| Name | Attendance in the Board meetings | | Attendance at AGM held on 27 th July 2018 | Other | |
|----------------------------------|----------------------------------|---------|--|---------------|-----------------------|
| | Held | Present | | Directorships | Committee Memberships |
| Abburi Vidyasagar | 4 | 4 | Y | 0 | 0 |
| Abburi Sarada | 4 | 4 | Y | 1 | 0 |
| Subramanaiya Balakrishnan | 4 | 2 | N | 0 | 0 |
| Raghu Prasad Pidikiti | 4 | 3 | N | 1 | 0 |
| Yalamanchili Kishore | 4 | 4 | N | 0 | 0 |
| Naveen Nandigam | 4 | 4 | Y | 3 | 3 |
| Elluru Bala Venkata Ramana Gupta | 4 | 4 | N | 0 | 0 |
| Myneni Narayana Rao | 4 | 4 | Y | 2 | 2 |

The Directorships held by Directors in other Companies, as mentioned above do not include Directorships in Foreign Companies, Companies registered under Section 8 of the Companies Act, 2013 and Private Limited Companies.

None of the Directors on the Board is a member on more than 10 Committees and Chairman of more than 5 Committees across all the companies in which they are directors.

None of the Directors serve as Independent Director in more than seven listed companies.

DATES OF BOARD MEETINGS:

The Board met 4 times in the financial year 2018-19 on the following dates, with a gap not exceeding one hundred and twenty days between any two meetings:

| Date | Board Strength | No. of Directors Present |
|------------|----------------|--------------------------|
| 28.05.2018 | 8 | 6 |
| 02.08.2018 | 8 | 7 |
| 25.10.2018 | 8 | 8 |
| 28.01.2019 | 8 | 8 |

COMMITTEES OF THE BOARD:

Currently, there are 4 Board Committees – The Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee. The terms of reference of the Board Committees are determined by the Board from time to time. Meetings of each Board, Committee are convened by the Chairman of the respective Committees.

The role and composition of these Committees, including the number of meetings held during the financial year and the related attendance are provided below:

Audit Committee:

The Company has a qualified and Independent Audit Committee comprising of 4 Independent Directors and 1 Non-Executive Director, constituted in accordance with Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013. The Committee is empowered with the powers as prescribed under the said Regulation 18 and Section 177 of the Companies Act, 2013. The Committee also acts in terms of reference and directions if any, given by the Board from time to time:

| Name of the Director | Category | No. of Meetings held during the Year | No. of meetings Attended |
|-----------------------------|----------|--------------------------------------|--------------------------|
| Shri. N. Naveen | Chairman | 4 | 4 |
| Shri. Y. Kishore | Member | 4 | 4 |
| Shri. Raghu Prasad Pidikiti | Member | 4 | 3 |
| Shri. EBV Ramana Gupta | Member | 4 | 4 |
| Shri. M NarayanaRao | Member | 4 | 4 |

All the members of the Audit Committee are financially literate and have expertise in accounting/ financial management. The Company Secretary of the Company acts as the Secretary of the said Committee. Chief Financial Officer of the Company, Internal Auditors and Statutory Auditors are invitees to the meetings of the Audit Committee.

Meetings of Audit Committee:

The Audit Committee met 5 times during the previous year, with a gap not exceeding one hundred and twenty days between any

two meetings. All members were present at the meetings of Audit Committees. The said committee met at the following dates.

| Date | Committee Strength | No. of Directors Present |
|------------|--------------------|--------------------------|
| 28.05.2018 | 5 | 4 |
| 02.08.2018 | 5 | 5 |
| 25.10.2018 | 5 | 5 |
| 28.01.2019 | 5 | 5 |

Terms of reference of Audit Committee:

The terms of reference of the Audit Committee are as per Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 177 of the Companies Act, 2013 and includes such other functions as may be assigned to it by the Board from time to time.

Powers of the Audit Committee includes:

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

Role of the Audit Committee includes:

1. Oversight of Company’s financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of auditors and fixation of audit fee.
3. Approval of payment to statutory auditors for any other services rendered by them.
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - i) Matters required to be included in the Director’s Responsibility Statement to be included in the Board’s report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.
 - ii) Changes, if any, in accounting policies and practices and reasons for the same.
 - iii) Major accounting entries involving estimates based on the exercise of judgment by management.
 - iv) Significant adjustments made in the financial statements arising out of audit findings.
 - v) Compliance with listing and other legal requirements relating to financial statements.
 - vi) Disclosure of any related party transactions.
 - vii) Review of draft Auditors Report, in particular qualifications / remarks / observations made by the Auditors on the financial statements.
 - viii) Management Discussion and Analysis of financial conditions and result of operations.

5. Review of Statement of significant related party transactions submitted by the management.
6. Review of management letters/letters of internal control weaknesses issued by the statutory auditors.
7. Review of internal audit reports relating to internal control weaknesses.
8. Review of appointment, removal and terms of remuneration of the Chief Internal Auditor.
9. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
10. Review of the financial statements of subsidiary Companies.
11. Review and monitor the auditor's independence and performance and effectiveness of audit process.
12. Approval or any subsequent modification of transactions of the company with related parties.
13. Scrutiny of inter-corporate loans and investments.
14. Valuation of undertakings or assets of the Company, wherever it is necessary.
15. Evaluation of internal financial controls and risk management systems.
16. To look into the reasons for substantial defaults in the payment to the shareholders (in case of non-payment of declared dividends) and creditors.
17. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
18. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
19. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
20. Discussion with internal auditors of any significant findings and follow up there on.
21. Reviewing the risk management policies, practices and the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
22. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
23. To review the functioning of the Whistle Blower Mechanism.
24. Approval of appointment / reappointment / remuneration of CFO (or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background etc. of the candidate.
25. Carrying out any other function as may be mentioned in the terms of reference of the Audit Committee.
26. Quarterly statements of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
27. Annual statements of funds utilized for purposes other than those stated in the offer document/ prospectus/notice in terms of Regulation 32(7)..

The Audit Committee discharges its functions and obligations on regular basis and on the occurrence of the events.

Nomination and Remuneration Committee:

The Nomination and Remuneration Committee has been formed in compliance of Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to Section 178 of the Companies Act, 2013 comprising of 3 Independent Non-Executive Directors and 1 Non-Executive Director.

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

| Name of the Director | Category | No. of Meetings held during the Year | No. of meetings Attended |
|-----------------------------|----------|--------------------------------------|--------------------------|
| Shri. Y. Kishore | Chairman | I | I |
| Shri. N. Naveen | Member | I | I |
| Shri. Raghu Prasad Pidikiti | Member | I | I |
| Shri. M Narayana Rao | Member | I | I |

Meetings of Nomination and Remuneration Committee:

The Committee met one time during the previous year on 28.01.2019.

The main object of this Committee is to identify persons who are qualified to become directors and who may be appointed in senior management of the Company, recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance, recommend the remuneration package of both the Executive and the Non-Executive Directors on the Board and also the remuneration of Senior Management, one level below the Board. The Committee reviews the remuneration package payable to Executive Director(s) and recommends to the Board the same and acts in terms of reference of the Board from time to time.

Terms of reference:

The terms of reference of the Nomination and Remuneration Committee are as under:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key Managerial Personnel and other employees.
2. Formulation of criteria for evaluation of Independent Directors and the Board.
3. Devising a policy on Board diversity.
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
5. To recommend/review remuneration of Key Managerial Personnel based on their performance and defined assessment criteria.
6. To decide on the elements of remuneration package of all the Key Managerial Personnel i.e. salary, benefits, bonus, stock options, pensions etc.
7. Recommendation of fee / compensation if any, to be paid to Non-Executive Directors, including Independent Directors of the Board.
8. Payment / revision of remuneration payable to Managerial Personnel.

9. While approving the remuneration, the committee shall take into account financial position of the Company, trend in the industry, qualification, experience and past performance of the appointee.
10. The Committee shall be in a position to bring about objectivity in determining the remuneration package while striking the balance between the interest of the Company and shareholders.
11. Any other functions / powers / duties as may be entrusted by the Board from time to time.

The Company has adopted a policy relating to the remuneration for Directors, Key Managerial Personnel and other employees of the Company which is disclosed on the website of the Company www.avantel.in.

The Company has paid Remuneration, Profit related Commission and Sitting Fee during the Financial Year 2018-19.

REMUNERATION OF DIRECTORS:

All pecuniary relationship or transactions of the Non-Executive Directors:

The Company has not entered into any pecuniary transactions with the Non-Executive Directors. During the year, the Company has paid sitting fee to the Non-Executive Directors.

Criteria of making payments to Non-Executive Directors:

The Company has paid only sitting fee to the Non-Executive Directors and Independent Directors. The details of which are detailed below:

| Particulars | Nature of Transaction | 2018-2019 |
|--------------------------------------|-----------------------|----------------|
| Shri Subramaniya Balakrishnan | Sitting Fee | 20,000 |
| Shri Raghu Prasad Pidikiti | Sitting Fee | 60,000 |
| Shri Yalamanchili Kishore | Sitting Fee | 110,000 |
| Shri Naveen Nandigam | Sitting Fee | 110,000 |
| Shri Eluru Bala Venkata Ramana Gupta | Sitting Fee | 80,000 |
| Shri Myneni Narayana Rao | Sitting Fee | 80,000 |
| Total | | 460,000 |

Disclosure with respect to remuneration:

Directors remuneration:

| Particulars | Nature of Transaction | 2018-2019 |
|-----------------------|-----------------------|------------------|
| Dr. Abburi Vidyasagar | Remuneration | 3,000,000 |
| Smt. Abburi Sarada | Remuneration | 1,200,000 |
| Total | | 4,200,000 |

Stakeholders Relationship Committee: NIL

The Stakeholders Relationship Committee has been formed in compliance of Regulation 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to Section 178 of the Companies Act, 2013 comprising of 3 Independent Non-Executive Directors. The composition of the Stakeholders Relationship Committee and the attendance of each Member of the said Committee are as under:

| Name of the Director | Category | No. of Meetings held during the Year | No. of meetings Attended |
|-----------------------------|----------|--------------------------------------|--------------------------|
| Shri. Raghu Prasad Pidikiti | Chairman | - | - |
| Shri. Y Kishore | Member | - | - |
| Shri. A Vidyasagar | Member | - | - |

During the year under review, No meeting of Stakeholders Relationship Committee were held.

The Committee reviews the security transfers/transmissions, process of dematerialization and the Investor's grievances and the systems dealing with these issues. Mr. M Ravindra, Company Secretary is appointed as the Compliance Officer of the Company. The Board has authorized the Company Secretary, who is also the Compliance Officer, to approve share transfers/ transmission and comply with other formalities in relation thereto. All investor complaints, which cannot be settled at the level of the Compliance Officer, will be placed before the Committee for final settlement. There were no pending complaints and transfers as on 31st March, 2019.

Terms of reference:

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

- a. Redressal of grievances of shareholders, debenture holders and other security holders.
- b. Transfer and transmission of securities.
- c. Dealing with complaints related to transfer of shares, non-receipt of declared dividend, non-receipt of Balance Sheet etc.
- d. Issuance of duplicate shares certificates.
- e. Review of dematerialization of shares and related matters.
- f. Performing various functions relating to the interests of shareholders/investors of the Company as may be required under the provisions of the Companies Act, 2013, SEBI (LODR) Regulations, 2015 with the Stock Exchanges and regulations/guidelines issued by the SEBI or any other regulatory authority In order to expedite the process and for effective resolution of grievances/complaints, the Committee has delegated powers to the Registrar and Share Transfer Agents i.e., M/s. Venture Capital and Corporate Investments Pvt. Ltd., to redress all complaints/grievances/enquiries of the shareholders/investors. It redresses the grievances/ complaints of shareholders/investors under the supervision of Company Secretary & Compliance Officer of the Company.

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

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

Corporate Social Responsibility Committee:

The present financial position of your Company does not mandate the implementation of corporate social responsibility activities pursuant to the provisions of Section 135 and Schedule VII of the Companies Act, 2013. Even though, the

Company has constituted CSR Committee, developed CSR policy and implement the CSR initiatives. CSR committee is comprising of 2 Independent Directors, 1 Executive Director and 1 Employee of the Company. The composition of the Corporate Social Responsibility Committee and the attendance of each Member of the said Committee are as under:

| Name of the Director | Category | No. of Meetings held during the Year | No. of meetings Attended |
|--------------------------|------------------|--------------------------------------|--------------------------|
| Smt. A Sarada | Chairman | 3 | 3 |
| Shri. Y Kishore | Member | 3 | 3 |
| Shri. N Naveen | Member | 3 | 3 |
| Shri. B V K Durga Prasad | Non-Board Member | 3 | 3 |

Risk Management Committee:

The Company is not required to constitute Risk Management Committee pursuant to Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company will constitute CSR Committee, develop CSR policy and implement the CSR initiatives whenever it is applicable to the Company.

CODE OF CONDUCT:

All the Directors and senior management confirmed the compliance of code of conduct. The Company has posted the Code of Conduct for Directors and Senior Management on the website <http://www.avantel.in>.

MEETING OF INDEPENDENT DIRECTORS

During the year under review, the Independent Directors met on 28th January, 2019, inter alia, to discuss:

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

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

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

Majority of the Independent Directors were present at the Meeting.

FAMILIARIZATION PROGRAMME FOR BOARD MEMBERS:

A formal familiarization programme was conducted about the amendments in the Companies Act, 2013, Rules prescribed thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and all other applicable laws of the Company.

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

The details of such familiarization programs for Independent Directors are posted on the website of the Company <http://www.avantel.in>.

PERFORMANCE EVALUATION:

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit and other Committees.

A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, 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.

GENERAL BODY MEETINGS:

Details of Last 3 Annual General Meetings (AGMs) were as under:

| Financial Year ended | Date, Day and Time of AGM | Venue | Special Resolutions passed at the AGM by the Shareholders |
|------------------------------|---|--|---|
| 31 st March, 2018 | Friday, the 27 th Day of July, 2018 11.00 A.M. | Sy No.141,Plot No.47/P, APIIC Industrial Park, Gambheeram(V), Anandapuram (M), Vishakhapatnam-531163 | Nil |
| 31 st March, 2017 | Friday, the 15 th day of September, 2017 11.00 A.M. | Sy No.141,Plot No.47/P, APIIC Industrial Park, Gambheeram(V), Anandapuram (M), Vishakhapatnam-531163 | 1. To consider and approve the reappointment of Smt. Abburi Sarada as the Whole-Time Director of the company 2. To consider and approve the increase in remuneration of Dr. Abburi Vidyasagar, Chairman and Managing Director of the Company |
| 31 st March, 2016 | Saturday, the 25 th day of June, 2016 11.00 A.M. | Sy No.141,Plot No.47/P, APIIC Industrial Park, Gambheeram(V), Anandapuram (M), Vishakhapatnam-531163 | 1. To consider and approve the re-appointment of Dr. A. Vidyasagar as Managing Director of the Company |

Mr. M B Suneel, Company Secretary in Practice (M/s. P. S. Rao & Associates), conducted the e-voting process and the Poll during the previous Annual General Meeting.

The Company had not conducted any postal ballot during the previous financial year.

No Special Resolution is proposed to be conducted through postal ballot at the AGM to be held on 12th July, 2019.

DISCLOSURES:

- a. The particulars of transactions between the Company and its related parties are set out at Notes to financial statements. However, these transactions are not likely to have any conflict with the Company's interest.

The Policy on Related Party Transactions as approved by the Board is uploaded on the website of the Company <http://www.avantel.in>.

- b. There was no non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years.

- c. The Whistle Blower (Vigil) mechanism provides a channel to the employees to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Codes of Conduct or policy and also provides for adequate safeguards against victimization of employees by giving them direct access to the Chairman of the Audit Committee in exceptional cases. No person has been denied access to the Chairman of the Audit Committee.
- d. There was no non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years.
- e. The Whistle Blower (Vigil) mechanism provides a channel to the employees to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Codes of Conduct or policy and also provides for adequate safeguards against victimization of employees by giving them direct access to the Chairman of the Audit Committee in exceptional cases. No person has been denied access to the Chairman of the Audit Committee.

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

The Company does not have any Material Subsidiary.

The Policy on Material Subsidiaries as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as approved by the Board is uploaded on the website of the Company <http://www.avantel.in>.

The Managing Director and the Chief Financial Officer have certified to the Board in accordance with Regulation 33(2) (a) of SEBI Listing Regulations pertaining to CEO/CFO certification for the Financial Year ended 31st March, 2019.

- f. The Company has complied with the mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has complied with the Discretionary Requirements as specified by Regulation 27(1) of SEBI Listing Regulations which are as under:

- * Reporting of the Internal Auditor: The internal auditor of the company reports directly to the audit committee.

- g. There are no Shares lying in Demat Suspense Account.

MEANS OF COMMUNICATION:

The Quarterly/Half-yearly/Annual Financial results of the Company are published in the newspapers within 48 hours from the conclusion of the Board meeting.

The Results are generally published in Business Standard, Nava Telangana and Such other News Papers from time to time within 48 Hours from time of Board Meeting.

Financial results and other information are displayed in the Investor Relations section on the company's Website <http://www.avantel.in>.

No presentations were made to the Institutional Investors or to Analysts..

GENERAL SHAREHOLDER INFORMATION:

The 29th Annual General Meeting of the company will be held on Friday, 12th day of July, 2019 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), Vishakhapatnam-531163.

Financial Calendar: The Company follows April to March as its financial year.

Results for the quarter ending:

30th June 2019: On or before 14th August, 2019.

30th Sep, 2019: On or before 14th November, 2019.

31st Dec, 2019: On or before 14th February, 2020.

31st Mar, 2020: On or before 30th May, 2020.

Date of Book closure: Saturday, 6th day of July 2019 to Friday, 12th day of July 2019 (both days inclusive).

Dividend Payment Date: 31.07.2019

Listing on Stock Exchanges: BSE Ltd,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai -400001.

Stock Code (BSE Ltd): 532406

ISIN: INE005B01019

The Annual Listing fees for the year 2019-20 has been paid to the Stock Exchange.

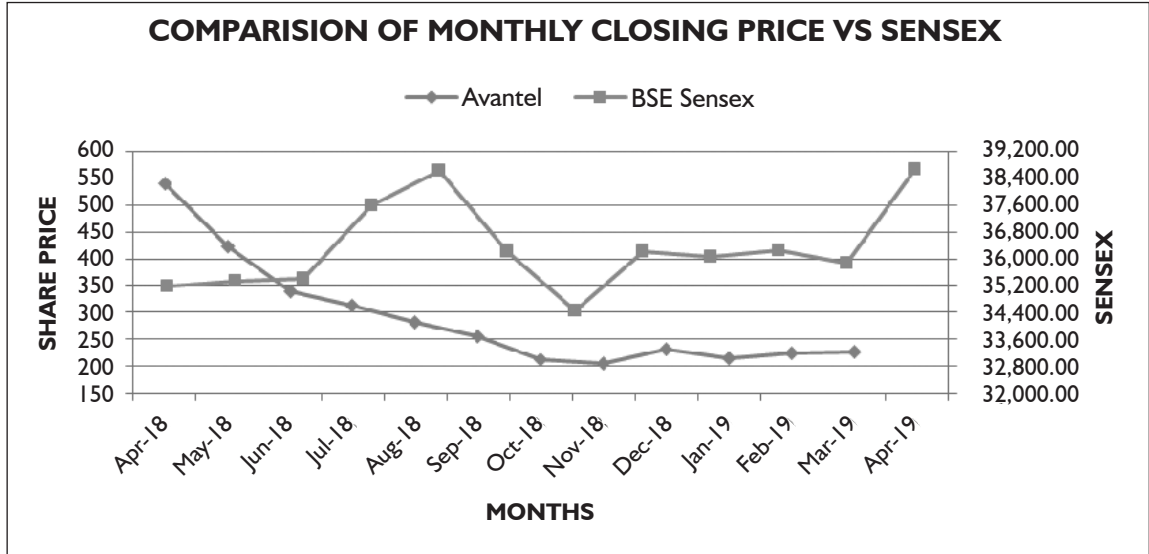
MARKET PRICE DATA

High, low during each month and trading volumes of the Company's Equity Shares during the last financial year 2018-19 at The BSE Limited (BSE) areas under:

| Month | BSE | | |
|-----------------|--------|--------|-----------------|
| | High | Low | Traded Quantity |
| April,2018 | 594.00 | 500.05 | 1,08,370 |
| May, 2018 | 624.45 | 404.30 | 1,77,899 |
| June, 2018 | 444.25 | 325.00 | 1,28,434 |
| July, 2018 | 353.00 | 263.00 | 1,31,838 |
| August,2018 | 325.00 | 275.00 | 75,340 |
| September, 2018 | 313.95 | 244.65 | 79,596 |
| October, 2018 | 258.70 | 179.00 | 79,309 |
| November,2018 | 245.00 | 190.00 | 53,966 |
| December,2018 | 257.95 | 196.15 | 50,499 |
| January, 2019 | 248.90 | 201.50 | 45,812 |
| February, 2019 | 243.00 | 206.00 | 40,256 |
| March, 2019 | 244.95 | 220.00 | 36,179 |

The securities of the Company are not suspended from trading during the financial year ended March 31, 2019.

Share Price Performance:



DISTRIBUTION OF SHAREHOLDING:

| Nominal Value | Holders | | Amount | |
|----------------|-------------|---------------|-----------------|---------------|
| | Number | % To Total | In Rs | % To Total |
| Upto - 5000 | 4260 | 87.91 | 4693540 | 11.58 |
| 5001 - 10000 | 277 | 5.72 | 2191640 | 5.41 |
| 10001-20000 | 147 | 3.03 | 2147450 | 5.30 |
| 20001-30000 | 54 | 1.11 | 1379720 | 3.40 |
| 30001-40000 | 22 | 0.45 | 787580 | 1.94 |
| 40001-50000 | 18 | 0.37 | 837790 | 2.07 |
| 50001-100000 | 22 | 0.45 | 1465410 | 3.61 |
| 100001 & Above | 46 | 0.95 | 27041800 | 66.70 |
| Total: | 4846 | 100.00 | 40544930 | 100.00 |

CATEGORIES OF SHAREHOLDERS AS ON 31ST MARCH, 2019:

| Sl. No | Category of Shareholders | No. of Shares | Percentage % |
|--------|--------------------------------|---------------|--------------|
| 1 | Promoter & Promoter Group | 1551098 | 38.26 |
| 2 | Mutual Funds | - | - |
| 3 | Alternate Investment Funds | - | - |
| 4 | Foreign Portfolio Investors | - | - |
| 5 | Financial Institutions & Banks | - | - |
| 6 | Other Bodies Corporate | 147364 | 3.63 |
| 7 | Resident Individuals | 2124816 | 52.41 |
| 8 | Non-Resident Individuals | 43095 | 1.06 |
| 9 | Clearing Members | 497 | 0.01 |
| 10 | NBFC | 250 | 0.01 |
| 11 | I E P F | 35381 | 0.87 |
| 12 | H U F | 151992 | 3.75 |
| | Total | 4054493 | 100.00 |

Dematerialization of shares and liquidity:

The shares of the Company are under compulsory demat trading. The Company has made necessary arrangements with NSDL and CDSL for demat facility. As on 31st March, 2019, 98.67% of the Company's Shares are dematerialized.

Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion and likely impact on equity: Nil

Plant Location: Sy No.141, Plot No.47/P, APIIC Industrial Park, Gambheeram(V), Anandapuram (M), Vishakhapatnam-53116.

| | |
|---|--|
| Address for Correspondence & any query on Annual Report | Mr. B V K Durga Prasad Senior Manager Avantel Limited Sy No.141, Plot No.47/P, APIIC Industrial Park, Gambheeram(V), Anandapuram (M), Vishakhapatnam-53116. E-mail: compliance@avantel.in Phone: +91 - 891 - 2850000 |
| Registrar and Transfer Agents: | Karvy Fintech Pvt Ltd Karvy Selenium, Tower B, Plot No- 31 & 32, Financial District, Nanakramguda, Serilingampally Hyderabad, Rangareddi-500032 E-mail: compliance.kfpl@karvy.com |

| | |
|-------------------------|--|
| Contact Person: | Mr. Shyam Kumar M/s. Karvy Fintech Private Limited, Unit – Avantel Limited, Karvy Selenium Tower B, Plot31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 Email: shyam.kumar@karvy.com Phone: 040-67162222 |
| Share Transfer System: | The Share transfers are affected within one month from the date of lodgment for transfer, transmission, Sub-division, consolidation, renewal etc. Such modified share certificates are delivered to the shareholders immediately. |
| Compliance Certificate: | Certificate from P S Rao & Associates, Company Secretaries, confirming compliance with the conditions of Corporate Governance as stipulated Under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached to the Directors' Report and forms part of this 26th Annual Report. |

Secretarial Audit:

1. M/s. P. S. Rao & Associates, Practising Company Secretaries have conducted Secretarial Audit of the Company for the year 2018-19. Their Audit Report confirms that the Company has complied with the applicable provisions of the Companies Act and the Rules made there under, SEBI Listing Regulations and other laws applicable to the Company. The Secretarial Audit Report forms part of the Director's Report.
2. Pursuant to Regulation 40(9) of the SEBI Listing Regulations, certificates have been issued on a half-yearly basis, by M/s. P. S. Rao & Associates, Practising Company Secretaries, certifying due compliance of share transfer formalities by the Company.
3. M/s. P. S. Rao & Associates, Practising Company Secretaries carry out a quarterly Reconciliation of Share Capital Audit, to reconcile the total admitted capital with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) and the total issued and listed capital. The audit confirms that the total issued/ paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialized form (held with NSDL and CDSL).
4. Compliance under SEBI Listing Regulations pertaining to mandatory requirements and Practising Company Secretaries Certificate on Corporate Governance is attached herewith.

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT:

In terms of SEBI (LODR) Regulations, 2015, I hereby confirm that all the Board members and Senior Management Personnel of the Company have affirmed compliance with the respective Code of Conduct, as applicable to them for the year ended 31st March, 2019.

Place: Hyderabad
Date: 07th May, 2019

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

CEO/CFO CERTIFICATION

We, Abburi Vidyasagar, Managing Director and Abburi Sarada, Chief Financial Officer of the Company, to the best of our knowledge and belief, certify that:

- a. We have reviewed the financial statements including cash flow statement (standalone and consolidated) for the financial year ended 31st March, 2019 and to the best of our knowledge and belief :
 - I. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - II. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to address these deficiencies.
- d. We have indicated to the auditors and the Audit Committee:
 - I. significant changes in the internal control over financial reporting during the year;
 - II. significant changes in the accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - III. that there are no instances of significant fraud of which they have become aware of and involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Avantel Limited

Place: Hyderabad
Date: 07th May, 2019

Sd/-
A Vidyasagar
Managing Director

Sd/-
A Sarada
Whole-Time Director & Chief Financial Officer

CERTIFICATE

(Pursuant to Schedule V(C)(10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by M/s. Avantel Limited, having its Registered office at Sy. No. 141, Plot No. 47/P, APIIC Industrial Park, Gambheeram (V), Anandapuram (M), Visakhapatnam, Andhra Pradesh – 531163 and also the information provided by the Company, its officers, agents and authorized representatives, we hereby report that during the Financial Year ended on March 31, 2019, in our opinion, none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as director of Company by the Board/Ministry of Corporate Affairs or any such Statutory authority.

For P.S. Rao & Associates

Company Secretaries

Sd/-

M B Suneel

Company Secretaries

C.P No.: 14449

Place: Hyderabad

Date: 7th May, 2019

CERTIFICATE ON CORPORATE GOVERNANCE

(Pursuant to Schedule V(C)(10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To
The Members,
Avantel Limited.

We have examined the compliance of conditions of Corporate Governance by M/s. Avantel Limited ('the Company') for the year ended 31st March, 2019 as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15 (2) of the Listing Regulations. The compliance of conditions of Corporate Governance is the responsibility of management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

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

For P.S. Rao & Associates

Company Secretaries

Sd/-

M B Suneel

Company Secretaries

C.P No.: 14449

Place: Hyderabad
Date: 7th May, 2019

INDEPENDENT AUDITOR’S REPORT

To
The Members of AVANTEL Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Avantel Limited** (“the Company”), which comprise the balance sheet as at 31st March 2019, and the statement of profit and loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key Audit Matter | How the Matter was addressed in Audit |
|---|---|
| <p>Fair value assessment of trade receivables</p> <p>Trade receivables comprise a significant portion of the liquid assets of the Company. The trade receivables are mostly dues receivable from Government and allied Government agencies hence not impaired. There was no provision made on the trade receivable in the previous year. The most significant portion of the trade receivables less than one year comprises which are dues from Government and Government agencies hence not impaired. Accordingly, the estimation of the allowance for trade receivables is a significant judgment area and is therefore considered a key audit matter.</p> | <p>We assessed the validity of material long outstanding receivables which are Nil by reviewing the customer ledger during current year. We also considered payments received subsequent to year-end, and unusual patterns if any were reviewed to identify potentially impaired balances. The assessment of the appropriateness of the allowance for trade receivables comprised a variety of audit procedures across the Group including:</p> <ul style="list-style-type: none"> • Challenging the appropriateness and reasonableness of the assumptions applied in the directors’ assessment of the receivables allowance; • Consideration and concurrence of the agreed payment terms; • Verification of receipts from trade receivables subsequent to year-end; and • Considered the completeness and accuracy of the disclosures. <p>To address the risk of management bias, we evaluated the results of our procedures against audit procedures on other key balances to assess whether or not there was an indication of bias.</p> <p>We were satisfied that the Company’s trade receivables are fairly valued and no provision is deemed to be required against these receivables.</p> |

| | |
|--|--|
| <p>Revenue recognition</p> <p>The Company applies judgment to determine whether each goods, software product or services promised to a customer are capable of being distinct, and are distinct in the context of the contract, if not, the promised goods, software product or services are combined and accounted as a single performance obligation. The Company allocates the arrangement consideration to separately identifiable performance obligation deliverables based on their selling price determined in contract.</p> <p>The accuracy and of revenue amounts recorded is an inherent industry risk</p> <p>Disclosures relating revenue recognition are in Note 21</p> | <p>Our audit procedures in respect of this area included:</p> <p>We evaluated the effectiveness of key controls over the capture and measurement of revenue transactions across all material revenue streams</p> <p>Testing controls over software product sales including:</p> <ul style="list-style-type: none"> – documentation evidencing internal and third party physical inspection and confirmation of complete status; <p>We evaluated the adequacy of the disclosures included in Note 21</p> |
|--|--|

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the other information included in Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon and we do not express any form of assurance conclusion thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, 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 purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
 - c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
 - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact the financial statements;
 - 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: 0029345

Sd/-
(K Sreenivasan)

Place: Hyderabad
Date : 07th May, 2019

Partner
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 2019, 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 2019 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

ICAI Membership No: 206421

Place: Hyderabad

Date : 07th May, 2019

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, 2019 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, 2019 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Sd/-

(K Sreenivasan)

Partner

Place: Hyderabad

Date : 07th May, 2019

ICAI Membership No: 206421

BALANCE SHEET AS AT MARCH 31, 2019

(In ₹)

| Particulars | Note No. | As at March 31, 2019 | As at March 31, 2018 |
|---|----------|----------------------|----------------------|
| I. ASSETS | | | |
| (1) Non-current assets | | | |
| (a) Property, Plant and Equipment | 2 | 116,587,307 | 120,978,064 |
| (b) Capital work-in-progress | | 797,621 | - |
| (c) Investment Property | | - | - |
| (d) Other intangible assets | | - | - |
| (e) Financial Assets | | | |
| (i) Investments | | - | - |
| (ii) Trade Receivables | 3 | - | 121,687 |
| (iii) Loans | | - | - |
| (iv) Others | 4 | 14,026,908 | 13,830,710 |
| (f) Deferred tax Assets (net) | 5 | - | - |
| (g) Other non-current Assets | | - | - |
| (2) Current Assets | | | |
| (a) Inventories | 6 | 24,421,184 | 66,731,553 |
| (b) Financial Assets | | | |
| (i) Investments | | - | - |
| (ii) Trade Receivables | 7 | 192,585,839 | 89,162,958 |
| (iii) Cash & Cash Equivalents | 8 | 2,902,294 | 5,945,793 |
| (iv) Bank Balances other than (iii) above | 9 | 98,109,570 | 103,687,715 |
| (v) Loans | | - | - |
| (vi) Others (Int accrued on employee loans & term deposits) | 10 | 3,669,956 | 989,184 |
| (c) Current Tax Assets | 11 | 2,821,275 | 5,628,120 |
| (d) Other Current Assets | 12 | 16,859,804 | 23,345,206 |
| Total | | 472,781,758 | 430,420,990 |
| II. EQUITY AND LIABILITIES | | | |
| (1) Equity | | | |
| (a) Equity Share Capital | 13 | 40,550,930 | 40,550,930 |
| (b) Other Equity | 14 | 389,891,371 | 329,027,667 |
| Liabilities | | | |
| (2) Non-current liabilities | | | |
| (a) Financial Liabilities | | | |
| (b) Provisions | 15 | 3,645,917 | 5,331,174 |
| (c) Other non-current liabilities | | - | - |
| (d) Deferred Tax Liability (Net) | 5 | 11,139,140 | 12,384,420 |
| (3) Current liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 16 | - | - |
| (ii) Trade payables | 17 | | |
| - Total outstanding dues of Micro enterprises and small enterprises | | 936,841 | 8,236,828 |
| - Total outstanding dues of creditors other than micro enterprises | | 740,190 | 12,277,854 |
| (iii) Other Financial Liabilities | 18 | 20,669,132 | 18,422,265 |
| (b) Provisions | | - | - |
| (c) Current Tax Liabilities | 19 | 1,351,676 | - |
| (d) Other current liabilities | 20 | 3,856,561 | 4,189,852 |
| Total Equity and Liabilities | | 472,781,758 | 430,420,990 |
| III. Significant Accounting Policies | 1 | | |

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
Place: Hyderabad
Date: 07th May, 2019

Sd/-
A. VIDYASAGAR
Chairman & Managing Director
DIN : 00026524
Sd/-
A. SARADA
Whole - Time Director & CFO
DIN : 00026543

Sd/-
N. NAVEEN
Director
DIN : 02726620
Sd/-
M. RAVINDRA
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

(In ₹)

| Particulars | Note No. | Year Ended March 31, 2019 | Year Ended March 31, 2018 |
|---|----------|---------------------------|---------------------------|
| I. Income | | | |
| i) Revenue From Operations | 21 | 505,112,223 | 519,722,946 |
| ii) Other Income | 22 | 9,112,225 | 154,392,464 |
| Total Income | | 514,224,448 | 674,115,410 |
| II. Expenses | | | |
| i) Cost of materials consumed | 23 | 113,012,488 | 174,994,372 |
| ii) Changes in inventories of finished goods, work-in-progress and stock-in-trade | 24 | 29,863,077 | 24,239,909 |
| iii) Excise Duty | | - | 2,781,833 |
| iv) Employee benefits expense | 25 | 86,033,498 | 77,807,396 |
| v) Manufacturing Expenses | 26 | 47,119,955 | 28,122,094 |
| vi) Research and Development Expenses | 27 | 41,692,621 | 45,431,807 |
| vii) Selling and Distribution Expenses | 28 | 23,293,617 | 18,102,533 |
| viii) Depreciation and amortisation expense | 29 | 20,471,966 | 16,362,344 |
| ix) Finance Cost | 30 | 5,797,995 | 8,654,328 |
| x) Administrative & Other Expenses | 31 | 23,582,133 | 35,697,800 |
| Total expenses | | 390,867,350 | 432,194,416 |
| III. Profit/(loss) before exceptional items and tax | | 123,357,098 | 241,920,994 |
| Exceptional Items | | | |
| IV. Profit Before Tax | | 123,357,098 | 241,920,994 |
| Tax Expenses | | 28,278,068 | 68,878,699 |
| i) Current Tax | | 29,523,348 | 51,629,810 |
| ii) Deferred Tax | | (1,245,280) | 17,248,889 |
| V. Profit/(loss) for the period from continuing operations | | 95,079,030 | 173,042,295 |
| Profit/(loss) from discontinued operations | | - | - |
| Tax expense of discontinued operations | | - | - |
| Profit/(loss) from discontinued operations after tax | | - | - |
| VI. Profit/(loss) for the Period | | 95,079,030 | 173,042,295 |
| VII. Other Comprehensive Income | | | |
| 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 | | - | - |
| VIII. Total Comprehensive Income for the period | | 95,079,030 | 173,042,295 |
| IX. Earnings per equity share : | | | |
| Equity Shares of par value ₹ 10/- each | | | |
| (1) Basic (₹) | | 23.45 | 42.68 |
| (2) Diluted (₹) | | 23.45 | 42.68 |

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: 07th May, 2019

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

Sd/-
M. RAVINDRA
Company Secretary

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2019

(In ₹)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
| A. Cash flow from operating activities | | |
| Profit before income tax from | | |
| Continuing operations | 123,357,098 | 241,920,994 |
| Discontinued operations | - | - |
| Profit before income tax including discontinued operations | 123,357,098 | 241,920,994 |
| Adjustments for | | |
| Depreciation and amortisation expense | 20,471,966 | 16,362,344 |
| Gain on disposal of property, plant and equipment | (169,642) | (151,022,216) |
| Written off assets | 194,257 | 3,592,706 |
| Dividend and interest income classified as investing cash flows | (6,182,356) | (1,773,698) |
| Finance costs | 5,797,995 | 8,654,328 |
| | 143,469,318 | 117,734,458 |
| B. Change in operating assets and liabilities, net of effects from purchase of controlled entities and sale of subsidiary: | | |
| (Increase)/Decrease in trade receivables | (103,301,194) | 15,135,703 |
| (Increase) in inventories | 42,310,369 | 10,247,243 |
| (Increase)/decrease in other financial assets | (2,680,772) | (24,535) |
| (Increase)/decrease in other non-current assets | - | - |
| (Increase)/decrease in other current assets | 6,485,402 | (15,093,574) |
| Increase in trade payables | (18,837,651) | 15,451,386 |
| Increase/(decrease) in provisions | (1,685,257) | 2,793,411 |
| Increase/(decrease) in other current liabilities | (333,291) | (721,226) |
| Increase/(decrease) in financial liabilities | 2,246,867 | 3,049,587 |
| Increase/(decrease) in other non current liabilities | - | - |
| Cash generated from operations | 67,673,791 | 148,572,453 |
| Income taxes paid | (25,559,056) | (57,405,689) |
| Net cash inflow from operating activities | 42,114,735 | 91,166,764 |

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
| C. Cash flows from investing activities | | |
| Payments for property, plant and equipment | (16,081,237) | (31,903,089) |
| Increase in Capital Work in Progress | (797,621) | - |
| Increase in Term deposits | 5,381,947 | (108,568,500) |
| Proceeds from sale of property, plant and equipment | 169,642 | 176,008,643 |
| Interest received | 6,182,356 | 1,773,698 |
| Net cash outflow from investing activities | (5,144,913) | 37,310,752 |
| D. Cash flows from financing activities | | |
| Increase/(Decrease) in borrowings | - | (104,330,565) |
| Interest paid | (5,797,995) | (8,654,328) |
| Dividends paid to Company's share holders | (34,215,326) | (9,759,779) |
| Net cash inflow (outflow) from financing activities | (40,013,321) | (122,744,672) |
| E. Net increase (decrease) in cash and cash equivalents | (3,043,499) | 5,732,844 |
| Cash and cash equivalents at the beginning of the financial year | 5,945,793 | 212,949 |
| Effects of exchange rate changes on cash and cash equivalents | - | - |
| Cash and cash equivalents at end of the year | 2,902,294 | 5,945,793 |

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: 07th May, 2019

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

Sd/-
M. RAVINDRA
Company Secretary

Statement of Changes in Equity for the period ended 31.03.2019

A. Equity Share Capital (In ₹)

| Particulars | As at March 31, 2019 | | As at March 31, 2018 | |
|--|----------------------|------------|----------------------|------------|
| | No of Shares | Amount | No of Shares | Amount |
| Opening Equity Shares | 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 |
| Closing balance | 4,054,493 | 40,550,930 | 4,054,493 | 40,550,930 |

B. Other Equity as at March 31, 2019 (In ₹)

| Particulars | Share application money pending allotment | Equity Components of compound financial instruments | 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 | 275,517,240 | 329,027,667 |
| Changes in accounting policy or prior period errors | - | - | - | - | - | - | - |
| Total Comprehensive Income for the year | - | - | - | - | - | 95,079,030 | 95,079,030 |
| *Dividend and Dividend Distribution Tax | - | - | - | - | - | (34,215,326) | (34,215,326) |
| 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 | 336,380,944 | 389,891,371 |

* Refer Note No. 39(i)

B. Other Equity as at March 31, 2018

| | Share application money pending allotment | Equity Components of compound financial instruments | 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 |

* Refer Note No. 39(i)

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 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 07th May, 2019.

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:

The Company earns revenue primarily from manufacturing of wireless front-end, Satellite Communication, Embedded systems, Signal Processing, Network management and Software development and rendering related customer support services.

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018).

The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. Refer note I E on– Significant accounting policies – Revenue recognition in the Annual report of the Company for the year ended March 31, 2018, for revenue recognition policy as per Ind AS 18 and Ind AS 11. The impact of adoption of the standard on the financial statements of the Company is insignificant.

Revenue is recognized by the company when the company satisfies a performance obligation by transferring a promised good or service to its customers. Asset/goods/services are considered to be transferred when the customer obtains control of those asset/goods/services.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of GST, returns, rebates and discounts.

Sale of products-(own manufactured). Revenue is recognised when the significant risks and rewards of ownership of the products have passed to the buyer, which is considered to be upon delivery under the contractual terms, and when the amount of revenue can be measured reliably.

Revenue from time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.

Revenue related to fixed price maintenance and support services contracts where the Group is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.

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.

U. Recent Accounting Pronouncements

- Ind AS 116 Leases** : Ministry of Corporate affairs notified this amendment on 30th March 2019, Measurement will be effective from the year beginning on or after 1st April 2019. Ind AS 116 would replace the existing leases standard Ind AS 17. The standard sets out the principles for the recognition, measurement, presentation and disclosures for both parties to a contract, i.e. the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit and loss. The Company is currently evaluating the effect of this standard on the financial statements.
- Amendment to Ind AS 12 'Income Taxes'**: Ministry of Corporate affairs notified this amendment on 30th March 2019 relating to income tax consequences on dividend and distribution tax. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment is effective for annual periods beginning on or after April 1, 2019. The Company is currently evaluating the effect of this standard on the financial statements.
- Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments**: On March 30, 2019, Ministry of Corporate Affairs has notified this amendment containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective for annual periods beginning on or after April 1, 2019. The Company is currently evaluating the effect of this standard on the financial statements.
- Amendment to Ind AS 19 'Employee Benefits'**: On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 'Employee Benefits' in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment will come into force for accounting periods beginning on or after April 1, 2019. The Company is currently evaluating the effect of this standard on the financial statements.

Notes to accounts for the year ended March 31, 2019
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 |
|--|------------|----------------------|---------------------|----------------------|--------------------------|--|-----------|--------------------------------|-----------|------------------|-------------|
| Gross Block | | | | | | | | | | | |
| As at 01-04-2018 | 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 |
| Additions | | | | 536,599 | | 9,379,326 | 361,864 | 495,625 | 485,877 | 4,821,946 | 16,081,237 |
| (Deduction/Retirement) During the year | | | | | | (151,973) | (35,706) | (34,089) | (314,033) | (2) | (535,803) |
| Gross Block as at 31-03-2019 | 17,433,713 | 67,278,350 | 4,574,411 | 6,246,048 | - | 29,016,156 | 4,005,307 | 11,557,583 | 7,135,862 | 19,662,913 | 166,910,343 |
| Depreciation/Amortization 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 |
| Depreciation for the Year | | 3,715,725 | 884,319 | 862,465 | | 6,295,602 | 994,861 | 1,711,404 | 1,734,020 | 4,273,569 | 20,471,965 |
| (Deduction/Adjustments) During the year | | | | | | (151,958) | (35,697) | (34,087) | (314,032) | | (535,774) |
| Total Depreciation As at 01-04-2019 | | 11,129,814 | 1,325,226 | 2,970,284 | | 11,236,851 | 2,354,418 | 8,766,403 | 3,733,791 | 8,806,249 | 50,323,036 |
| Net Block | | | | | | | | | | | |
| As at 31-03-2019 | 17,433,713 | 56,148,536 | 3,249,185 | 3,275,764 | | 17,779,305 | 1,650,889 | 2,791,180 | 3,402,071 | 10,856,664 | 116,587,307 |

(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 |
|--|--------------|----------------------|---------------------|----------------------|--------------------------|--|-----------|--------------------------------|-----------|------------------|--------------|
| 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 31-03-2018 | - | 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 |

Note: 3. Trade Receivables Non Current

(In ₹)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| (i) Trade Receivables from related parties | | |
| (ii) Other Trade Receivables | | |
| Secured, considered good | - | - |
| Unsecured, considered good | - | 121,687 |
| Which have significant increase in Credit Risk | - | - |
| Credit Impaired | - | - |
| Sub-Total | - | 121,687 |
| Total | - | 121,687 |

Note: 4. Other Financial Assets Non Current

| | | |
|---|-------------------|-------------------|
| Unsecured (considered good) | | |
| In Margin Money/ Deposit A/c with original maturity of more than one year | 10,472,398 | 10,426,600 |
| Deposits | 3,554,510 | 3,364,610 |
| Staff Advances | - | 39,500 |
| Total | 14,026,908 | 13,830,710 |

Note: 5. Deferred tax assets and (Liabilities)

Deferred tax assets and liabilities are attributable to the following:

| | | |
|--|---------------------|---------------------|
| Deferred Tax Liability | | |
| Property, plant and equipment | (12,829,440) | (14,150,330) |
| Intangible assets | - | - |
| Sub Total | (12,829,440) | (14,150,330) |
| Deferred tax Assets | | |
| Unabsorbed Depreciation as per Income Tax | - | - |
| Amalgamation Expenses | - | - |
| Employee benefits | 1,690,300 | 1,765,910 |
| Provisions | - | - |
| Sub Total | 1,690,300 | 1,765,910 |
| Net Deferred Tax Assets/(Liabilities) | (11,139,140) | (12,384,420) |

Movement in deferred tax balances during the year

| Particulars | Balance As at March 31, 2018 | Recognised in Profit and Loss | Recognised in OCI | Balance As at March 31, 2019 |
|-------------------------------|---------------------------------|----------------------------------|----------------------|---------------------------------|
| Property, plant and equipment | (14,150,330) | 1,320,890 | - | (12,829,440) |
| Intangible assets | - | - | - | - |
| Employee benefits | 1,765,910 | (75,610) | - | 1,690,300 |
| Amalgamation Expenses | - | - | - | - |
| Total | (12,384,420) | 1,245,280 | - | (11,139,140) |

Movement in deferred tax balances during the year

(In ₹)

| Particulars | Balance As at April 01, 2017 | Recognised in profit & 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) | - | - |
| Total | 4,864,469 | (17,248,889) | - | (12,384,420) |

Unrecognised Deferred tax assets

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

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|----------------------------------|----------------------|----------------------|
| Deductible temporary differences | - | - |
| Tax losses | - | - |
| Total | - | - |

Note: 6. Inventories

| | | |
|------------------|-------------------|-------------------|
| Raw Materials | | |
| - Indigenous | 5,396,607 | 17,929,317 |
| - Imported | 15,424,577 | 14,367,474 |
| - R&D | - | 971,685 |
| Work in Progress | 3,600,000 | 33,463,077 |
| Total | 24,421,184 | 66,731,553 |

Note: 7. Trade Receivables Current

| | | |
|--|--------------------|-------------------|
| (i) Trade Receivables from related parties | - | - |
| (ii) Other Trade Receivables | | |
| Secured, considered Good | - | - |
| Unsecured, considered good | 192,585,839 | 89,162,958 |
| Credit Impaired | - | - |
| Sub-Total | 192,585,839 | 89,162,958 |
| Total | 192,585,839 | 89,162,958 |

Note: 8. Cash & Cash Equivalents

| | | |
|----------------------------|------------------|------------------|
| Cash on hand | 31,256 | 23,232 |
| Cheques, Drafts on hand | - | - |
| Balances with Banks | - | - |
| (a) in Current Account | 2,871,038 | 5,922,561 |
| (b) in Cash Credit Account | - | - |
| Total | 2,902,294 | 5,945,793 |

Note: 9. Bank Balances other than above

(In ₹)

| Particulars | As at | As at |
|---|-------------------|--------------------|
| | March 31, 2019 | March 31, 2018 |
| For Unpaid Dividend | 1,069,070 | 947,515 |
| As Margin money/under lien | - | - |
| In term deposit with original maturity more than 3 months but less than 12 months | 97,040,500 | 102,740,200 |
| Others | - | - |
| Total (A) | 98,109,570 | 103,687,715 |

Note: 10. Other Financial Assets Current

| | | |
|-----------------------------|------------------|----------------|
| Unsecured (considered good) | - | - |
| Accrued Interest | 3,669,956 | 909,184 |
| Other Advances Staff | - | 80,000 |
| Total | 3,669,956 | 989,184 |

Note: 11. Current tax Assets

| | | |
|---|------------------|------------------|
| Advance tax paid for the FY 2017-18 (Net) | - | 570,190 |
| TDS and TCS (Net) | 2,821,275 | 5,057,930 |
| Total | 2,821,275 | 5,628,120 |

Note: 12. Other Assets Current

| | | |
|---------------------------------|-------------------|-------------------|
| Unsecured (considered good) | - | - |
| Prepaid Expenses | 5,130,066 | 6,965,409 |
| Advance to Suppliers | 6,546,223 | 2,854,672 |
| Other Advances | 786,809 | 5,007,165 |
| Balances with Excise Department | 6,092 | 3,936,291 |
| Balance with GST credit ledger | 4,390,614 | 4,581,669 |
| Total | 16,859,804 | 23,345,206 |

Note: 13. Equity Shares

| | | |
|--|-------------------|-------------------|
| Authorized | - | - |
| Ordinary shares of par value of Rs. 10/- each Number | 7,000,000 | 7,000,000 |
| Amount In ₹ | 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 |
| Amount In ₹ | 40,544,930 | 40,544,930 |
| Add Forfeited Shares (Amount originally paid up) | 6,000 | 6,000 |
| Total In ₹ | 40,550,930 | 40,550,930 |

Reconciliation of number of shares:

(In ₹)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Opening Equity Shares | 4,054,493 | 4,054,493 |
| Add: - No. of Shares, Share Capital issued/ subscribed during the year | - | - |
| Less: Deduction | - | - |
| Closing balance | 4,054,493 | 4,054,493 |

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

| Name of the Shareholder | As at March 31, 2019 | As at March 31, 2018 |
|----------------------------|-------------------------|-------------------------|
| Sri Vidya Sagar Abburi | 788,376 | 739,396 |
| Smt K Swapna | 300,000 | 300,000 |
| Smt. Sarada Abburi | 219,750 | - |
| Ms. Sailaja Abburi | 231,479 | 222,479 |
| Sri Sidhartha Sagar Abburi | 274,873 | 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(a). Other Equity

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|------------------------------------|-------------------------|-------------------------|
| Capital Redemption Reserve | | |
| Opening balance | 10,982,230 | 10,982,230 |
| Add: Current Year Transfer | - | - |
| Less: Written Back in Current Year | - | - |
| Total | 10,982,230 | 10,982,230 |
| Securities Premium Reserve | | |
| Opening balance | 7,930,104 | 7,930,104 |
| Add: Current Year Transfer | - | - |
| Less: Written Back in Current Year | - | - |
| Total | 7,930,104 | 7,930,104 |
| General Reserve | | |
| Opening balance | 34,598,093 | 34,598,093 |
| Add: Current Year Transfer | - | - |
| Less: Written Back in Current Year | - | - |
| Total | 34,598,093 | 34,598,093 |
| Surplus in Profit and Loss account | | |
| Opening balance | 275,517,240 | 112,234,724 |
| Add: Current Year Transfer | | |
| Profit and loss account | 95,079,030 | 173,042,295 |
| Less: Dividend Paid | (28,381,453) | (8,108,986) |
| Less: Tax on Dividend | (5,833,873) | (1,650,793) |
| Total | 336,380,944 | 275,517,240 |
| Total Other Equity | 389,891,371 | 329,027,667 |

Note: 14(b). Nature and purpose of Reserves**Capital Redemption Reserve:**

A Statutory reserve created to the extent of sum equal to the nominal value of the Share Capital extinguished on buyback of Company's own shares pursuant to Section 69 of the Companies Act, 2013.

Security Premium:

Securities Premium has been created consequent to issue of shares at premium. These reserves can be utilised in accordance with Section 52 of the Companies Act, 2013.

Note: 15. Provisions Non Current

(In ₹)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---------------------------------|-------------------------|-------------------------|
| Provision for employee benefits | 3,645,917 | 5,331,174 |
| Total | 3,645,917 | 5,331,174 |

Note: 16. Borrowings Current

(In ₹)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--------------------------|-------------------------|-------------------------|
| (i) Term Loans | - | - |
| (ii) Cash Credits | - | - |
| (a) From Banks | - | - |
| - Secured* | - | - |
| (b) From Other parties | - | - |
| (iii) Deposits | - | - |
| Total | - | - |

*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 Equitable Mortgage of Land and Buildings situated at Plot No. 47, Survey No. 141, APIIC Industrial Park, Gambheeram (V), Visakapatnam and personal guarantee of the Managing Director of the Company and the rate of interest @ 11.40% p.a.

Note: 17. Trade Payable Current

| | | |
|---|------------------|-------------------|
| Trade Payables Due to Micro and Small Enterprises | 936,841 | 8,236,828 |
| Trade Payables Due to Others | 740,190 | 12,277,854 |
| Total | 1,677,031 | 20,514,682 |

Note: 18. Other Financial Liabilities Current

(In ₹)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---------------------------------------|-------------------------|-------------------------|
| Sundry Creditors-Other than trade | 12,331,817 | 10,049,665 |
| Employees salaries and other payables | 7,268,245 | 7,425,085 |
| Unpaid Dividend | 1,069,070 | 947,515 |
| Total | 20,669,132 | 18,422,265 |

Note: 19. Provisions Current

(In ₹)

| | | |
|---|------------------|----------|
| Provision for Taxation for the FY 2018-19 (Net) | 1,351,676 | - |
| Total | 1,351,676 | - |

Note: 20. Other Liabilities Current

Current

| | | |
|------------------------|------------------|------------------|
| Statutory dues Payable | 3,856,561 | 4,189,852 |
| Total | 3,856,561 | 4,189,852 |

Note: 21. Revenue From Operations

Disclosure in respect of Indian Accounting Standard (Ind AS)-115: “Revenue from Contract with Customers” Transitional Provision

The company has adopted the new Indian Accounting Standard 115 (Revenue from Contract with Customers) retrospectively with cumulative effect of adoption as an adjustment to opening retained earnings as on 01.04.2018. The company has examined the changes brought in under Ind AS 115 and observed that there has been no impact on the opening retained earnings as at 01.04.2018.

- A. (i) Contract with Customers
(ii) Company has recognized the following revenue during the year from contracts with its customers

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|--------------------------|--------------------------------------|--------------------------------------|
| Sale of Products | 434,665,453 | 525,582,358 |
| Sale of Services | 152,044,484 | 90,758,048 |
| Scrap Sales | 777,562 | 440,200 |
| Less Service Tax and GST | 82,375,276 | 97,057,660 |
| Total | 505,112,223 | 519,722,946 |

- B. Company has recognized the Rs Nil as impairment loss against the amount receivables from its customers or contract assets arising due to contract with its customers.

(ii) Contract Balances

(a) Receivables

| | | |
|------------------------------------|-------------|--------------|
| Opening Balance | 89,284,645 | 104,420,348 |
| Addition/deduction during the year | 103,301,194 | (15,135,703) |
| Closing Balance | 192,585,839 | 89,284,645 |

(b) Contract Assets

Company recognized contract assets when it satisfies its obligation by transferring the goods or services to the customer and right to receive the consideration is established which is subject to some conditions to be fulfilled by the company in future before receipt of consideration amount. Such assets are Rs Nil.

During the year company has recognized revenue of Rs. Nil(P.Y. Rs Nil) from the performance obligations satisfied in earlier periods.

The company has made the adjustment of Rs Nil (P.Y.Rs.Nil) in the revenue of Rs.505,112,223/- (P.Y. Rs. 519,722,946/-) recognized during the year on account of discounts, rebates, refunds, credits, price concessions, incentives performance bonuses etc as against the contracted revenue of Rs.505,112,223/- (P.Y. Rs.519,722,946/-).

(c) Contract Liabilities

Upon execution of contract with the customers, certain amount in the form of EMD, Security Deposit, Margin Money, advance for payment of custom duty etc. received from the customers which is shown as advance received from customers under the heading “Other Financial Liabilities” and “Other Liabilities”. The balances are Rs Nil

(d) Practical expedients

During the year company has entered into sales contracts with its customers where contracts are not executed, same has not been disclosed as practical expedient as the duration of the contract is of short duration or right to receive the consideration established on completion of the performance by the company.

B Significant judgements in the application of this standard

(i) Revenue is recognized by the company when the company satisfies a performance obligation by transferring a promised good or service to its customers. Asset/goods/services are considered to be transferred when the customer obtains control of those asset/goods/services.

(ii) The company considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, GST etc.).

(iii) The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both. Any further adjustment will be made by raising debit/credit notes on the customer. While determining the transaction price effects of variable consideration, constraining estimates of variable consideration, the existence of a significant financing component in the contract, non-cash consideration and consideration payable to a customer is also considered.

C Assets Recognised from costs to obtain or fulfill a contract with a customer

The costs incurred by the company are fixed in nature with no significant incremental cost to obtain or fulfill a contract with a customer and same is charged to profit and loss as a practical expedient.

Note: 22. Other Income

| | | |
|---------------------------------|------------------|--------------------|
| Interest income | 6,182,356 | 1,773,698 |
| Miscellaneous Receipts | 2,489,474 | 762,571 |
| Fluctuation In Foreign Currency | 270,753 | - |
| Profit On Sale of Assets | 169,642 | 151,022,216 |
| Rent received | - | 833,979 |
| Total | 9,112,225 | 154,392,464 |

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

| | | |
|---------------------------|-------------------|--------------------|
| Indigenous(Opening Stock) | 17,929,317 | 9,276,647 |
| Purchase | 51,135,846 | 108,789,986 |
| Sub Total | 69,065,163 | 118,066,633 |

| | | |
|---------------------------|-------------|--------------|
| Indigenous(Closing Stock) | (3,952,644) | (17,929,317) |
|---------------------------|-------------|--------------|

Cost of Raw Materials Consumed

| | | |
|--|------------|-------------|
| | 65,112,519 | 100,137,316 |
|--|------------|-------------|

Imported

| | | |
|-------------------------|-------------------|-------------------|
| Imported(Opening Stock) | 14,367,474 | 7,104,237 |
| Purchase | 47,758,432 | 82,120,294 |
| Sub Total | 62,125,906 | 89,224,531 |

| | | |
|-------------------------|--------------|--------------|
| Imported(Closing Stock) | (14,225,937) | (14,367,475) |
|-------------------------|--------------|--------------|

Cost of Raw Materials Consumed

| | | |
|--|------------|------------|
| | 47,899,969 | 74,857,056 |
|--|------------|------------|

| | | |
|--------------|--------------------|--------------------|
| TOTAL | 113,012,488 | 174,994,372 |
|--------------|--------------------|--------------------|

Note: 24. Changes in Inventory

(In ₹)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
| Changes in inventories of finished goods and work-in-progress | | |
| Opening Balance | 33,463,077 | 57,702,986 |
| Closing Balance | (3,600,000) | (33,463,077) |
| Net (Increase) /Decrease | 29,863,077 | 24,239,909 |

Note: 25. Employees' Benefit Expenses

| | | |
|--------------------------------------|-------------------|-------------------|
| Salaries and wages | 62,726,582 | 52,829,325 |
| Directors Remuneration | 12,031,051 | 12,221,930 |
| Bonus | 1,436,871 | 1,056,526 |
| Exgratia & Gratuity | 3,808,700 | 4,414,239 |
| Training & Recruitment | 694,237 | 316,292 |
| Contribution to P.F. and Other Funds | 2,824,350 | 2,044,277 |
| Staff welfare Expenses | 2,511,707 | 4,924,807 |
| TOTAL | 86,033,498 | 77,807,396 |

Note: 26. Manufacturing Expenses

| | | |
|---|-------------------|-------------------|
| Jobwork Charges | 3,565,689 | 7,162,318 |
| Power and fuel | 4,680,390 | 4,295,249 |
| Consumption of stores and spare parts | 642,303 | 534,568 |
| Freight Inwards | 259,547 | 394,249 |
| Repairs & Maintenance - Plant & Machinery | 862,014 | 110,235 |
| Testing Charges | 2,268,984 | 1,917,475 |
| Installation & Commissioning Charges | 34,841,028 | 13,708,000 |
| TOTAL | 47,119,955 | 28,122,094 |

Note: 27. Research and Development Expenses

| | | |
|------------------------------------|-------------------|-------------------|
| Cost of materials consumed | 10,049,304 | 15,781,289 |
| Salaries | 26,932,376 | 24,289,629 |
| Jobwork Charges | 792,639 | 427,361 |
| Design | 2,768,320 | - |
| Repairs & Maintenance | 525,526 | 906,147 |
| Professional & Consultancy Charges | 300,000 | 1,874,200 |
| Testing & Certification Charges | 109,400 | 329,800 |
| Travelling & Conveyance | 37,979 | 1,447,065 |
| Other Expenses | 177,077 | 376,316 |
| TOTAL | 41,692,621 | 45,431,807 |

Note: 28. Selling and Distribution Expenses

| | | |
|---------------------------|-------------------|-------------------|
| Freight Outwards | 1,086,737 | 1,384,161 |
| Packing Materials | 435,653 | 349,982 |
| Business Promotion | 871,069 | 1,244,836 |
| Travelling Expenses | 1,835,234 | 2,526,592 |
| Warranty Expenses | 6,434,510 | 4,963,928 |
| Customer Support Expenses | 12,630,414 | 7,633,034 |
| TOTAL | 23,293,617 | 18,102,533 |

Note: 29. Depreciation And Amortization Expenses

(In ₹)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
| Depreciation / Amortisation for the year | | |
| Depreciation on PPE | 20,471,966 | 16,362,344 |
| TOTAL | 20,471,966 | 16,362,344 |

Note: 30. Finance Cost

| | | |
|-------------------|------------------|------------------|
| Interest Expenses | 2,799 | 3,480,327 |
| Bank Charges | 5,795,196 | 5,174,001 |
| TOTAL | 5,797,995 | 8,654,328 |

Note: 31. Administrative & Other Expenses

| | | |
|---|-------------------|-------------------|
| Repairs & Maintenance | | |
| Plant & Machinery and Others | 2,029,988 | 2,857,819 |
| Vehicles | 909,830 | 750,875 |
| Computers | 204,991 | 344,312 |
| Buildings | 2,649,234 | 2,668,550 |
| Rent, Fees, Taxes & Licenses | 6,454,627 | 4,033,029 |
| Insurance | 687,729 | 694,049 |
| Couriers, Postages, Telephones and others | 1,292,317 | 1,863,651 |
| Printing & Stationery | 833,536 | 844,726 |
| Payment to Auditors | 352,500 | 379,000 |
| Professional & Consultancy Charges | 1,348,423 | 4,242,886 |
| Travelling & Conveyance | 1,116,212 | 4,742,911 |
| Secretarial Expenses | 602,154 | 3,590,509 |
| Watch & Ward | 1,571,091 | 1,758,837 |
| Sitting Fee | 460,000 | 430,000 |
| Fluctuation In Foreign Currency | - | 335,536 |
| Bad Debts written off | 194,257 | 3,592,706 |
| Office Maintenance | 1,668,036 | 1,154,589 |
| CSR Expenses | 1,063,984 | 801,875 |
| Donations | - | 380,000 |
| Miscellaneous Expenses | 143,224 | 231,940 |
| TOTAL | 23,582,133 | 35,697,800 |

(i) Amount paid to auditors' (In ₹)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|--------------------------------|--------------------------------------|--------------------------------------|
| As Auditor | 250,000 | 250,000 |
| For Taxation Matters/Tax Audit | - | - |
| For Other Services | 102,500 | 129,000 |
| For Reimbursement of Expenses | - | - |
| TOTAL | 352,500 | 379,000 |

Note: 32. 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, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Profit before tax | 123,357,098 | 241,920,994 |
| Enacted Tax rates for the financial year (MAT) | 21.55% | 21.34% |
| Expected tax expense (A) | 26,581,974 | 51,629,810 |
| 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 | 26,581,974 | 51,629,810 |
| Tax credits allowable | - | - |
| Deferred tax for the year | (1,245,280) | 17,248,889 |
| Tax expense of earlier years adjusted | 2,941,324 | - |
| Net tax expense for the year | 28,278,018 | 68,878,699 |

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: 33. Employee Benefits (In ₹)

- Provident Fund: Company pays fixed contribution to provident fund at predetermined rates to the government authorities. The contribution of Rs.28,24,350/- (Previous year Rs.20,44,277/-) 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, 2019 are as follows:

| I. Change in Benefit obligation : | As at March 31, 2019 | As at March 31, 2018 |
|---|---------------------------------|---------------------------------|
| Present value of obligation as at the beginning | 9,785,154 | 5,567,099 |
| Interest Cost | 782,812 | 445,368 |
| Current Service Cost | 1,956,892 | 663,161 |
| Benefits paid | (879,897) | (389,390) |
| Actuarial (gain) / loss | 1,453,396 | 3,498,916 |
| Present value of obligation at the end of the period | 13,098,357 | 9,785,154 |
| II. Change in Fair value of plan assets | As at March 31, 2019 | As at March 31, 2018 |
| Fair value of Plan Assets at the beginning of the year | 4,453,980 | 3,029,336 |
| Expected return on plan assets | 576,520 | 325,649 |
| Contributions | 5,493,957 | 1,620,828 |
| Benefits paid | (192,120) | (389,390) |
| Premium Expense | (879,897) | (132,443) |
| Actuarial gain/loss on plan assets | - | - |
| Fair value of planned assets at the end of the period | 9,452,440 | 4,453,980 |
| III. Expenses recognized in the Statement of Profit & Loss : | | |
| Interest Cost | 782,812 | 445,368 |
| Current Service Cost | 1,956,892 | 663,161 |
| Expected return on Plan Assets | (576,520) | (325,649) |
| Net Actuarial (gain)/loss recognized in the period | 1,453,396 | 3,498,916 |
| Premium Expense | 192,120 | 132,443 |
| Expenses recognized in the statement of Profit & Loss | 3,808,700 | 4,414,239 |
| IV. Amounts recognized in the Balance Sheet: | | |
| Present value of Obligation as at the end of the period | 9,785,154 | 13,098,357 |
| Fair value of Plan Assets at the end of the period | (4,453,980) | (9,452,440) |
| Funded Status | 5,331,174 | 3,645,917 |
| Unrecognised Past Service cost | - | - |
| Net Asset or Liability recognised in the Balancesheet | 5,331,174 | 3,645,917 |
| V. Actual Return of plan assets: | | |
| Actual Return on Plan Assets | (576,520) | (325,649) |
| VI. Movement in Balance Sheet: | | |
| Opening Liability | 5,331,174 | 2,537,763 |
| Expenses as above | 3,808,700 | 4,414,239 |
| Contribution paid | (5,493,957) | (1,620,828) |
| Closing Liability | 3,645,917 | 5,331,174 |

VII. Principal Assumptions:

| | | |
|--|-------|-------|
| Discounting Rate | 7.65% | 8.00% |
| Salary Escalation Rate | 3.00% | 7.00% |
| Expected rate of return on plan assets | 9.00% | 9.00% |

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

Note: 34. 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 | 2018-2019 | 2017-2018 |
|-------------------------------------|-----------------------|-----------|-----------|
| Dr. Abburi Vidyasagar | Remuneration | 3,000,000 | 2,593,548 |
| Dr. Abburi Vidyasagar | Commission on Sales | 2,820,207 | 3,416,835 |
| Mrs. Abburi Sarada | Remuneration | 1,200,000 | 1,164,516 |
| Mrs. Abburi Sarada | Commission on Sales | 40,61,644 | 4,146,530 |
| Mrs. Abburi Sarada | Rent | 949,200 | 900,500 |
| Mr. Subramanaiya Balakrishnan | Sitting Fee | 20,000 | 45,000 |
| Mr. Raghu Prasad Pidikiti | Sitting Fee | 60,000 | 22,500 |
| Mr. Yalamanchili Kishore | Sitting Fee | 110,000 | 67,500 |
| Mr. Naveen Nandigam | Sitting Fee | 110,000 | 120,000 |
| Mr. Eluru Bala Venkata Ramana Gupta | Sitting Fee | 80,000 | 82,500 |
| Mr. Myneni Narayana Rao | Sitting Fee | 80,000 | 92,500 |

Note: 35. Earnings per Share:

(In ₹)

| Particulars | | 2018-2019 | 2017-2018 |
|--|------|------------|-------------|
| Profit/ (Loss) after Tax | In ₹ | 95,079,030 | 173,042,295 |
| 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 ₹ | 23.45 | 42.68 |
| Diluted | In ₹ | 23.45 | 42.68 |

Note: 36. Contingent liabilities and commitments

(In ₹)

(to the extent not provided for)

2018-2019

2017-2018

Contingent liabilities

Claims against the company not acknowledged as debt

(i) Guarantees

102,546,980

104,152,805

Total

102,546,980

104,152,805

Note: 37. Segmental Reporting :

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

Note: 38. 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, 2019

| Particulars | Cost | Financial assets / liabilities at FVTPL | Financial assets/ liabilities at fair value through OCI | Total carrying value | Total fair value |
|-----------------------------|-------------|---|--|-------------------------|---------------------|
| Assets: | | | | | |
| Cash & Cash Equivalents | 2,902,294 | - | - | 2,902,294 | 2,902,294 |
| Trade Receivable | 192,585,839 | - | - | 192,585,839 | 192,585,839 |
| Deposits | 111,067,408 | - | - | 111,067,408 | 111,067,408 |
| Other Financial Assets | 4,739,026 | - | - | 4,739,026 | 4,739,026 |
| Liabilities: | | | | | |
| Trade Payable | 1,677,031 | - | - | 1,677,031 | 1,677,031 |
| Borrowings | - | - | - | - | - |
| Other Financial Liabilities | 20,669,132 | - | - | 20,669,132 | 20,669,132 |

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 |
|-----------------------------|-------------|---|--|-------------------------|---------------------|
| Assets: | | | | | |
| 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 |
| Liabilities: | | | | | |
| Trade Payable | 20,514,682 | - | - | 20,514,682 | 20,514,682 |
| Borrowings | - | - | - | - | - |
| Other Financial Liabilities | 18,422,265 | - | - | 18,422,265 | 18,422,265 |

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. 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, 2019 & March 31, 2018 is as follows:

| Particulars | USD | USD |
|-------------------------------|----------------------|----------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Financial Assets: | | |
| Cash & Cash Equivalents | - | - |
| Trade Receivable | | |
| Deposits | - | - |
| Other Financial Assets | | |
| Financial Liabilities: | | |
| Trade Payable (Rs.) | 197,429 | 8,356,011 |
| 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:

For the year ended March 31, 2019 (In ₹)

| Paticulars | Gross Carrying Amount | Less than one year | More than one year | More than two year | More than three year |
|-------------------------------------|-----------------------|--------------------|--------------------|--------------------|----------------------|
| Gross Carrying Amount | 192,585,839 | 192,585,839 | - | - | - |
| Expected Credit loss | - | - | - | - | - |
| Carrying amount (net of impairment) | 192,585,839 | 192,585,839 | - | - | - |

For the year ended March 31, 2018 (In ₹)

| Paticulars | Gross Carrying Amount | Less than one year | More than one year | More than two year | More than three year |
|-------------------------------------|-----------------------|--------------------|--------------------|--------------------|----------------------|
| 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 |

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.

(In ₹)

| Paticulars | Gross Carrying Amount | Less than one year | More than one year | More than two year | More than three year |
|------------|-----------------------|--------------------|--------------------|--------------------|----------------------|
|------------|-----------------------|--------------------|--------------------|--------------------|----------------------|

As on March 31 2019

| | | | | | |
|-----------------------------|------------|------------|---|---|---|
| Trade Payables | 1,677,031 | 1,677,031 | - | - | - |
| Other Financial liabilities | 20,669,132 | 20,669,132 | - | - | - |

As on March 31 2018

| | | | | | |
|-----------------------------|------------|------------|---|---|---|
| Trade Payables | 20,514,682 | 20,514,682 | - | - | - |
| Other Financial liabilities | 18,422,265 | 18,422,265 | - | - | - |

Note: 39. Capital Management:

The objective of the company when managing capital are to

- to safeguard the companys ability to continue as going concern, So that they can continue to provide returns for the Share holder and benefits for other stake holders.
- maintain optimal capital structure to reduce cost of capital

has no borrowing outstanding as at the year end. there were no specific debt convents for the non fund based facilities extended by the bank.

| Dividends | Particulars | (In ₹) | |
|--|--|------------|------------|
| | | 2018-2019 | 2017-2018 |
| (i) Equity Shares | | | |
| | Final Dividend for the year March 31st 2018 Rs 4/- (March 31 2017 Rs. 2/-) per share of Rs. 10/- cash | 16,217,972 | 8,108,986 |
| | Dividend Distribution Tax on Final Dividend | 3,333,644 | 1,650,793 |
| | Interim Dividend for the year March 31st 2019 Rs. 3/- (March 31 2018 Rs NIL) per share of Rs. 10/- each | 12,163,479 | - |
| | Dividend Distribution Tax on interim Dividend | 2,500,231 | - |
| (ii) Dividends not recognised at the end of the reporting period | | | |
| | In addition to the above, since the year end directors recommend the payment of Rs. 2/- (March 31 2018 Rs 4/-) per share of Rs. 10/- each, The proposed dividend is subject to the approval of Share holders in the general meeting. | 8,108,986 | 16,217,972 |
| | Dividend Distribution Tax on proposed Dividend | 1,666,820 | 3,333,641 |

Note: 40. Consumption Of Raw Materials:

| Raw Material | 2018-2019 | | 2017-2018 | |
|--------------|------------|--------------------|------------|--------------------|
| | % | ₹ | % | ₹ |
| Indigenous | 57.62 | 65,112,619 | 57.22 | 100,137,316 |
| Imported | 42.38 | 47,899,969 | 42.78 | 74,857,056 |
| TOTAL | 100 | 113,012,588 | 100 | 174,994,372 |

Note: 41. Value of Imports (Calculated in CIF Value):

| Particulars | (In ₹) | |
|-------------------|-------------------|-------------------|
| | 2018-2019 | 2017-2018 |
| Materials | 51,980,547 | 88,362,907 |
| Capital Equipment | - | - |
| Total | 51,980,547 | 88,362,907 |

Note: 42. Expenditure in Foreign Currency:

| Particulars | (In ₹) | |
|---------------------|-------------------|-------------------|
| | 2018-2019 | 2017-2018 |
| Purchases (Imports) | 52,231,048 | 89,206,195 |
| Foreign Travel | - | 660,713 |
| Total | 52,231,048 | 89,866,908 |

Note: 43. The disclosure relating to transactions with Micro, Small and Medium Enterprises

Sundry Creditors includes Rs. 9,36,831/- (previous year Rs. 82,36,828/-) 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: 44. 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 Rs 10,63,984/- (2017-2018 year Rs. 8,01,875/-) towards Corporate Social Responsibility activities during the Financial Year 2018-19 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 2018-19 are as under:

| Particulars | (In ₹) | |
|---|-------------|------------|
| | 2018-2019 | 2017-2018 |
| Aggregate net profits of last three financial years as per Section 198 of the Companies Act, 2013 | 108,674,950 | 26,139,875 |
| Average of net profits | 36,224,983 | 8,713,292 |
| Earmarked percentage U/s 135 of the Companies Act, 2013 towards CSR Activities | 724,500 | 174,266 |
| Amount to be spent towards CSR Activities | 1,063,984 | 801,875 |

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: 45. 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: 46.

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: 07th May, 2019

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

Sd/-
M. RAVINDRA
Company Secretary

This page is intentionally left blank

avantel
connect • create • conserve

AVANTEL LIMITED

CIN: L72200AP1990PLC011334

Registered Office: Sy. No. 141, Plot No. 47/R, APIIC Industrial Park, Gambheeram (V),
Anandapuram (M), Visakhapatnam, Andhra Pradesh –531163.
Email: info@avantel.in, website: www.avantel.in

ATTENDANCE SLIP

(To be presented at the entrance)

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 29th Annual General Meeting of the shareholders of Avantel Limited on Friday, the 12th day of July, 2019 at 11:00 A.M. at the registered office of the Company at Sy. No. 141, Plot No 47/R, APIIC Industrial Park, Gambheeram (V), Anandapuram (M), Visakhapatnam–531163, A.P.

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

* Applicable if shares are held in electronic form

Name and Address of Member

Signature of Shareholder/Proxy/
Representative (Please Specify

This page is intentionally left blank

Form No. MGT-11

Proxy form

(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 Twenty Ninth Annual General Meeting of the Company, to be held on Friday, the 12th day of July, 2019 at 11.00 A.M. 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 | Against |
|---------------------------|---|-----|---------|
| Ordinary Business: | | | |
| 1 | To consider and adopt the Audited Financial Statements of the Company for the Financial Year 2018-2019 together with the Report of the Board of Directors and Auditors thereon. | | |
| 2 | To declare final dividend of Rs. 2/- per Equity Share of Rs.10/- each to the shareholders for the Financial Year 2018-19. | | |
| 3 | To appoint a Director in place of Shri. Raghu Prasad Pidikiti (DIN: 01660157), who retires by rotation and being eligible, offers himself for re-appointment as Director. | | |
| 4 | To Re-Appoint M/s. Ramanatham & Rao, Chartered Accountants (Firm Registration No. 002934S), as Statutory Auditors of the Company | | |
| Special Business: | | | |
| 5 | To consider and approve the reappointment of Dr. Abburi Vidyasagar as the Managing Director of the company | | |
| 6 | Appointment of Shri. N Naveen (DIN: 02726620) as an Independent Director of the Company for a second term of five consecutive years, in terms of Section 149 of the Companies Act, 2013: | | |
| 7 | Appointment of Shri. Y Kishore (DIN: 01633048) as an Independent Director of the Company for a second term of five consecutive years, in terms of Section 149 of the Companies Act, 2013: | | |

Signed this day of 2019.

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.

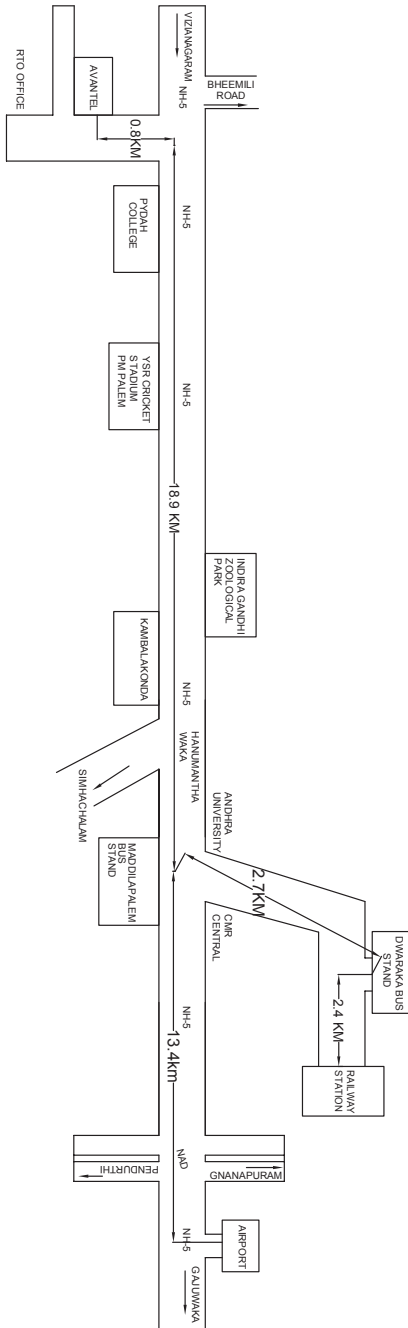
Affix
Revenue
Stamp

This page is intentionally left blank

This page is intentionally left blank

This page is intentionally left blank

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 – 2850000

Fax: +91 - 891 – 2850004