

PUBLIC ANNOUNCEMENT FOR THE ATTENTION OF EQUITY SHAREHOLDERS / BENEFICIAL OWNERS OF EQUITY SHARES OF



**AVANTEL LIMITED
(Formerly Avantel Softech Limited)**

Registered Office: Plot No.16, Sector-III, Huda Techno Enclave,
Opp. K. Raheja IT Park, Madhapur, Hyderabad – 500 081
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OFFER FOR BUY-BACK OF EQUITY SHARES FROM OPEN MARKET THROUGH STOCK EXCHANGE

This Public Announcement (“PA”) is made pursuant to the provisions of Regulation 8(1) of the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 1998 including any statutory modifications and re-enactments thereof for the time being in force (“Buy-Back Regulations”) and contains the disclosures as specified in Schedule II to the Buy-Back Regulations.

1. DETAILS OF BUY-BACK OFFER AND OFFER PRICE

- 1.1 In accordance with Article 33 of the Articles of Association, and pursuant to the resolution passed by the Board of Directors of Avantel Limited (“ the “Company”) at its meeting held on March 16, 2009 (the “Board Meeting”) and the Special Resolution passed by the equity shareholders of the Company through Postal Ballots under Section 77A(2) (b) of the Companies Act, 1956 (“Act”), the result of which was declared on April 27, 2009, approving the Buy-Back of the fully paid up equity shares of Rs.10 each (hereinafter referred to as the “Buy-Back”), the Company hereby announces the Buy-Back of its fully paid-up equity shares of the face value of Rs.10 each (“Equity Shares”) from the existing owners of Equity Shares other than the Promoters, Persons who are in control of the Company at a price not exceeding Rs.50/- per Equity Share (the “Maximum Offer Price”) payable in cash, for an aggregate amount not exceeding Rs.345.00 Lacs (“Buy-Back Size”). The Buy-Back Size represents 24.94% of the aggregate paid-up equity capital and free reserves of the Company as at March 31, 2008 (the date of the latest audited accounts) which is within the maximum permissible limit of 25% of the paid-up equity capital and free reserves in accordance with Section 77A (2) (c) of the Act. The aggregate paid up capital and free reserves of the Company as at March 31, 2008 is Rs.1383.32 Lacs.
- 1.2 The Buy-Back will be implemented by the Company through the methodology of “Open market purchases through Stock Exchange” using the electronic trading facilities of the Bombay Stock Exchange Limited (“BSE”), hereinafter referred to as the (“Stock Exchange”) in accordance with the provisions of Sections 77A, 77AA, 77B and other applicable provisions, if any, of the Act read with Article 33 of the Articles of Association of the Company and the Buy-Back Regulations, subject to approval/s as may be necessary, from time to time from Statutory authorities including but not limited to Securities and Exchange Board of India, Stock Exchange, Reserve Bank of India, etc. and further subject to such conditions as may be prescribed while granting such approval/s, which may be agreed to by the Board of Directors (hereinafter referred to as “the Board” which term shall include any committee constituted specifically for the Buy-Back and hereinafter referred to as “Buy-Back Committee”).
- 1.3 The Maximum Offer Price has been arrived at after considering factors such as the trends in the market price of the Equity Shares during the last 6 months prior to the date of the Board Meeting, the book value, earnings trend in the recent past, the future outlook for the industry/Company and other relevant factors. The Maximum Offer Price of Rs.50 represents a premium of 25.25 % over the closing prices of Equity Shares on the BSE as on March 13, 2009, being the last trading day prior to the date of the Board Meeting. The closing price of Equity Shares of the Company as on March 13, 2009 on BSE was Rs.39.92.

- 1.4 The number of Equity Shares bought back would depend upon the average price paid for the Equity Shares bought back and the aggregate consideration paid for such Equity Shares bought back, subject to the maximum limit of 25% of the total paid up share capital and free reserves of the Company, in accordance with the resolution passed by the shareholders of the Company. This is subject to a further limit of 25% of the total paid-up Equity Share Capital of the Company in a Financial Year, as stipulated in the Act. As an illustration, at the proposed maximum offer price of Rs. 50.00 per Equity Share and for an aggregate consideration amount of Rs. 345.83 lakhs, the maximum number of Equity Shares that can be bought back would be 7,00,000 Equity Shares, which would amount to 13.59% of the paid up equity capital of the Company as on March 31, 2008. Should the average purchase price be lower than Rs.50.00 per Equity Share, the number of Equity Shares bought back would be greater, assuming the payment of an aggregate consideration amount of Rs. 345.83 lakhs, subject to acquisition of maximum of 7,00,000 Equity Shares. The Company hereby proposes to buy back a minimum of 1,00,000 Equity Shares (hereinafter referred to as “Minimum Offer Shares”) and up to a maximum of 7,00,000 Equity Shares (hereinafter referred to as “Maximum Offer Shares”) during the offer period.
- 1.5 As required under the Act and the Buy-Back Regulations, the Company shall not purchase Equity Shares which are nontransferable till the Equity Shares become transferable. There will be no negotiated deals (whether on or off Stock Exchange), spot transactions or any other private arrangements in implementation of the Buy-Back. As on date, the Company does not have any partly paid-up Equity Shares.
- 1.6 The Buyback of shares will be financed out of the Company's free reserves and/or the securities premium account of the Company or cash/bank balance or such other sources as may be permitted by Law. The Company will ensure that post buyback, the debt equity ratio will remain within 2:1, as prescribed under Section 77A of the Act.

2. PROPOSED TIME TABLE

Date of Board Meeting	March 16, 2009
Date of passing of the special resolution by the equity shareholders of the Company through postal ballot approving the Buy-Back	April 27, 2009
Date of opening of the Buy-Back	May 18, 2009
Acceptance of Equity Shares	Within the relevant payout dates of the Stock Exchange
Extinguishment of Equity Shares	Within 15 days of acceptance of Equity Shares. Further, all the Equity Shares bought back will be extinguished within 7 days of the last date of completion of Buy-back.
Last Date for the Buy-Back	April 25, 2010 However, the Board has decided to close the Buyback as per their discretion at an earlier date, in the event the Minimum Offer Shares have been purchased under the Buy-Back, even if the Buy-Back Size has not been reached, by giving appropriate notice of such date in accordance with relevant laws and regulations. All payment obligations related to the Buy Back shall be completed by the last date for the Buy-Back

3. AUTHORITY FOR THE OFFER OF BUYBACK

Pursuant to the provisions of Sections 77A, 77AA, 77B and other applicable provisions, if any, of the Act, the Buyback Regulations, Article 33 of the Articles of Association of the Company, the Buyback of Equity Shares from the Open market through Stock Exchange up to the Buy-Back Size and subject to the Minimum Offer Shares, at a price not exceeding the Maximum Offer Price, has been duly authorized by a Special Resolution passed by the shareholders of the Company through postal ballot, the result of which was declared on April 27, 2009, after scrutiny of the Postal Ballots received from the shareholders by Mr. B L Chandrasekhar Sharma, the Scrutinizer appointed by the Company for the purpose.

4. BRIEF INFORMATION ABOUT THE COMPANY

The Company was originally incorporated on 30th day of May 1990 under the Companies Act, 1956, as **Dialog Communications Private Limited**. The name of the Company had been changed to **Avantel Communications Private Limited** on 11th August 1993. The Company was converted to Public Limited Company with effect from 20th December 1994. Later, the name of the Company has been changed to **Avantel Softech Limited** on 24th December 1998, and with effect from 25th September 2008 to **AVANTEL LIMITED**.

AVANTEL LIMITED is a technology driven ISO 9001 Company, engaged in the design development and manufacture of RF/Microwave components, Satellite ground equipment for INSAT satellite-based applications. **AVANTEL** also offers integrated solutions for connectivity through development and integration of communication, networking and software products and services.

The Company has successfully developed various Wireless products for Defence Services, Mobile Satellite Services, Systems for Ships and Vehicles and Coverage Solutions for Telecom Service Providers.

Its Board consists of Technocrats turned entrepreneurs, professionals with rich experience in defence, communication and information technology, and CEOs of popular companies. Present Board consists of four Independent non-executive Directors, one Promoter Non-Executive Director and two Executive Directors, one of whom is the Managing Director. There are three Board Committees viz Audit Committee, Share Transfer Investor Grievance Committee and Remuneration Committee.

The Company's shares are listed at Bombay Stock Exchange Limited. Scrip Code at BSE is 532406.

5. BRIEF FINANCIAL INFORMATION OF THE COMPANY

- 5.1 Brief financial information of the Company for the last three financial years 2007 - 2008, 2006 - 2007 and 2005 -2006 (based on the audited financial statements) is as follows:

Particulars	Rs. in lakhs		
	2007 - 08	2006 - 07	2005 - 06
Net Sales	2676.58	2604.40	1597.34
Other Income	58.12	21.78	39.40
Increase/(Decrease) in Closing stock	108.25	(79.67)	13.46
Total Income	2842.96	2546.51	1650.22
Total Expenditure	2324.86	2222.59	1558.20
Profit before tax	518.10	323.93	92.01
Profit after tax	301.96	213.77	80.47
Paid-up Equity Share Capital	515.27	515.27	515.33
Reserves excluding revaluation reserves	868.05	658.61	505.12
Net worth	1383.32	1173.88	1020.45
Total Debt	**13.04	13.04	13.04

Key Ratios	FY 2007-08	FY 2006-07	FY 2005-06
Earnings Per Share (EPS)	5.85	4.15	1.56
Book Value Per Share (BV) (Rs.)	26.85	22.78	19.80
Debt Equity Ratio	0.01	0.02	0.01
Current Ratio	2.50	2.04	1.54
Return on Net worth (%)	25.72	20.95	8.56

** The company has a Guarantee Liability of Rs.2.45

crores as on 31 03 2008

The key ratios have been computed as below:

Earnings Per Share (EPS) (Rs.)	Profit after tax/No. of outstanding shares
Book Value Per Share (BV) (Rs.)	Net worth/No. of outstanding shares
Debt Equity Ratio	Total Debt/Net worth
Return on Net worth (%)	Profit after tax/ Net worth at its beginning
Current Ratio	Current Assets/Current Liabilities

*During the year 2007-08 the Company has sold its total investments held in Avantel Softech INC, fully owned subsidiary for US\$ 60,000 and transferred the shares to the buyer on 02 06 2008.

The above financial information along with the key ratios has been certified by M/s A Madhusudana & Co, Statutory Auditors of the company.

5.2 Following are the brief unaudited financials of the Company for the nine months period ended December 31, 2008 and 12 months period ended March 31, 2009, subject to the limited review by the statutory auditors and disclosed in accordance with Clause 41 of the Listing Agreement

Particulars	Rs. in lakhs)	
	9 months period ended 31.12.2008	Unaudited Results as on 31 03 2009
Net Sales/Income from Operations	2029.98	2728.00
Other Operating Income	22.52	35.44
Total Income	2052.50	2763.44
Total Expenditure	1858.95	2427.54
Profit from ordinary activities before tax	193.55	335.90
Net Profit from ordinary activities after tax	202.19	240.19
Paid up Equity Share Capital (face value Rs.10/-)	515.27	515.27
Basic EPS (not annualized) (Rs.)	3.92	4.66
Diluted EPS (not annualized) (Rs.)	3.92	4.66

6. CAPITAL STRUCTURE AND SHAREHOLDING PATTERN OF THE COMPANY

6.1 The Share Capital of the Company as on date of this Public Announcement is as follows:

Particulars	Rs in lakhs	
	Amount	
Authorised Capital		
70,00,000 Equity Shares of Rs.10/- each	700.00	
Total	700.00	
Issued Subscribed and Paid-up capital		
51,52,716 Equity Shares of Rs.10/- each, fully paid up	515.27	
Total	515.27	

6.2 As on date of this PA, there are no outstanding Warrants issued.

6.3 There are no partly paid-up Equity Shares of the Company.

6.4 The shareholding pattern of the Company as on 30.04.2009 and post buyback shall be as follows :

Category of shareholder	No. of Equity Shares held	% to the existing fully paidup equity share capital	No. of shares post buyback	% holding post buyback
A. Promoter shareholding				
Indian	15,65,885	30.39	15,65,885	35.17
Total Promoter Shareholding (A)	15,65,885	30.39	15,65,885	35.17
B. Public shareholding				
Institutions				
1.Financial Institutions/Banks	700	0.01		
2.Non-Institutions				
Bodies Corporate	6,67,210	12.95		
(i) Individuals holding nominal share capital upto Rs.1 lakh	17,13,517	33.25	28,86,831	64.83
Individuals holding share capital in excess of Rs.1.00 lakh	9,89,602	19.21		
Trusts	1,55,309	3.01		
Non Resident Indians	57,616	1.12		
Clearing Members	2,877	0.06		
Total Public Shareholding (B)	35,86,831	69.61		
Total (A+B)	*51,52,716	100.00	44,52,716	100.00

**Assuming that as a part the Buy-Back, 7,00,000 Equity Shares are bought back at prices below the Maximum Offer Price Rs.50/- per Equity Share, for an aggregate amount of Rs.345.83 lakhs. Please note that the post Buy-Back shareholding pattern may differ depending upon the actual number of Equity Shares bought back under the Buy-Back.*

6.5 The aggregate shareholding of the Promoters, Persons who are in control of the Company and Promoter Group, as on date of this PA is 1565885 (as on 30 04 2009) Equity Shares, constituting 30.39% of the paid-up share capital of the Company, details of which are as under:

Sno	Name/Jt1/Jt2	Shares	% Equity	Category
1	ABBURI VIDYASAGAR	894220	17.35	PRO
2	ABBURI SARADA	367646	7.13	PRO
3	ABBURI VENKATESWARA RAO	236620	4.59	PRO
4	ABBURI SAILAJA	14930	0.29	PRO
5	SNEHA KOSARAJU	15400	0.30	PRO
6	C B R PRASAD	11968	0.23	PRO
7	SIVARAMKRISHNA VASIREDDY	10000	0.19	PRO

8	KOSARAJU RAMESH	8101	0.16	PRO
9	ABBURI SURYANARAYANA	4500	0.09	PRO
10	ABBURI SIDHARTHA SAGAR	1000	0.02	PRO
11	P PADMA	1000	0.02	PRO
12	SITARAM SATTIRAJU	500	0.01	PRO
		1565885	30.39	

6.6 There has been no purchase or sale of Equity Shares of the Company by the Promoters, Directors of the Promoter companies, persons in control, Promoter Group and persons acting in concert during the period of twelve months preceding the date of the Board Meeting i.e. March 16, 2009 , save and except the sale and purchase of Equity Shares of the Company as detailed herein under:

Name of individual / entity	Selling Details*			Buying Details*		
	No. of equity shares	Maximum Price and date <i>In Rs</i>	Minimum Price and date <i>in Rs</i>	No. of equity shares	Maximum Price and date <i>In Rs</i>	Minimum Price and date <i>in Rs</i>
A VIDYASAGAR	1500	79.45 30.04.2008	70.05 05.05.2008	2000	30.00 17.12.2008	29.35 17.12.2008
	3000	75.00 02 05 2008	75.00 02 05 2008			
A SARADA	4500	70.50 05.05.2008	70.05 05.05.2008			
K RAMESH #	15400 #	24 02 2009		1239	39.45 16.09.2008	25.09 31.10.2008
				1000 ##	36.50 26 09 2008	
SNEHA KOSARAJU #				15400 #	24 02 2009	
N. DIVAKAR				4000	39.17 29.02.2009	39.12 29.02.2009
MAJ. GEN. (RETD.) S. BALA KRISHNAN, VSM				3000	39.60 04.03.2009	39.30 03 04 2009

14400 shares held by Sri K Ramesh, holding as guardian and natural father of Ms Sneha Kosaraju (Minor) transferred in the name of Ms Sneha Kosaraju, after she became major and 1000 ## shares bought by Sri K Ramesh, father of Ms Sneha Kosaraju, on her behalf on 26 09 2008 and transferred in her name. No cash dealing was involved.

There are no other inter-se sale / purchase / transfer of shares among the Promoters / Persons who are in control of the Company, except as mentioned above

6.7 As per the provisions of the Act and the Buy-Back Regulations, the Company shall not issue fresh Equity Shares during the Buy-Back period, whether by way of bonus issue or in the discharge of subsisting obligations such as conversion of outstanding instruments, or otherwise. Further, except as provided in the Act and the Buy-Back Regulations, the Company shall not issue fresh Equity Shares of the same kind within a period of six months from the completion of Buy- Back, except by way of bonus issue or in the discharge of

subsisting obligations such as conversion of warrants, stock option schemes, sweat equity or conversion of preference shares or debentures into Equity Shares.

6.8 As per Regulation 15 (b) of the Buy-Back Regulations, the buy-back of shares shall not be made from the Promoters, Promoter group, Persons in control and Persons Acting in Concert. As per Regulation 19(1) (e) of Buy-Back Regulations the promoters, promoter group, persons in control shall not deal in the Equity Shares of the Company on the Stock Exchange during the period for which the Buyback offer is open.

7. NECESSITY FOR BUY-BACK

The Buyback proposal is being implemented in keeping with the Company's desire to:

- (a) optimize returns to shareholders
- (b) enhance overall shareholder value.

The Buyback would lead to reduction in outstanding number of equity shares and consequent increase in earnings per share, improvement of return on net worth and other financial ratios.

8. EXTRACT OF THE EXPLANATORY STATEMENT TO THE NOTICE DATED MARCH 16, 2009, CONTAINING DISCLOSURES AS REQUIRED UNDER REGULATION 5(1) OF THE BUY-BACK REGULATIONS:

1. The Board of Directors of the Company, in its meeting held on **16th March, 2009**, has approved the proposal for buyback of the Company's fully paid up equity shares of Rs. 10 each (hereinafter referred to as Buyback), in accordance with the provisions contained in the Articles of Association, sections 77A, 77AA, 77B and all other applicable provisions of the Act, and the provisions contained in the Buyback Regulations of SEBI.
2. The share buyback program is being proposed in pursuance of the Company's desire to maximize returns to investors, and enhance overall shareholder value, by returning cash to shareholders, in a tax efficient and investor friendly manner. This will be done without, in any manner, compromising on the pursuit of high growth opportunities by the Company.
3. The implementation of share buyback program will also send a strong and positive signal, and the buyback is expected to reduce floating stock, enhance long- term price performance, and contribute to an increase in the Company's overall market capitalization.
4. The implementation of share buyback program is also expected to enable the Company to manage volatility its stock price, and attract the long-term investors to hold the share.
5. The share buyback program is expected to contribute further improvement in financial ratios and overall enhancement of shareholder value. The share buyback is also expected to provide the Company with a powerful tool in its endeavor to neutralize the impact of speculative forces, and to protect the interests of its long-term investors. The Company will judiciously deploy the resources available for the share buyback in a manner designed to maximize the shareholder value.
6. The Buyback regulations require the Company to specify the maximum amount proposed to be utilized for share buyback program. The Board of Directors of your Company has proposed a maximum limit of Rs. 3.45 Crores, for the proposed buyback program. This represents the 24.94% of the aggregate of the paid up share capital and free reserves of the Company, as against the maximum permissible limit of 25%.
7. The maximum number of equity shares to be bought back, fixed by the Board of Directors of the Company, is 7,00,000 equity shares, and subject to a maximum buyback price being less or equal to Rs. 50 per share. However, the actual number of equity shares to be bought back would depend upon the average price paid for the equity shares bought back, and the amount deployed in the buyback.
8. This amount will be financed out of the Company's free reserves and / or securities premium account for buyback purposes. The funds for the buyback will be available from current surpluses and / or out of internal accruals of the Company.

9. The Buyback regulations also require the Company to specify the maximum price, at which shares may be brought back under buyback. The Board of Directors of your Company proposed a maximum price of Rs. 50/-, per share, for share buyback. The Maximum price has been arrived after considering certain parameters such as the Book Value, earnings trend in the recent past, the future outlook for the industry, the average price earnings multiples in the market, possible increase in EPS and other relevant factors.
10. The Company proposes to implement the share Buyback through the methodology of open market purchases in the Stock Exchange, in the manner, and following the procedures, as may be prescribed, from time to time, under the Act, and the Buyback Regulations, and as may be determined by the Board of Directors (including any Committee thereof) of the Company and on such terms and conditions, as may be permitted in Law, from time to time. There will be no negotiated deals, spot transactions, or any private arrangements, in the implementation of the share Buyback.
11. The Promoters, and / or Persons in control of the Company, and/or their associates, and /or Persons Acting in Concert with them, will not offer their shares to the Company, under the present share Buyback.
12. As per the provisions of the Act, the Special Resolution passed by the shareholders approving the share Buyback will be valid for a maximum period of twelve months from the date of passing of the Special Resolution (or such extended period as may be permitted under the Act or the Regulations or by the appropriate authorities). The Company proposes to complete the buyback process on or before 25th April 2010.
13. In accordance with the regulatory provisions, the shares bought back by the Company will compulsorily be cancelled within seven days of the last date of completion of buyback, and will not be held for re-issuance.
14. The company's total debt: equity ratio, after the share Buyback, will be well below the maximum limit of 2:1, as specified in Law.
15. In accordance with the provisions of the Act, the Company will not be entitled to make a fresh offering of equity shares for a period of six months from the date of completion of this share Buyback program, except in cases/circumstances referred to in sub-section (8) of section 77A of the Act.
16. The share Buyback program will be implemented after the approval of the shareholders, subject to completion of necessary formalities, as prescribed by Law.
17. The aggregate shareholding of the Promoters of the Company, and/or persons who are in control of the Company, and/or Persons Acting in concert with them, as defined under the SEBI (Substantial Acquisition of Shares and Takeovers), Regulations, 1997, as on the date of the notice is 1564285 equity shares of Rs. 10 each, constituting 30.35% of the issued and paid up equity share capital of the Company.
18. Promoters, and / or persons in control of the Company, and/or Persons Acting in Concert with them, have purchased an aggregate of 10239 equity Shares on various dates, the highest rate paid being Rs.39.45 on 16.09.2008 and the lowest rate paid being Rs. 25.09 per share on 31.10.2008 and have sold 15,400 shares on 24th February, 2009, during the period of six months, preceding the date of the Board Meeting at which the Buyback was approved (i.e. 16.03.2009) till date of Notice of Postal Ballot.
19. The Company confirms that there are no defaults subsisting in re-payment of deposits, redemption of debentures or preference shares or repayment of term loans to any financial institutions or banks.
20. The Board of Directors of the Company confirms that it has made the necessary and full inquiry into the affairs and prospects of the Company and Board of Directors have formed the opinion that:
 - (i) Immediately following the date on which the postal ballot process was initiated, there will be no grounds on which the Company could be found unable to pay its debts;
 - (ii) As regards its prospects for the year immediately following the date of the postal ballot, having regard to their intention with respect to the management of the Company's business during that year and to the amount and character of the financial resources which will in view of the Board of Directors be available to the Company during that year, the Company will be

able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year; and

- (iii) In forming their opinion for the above purposes, the Board of Directors have taken into account the liabilities, as if the Company were being wound up under the provisions of the Companies Act, 1956 (including prospective and contingent liabilities).

21. The text of the Report, dated 16.03.2009, received from M/s. A. Madhusudana & Co., Statutory Auditors of the Company addressed to the Board of Directors of the Company is reproduced below:

“We have been informed that the Board of Directors in its Meeting held on 16th March, 2009 has decided to buy back company’s shares as allowed under Section 77A of Companies Act, 1956. In this connection, we confirm as under:

- (i) We have inquired in to the state of affairs of the company in relation to its audited accounts for the year ended 31st March 2008.
- (ii) The amount of permissible capital payment towards buy-back of equity shares in question as ascertained below, has been properly determined in accordance with Section 77A(2)(c) of the Companies Act, 1956:

		Amount in Rs
Share Capital as on 31st March 2008 (51,52,716 Equity Shares of Rs.10/- each fully paid up)		5,15,27,160
Free Reserves as on 31st March 2008		
• General Reserve	1,97,90,653	
• Share Premium Account	3,74,40,702	
• Balance in Profit & Loss Account	2,95,73,716	
		8,68,05,071
Total		13,83,32,231
Maximum Amount permitted for buy back i.e., 25% of the total paid up capital and free reserves		3,45,83,058

- (iii) Based on the representations made by the company and other information and explanations given to us which to the best of our knowledge and belief were necessary for this purpose, we report that the Board of Directors have formed the opinion on reasonable grounds and that the Company, having regard to its state of affairs, will not be rendered insolvent within a period of one year from that date.”

22. The Board of Directors of the Company accepts responsibility for the information contained in this Notice.

9. MAXIMUM AND MINIMUM SHARES TO BE BOUGHT BACK, MAXIMUM AMOUNT TO BE INVESTED AND SOURCES OF FUNDS FOR THE BUY-BACK

9.1 a) The maximum amount, which the Company would deploy for the purposes of the Buy-back is Rs. 345.00 lakhs. This represents 24.94% of the aggregate of the Company’s paid up share capital and free reserves eligible for use in Buy-back as at March 31, 2008.

b) The Maximum number of Equity shares proposed to be bought back by the Company, is 7,00,000 Equity Shares and subject to the Buy Back price being less than or equivalent to Rs 50.00 per share. The company proposes to Buy back a minimum of 1,00,000 Equity shares.

However, the actual number of Equity shares to be bought back and the amount deployed in the Buy back would depend upon the average price paid for the Equity shares bought back and the amount deployed in the buy back.

9.2 The Company proposes to fund the buy-back out of the free reserves or out of the securities premium account of the Company or cash/bank balance or from such other sources as may be permitted by law.

9.3 The Company vide its declaration of solvency dated **April 30, 2009**, has declared that it is capable of meeting its total liabilities and will not be rendered insolvent within a period of one year from the date of the declaration.

10. LISTING DETAILS AND STOCK MARKET DATA

10.1 The Equity Shares of the Company are listed on the BSE.

10.2 The high and low market prices for the preceding three years i.e. 2006, 2007 and 2008 and the monthly high, low and average market prices for the six months preceding the date of this PA and the corresponding volumes on the BSE are as follows:

Period	High (Rs.)	Date of High	Number of Shares traded in that date	Low (Rs.)	Date of Low	Number of Shares traded on that date	Average Price (Rs.)	Total volume traded on the period
Preceding 3 years								
April 06-March 07	97.20	05.05.2006	124453	34.60	25.07.2006	8623	66.23	5096568
April 07-March 08	138.50	10.01.2008	441225	36.00	02.04.2007	2856	87.25	9564781
April 08-March 09	84.80	30.04.2008	82684	23.00	20.11.2008	2723	53.90	4796436
Current Month & Preceding six months								
October 2008	36.75	14.10.2008	6689	23.00	28.10.2008	675	29.88	110700
November 2008	28.95	05.11.2008	3866	23.00	20.11.2008	2723	25.97	47616
December 2008	40.70	31.12.2008	2471	23.10	01.12.2008	643	31.90	70605
January 2009	40.85	06.01.2009	8271	27.70	28.01.2009	676	34.28	63882
February 2009	39.05	27.02.2009	37253	28.50	06.02.2009	651	33.78	62196
March 2009	41.00	24.03.2009	1456	35.90	09.03.2009	5155	38.40	125192
April 2009	43.05	20.04.2009	3771	37.55	06.04.2009	2050	40.30	66902
May 2009	43.20	04 05 2009	2414	40.00	04 05 2009	2414	41.61	6934

The aforesaid prices are calculated based on the closing price available at BSE website

* Arithmetic Average of Closing Price

Data considered till **05 05 2009**

10.3 The closing market price of the Equity Shares of the Company on March 17, 2009 i.e. the working day after the Board Meeting was Rs 38.35 per Equity Share on the BSE and the volume traded on that day was 6120 Equity Shares the BSE respectively. **(Source: Website of BSE).**

11. MANAGEMENT DISCUSSION AND ANALYSIS ON LIKELY IMPACT OF THE BUY-BACK ON THE COMPANY

11.1 The Buy-Back is not likely to cause any material impact on the profitability and the earnings of the Company except the loss of other income, if any, on account of cash to be utilised for the Buy-Back.

- 11.2 The Equity Share Buy-back program is expected to contribute to the overall enhancement of shareholder value. The Buy-back would lead to (a) reduction in outstanding number of Equity Shares, and consequent increase in earnings per equity share over a period of time; and (b) improvement in Return on Net Worth.
- 11.3 The Company will not purchase any shares from the promoters, promoter group and persons in control. The holding of the promoters, promoter group and persons in control may increase from 30.39% to 35.17% of the post Buy-back equity capital assuming that the entire amount of Rs.345.00 lacs is utilized for the Buyback at the Maximum Offer Price. The Buy-Back of Equity Shares will not result in any change in control of the Company or otherwise affect the existing Management structure of the Company.
- 11.4 Shareholding / voting rights pursuant to the proposed buyback assuming full acceptance shall not increase by more than 5% in compliance with recent amendments to the Takeover Regulations.
- 11.5 Consequent to the Buy-Back and based on the number of shares bought back from the non resident shareholders, foreign institutional investors, Indian financial institutions, banks, mutual funds and the public including other body corporate, the shareholding pattern of the Company would undergo a consequential change, but shall not fall below 25% of the total paid up equity capital of the Company and would be in compliance with Clause 40A of the Listing Agreement.
- 11.6 The Buyback of shares will be financed out of the Company's free reserves and/or the securities premium account of the Company or cash/bank balance or such other sources, as may be permitted by Law. The Company will ensure that post buyback, the debt equity ratio will remain within 2:1 as prescribed under Section 77A of the Act.
- 11.7 The Company shall not withdraw the Buy-Back offer after the public announcement is made.
- 11.8 The Promoters shall not deal in the shares of the Company in the Stock Exchange, during the period for which the buyback offer is open.

12. STATUTORY APPROVALS

- 12.1 The present Offer of Buy-Back of Equity Shares of the Company from Open Market through Stock Exchange has been duly authorized by the Special Resolution passed by the shareholders of the Company, through postal ballot, the result of which was declared **on April 27, 2009**.
- 12.2 The Company shall obtain necessary approvals, as may be required and prescribed from time to time.
- 12.3 The Buy-Back of Equity Shares from Non-Resident shareholders will be subject to approvals, if any, of the appropriate authorities as applicable.

13. PROCESS AND METHODOLOGY FOR BUY-BACK PROGRAMME

- 13.1 The Offer is open to all Shareholders/Beneficial Owners of the Equity Shares, both registered and unregistered, except Promoters, Promoter Group, Persons in control and Persons Acting in Concert of the Company as indicated in this PA.
- 13.2 The Company proposes to implement Buy-Back from the Open Market through electronic terminals of the BSE.
- 13.3 For the aforesaid Buy-Back, the Company has appointed Canara Bank Securities Limited, having its registered office at 1-1, Kalpataru Heritage, Maneckji Wadia Building, 127, M G Road, Fort, Mumbai 400001, acting through its branch at 127, M G Road, Fort, Mumbai 400 001, as **Brokers** through whom the purchases and settlement on account of the Buy-Back would be made.
- 13.4 The Buy-Back of Equity Shares will be made only through the order matching mechanism except "all or none" order matching system.
- 13.5 The Company shall from time to time but not earlier than the date of opening of the buyback, place, "buy" orders at least once in a week, on the BSE to buy Equity Shares through the Broker, in such quantity and at such prices, not exceeding Rs.50.00 per Equity Share, as it may deem fit, depending upon the prevailing quotations of the Equity Shares on the Stock Exchange. When the Company has placed an order for Buy-back of Equity Shares, the identity of the Company, as purchaser would be available to the market participants of the BSE.

- 13.6 Shareholders/beneficial owners, who desire to sell their Equity Shares under the Buy-Back, would have to do so through a stockbroker, who is a member of the BSE, whenever the Company has placed a “buy” order for Buy-Back of Equity Shares by indicating to their broker details of the Equity Shares they intend to sell. The trade would be executed at the price at which the order matches and that price would be the price for that seller.
- 13.7 It may be noted that all Equity Shares bought back by the Company may not be at a uniform price. Further, the Company is not under obligation to place a “buy” order on a daily basis nor is the Company under obligation to place orders on both the odd lot as well as normal trading segment of the Stock Exchange as applicable. However, the Company undertakes to place the orders for buying back the Equity Shares at least once a week in both normal trading segment and on the odd lot segment of the Stock Exchange at market related prices so long as the market price is lower than the Maximum Offer Price until the amount of Buy-Back Size (Rs. 345.00 lakhs) is exhausted or maximum number of Equity Shares (7,00,000 Equity Shares) that can be bought back is reached, whichever is earlier. Such Buy-back orders shall be placed both in normal and physical segments.
- 13.8 The Equity Shares of the Company are traded in the compulsory de-mat mode. **(Trading Code:532406 (ISIN: INE005B01019)** shareholders holding Equity Shares in physical form can sell their Equity Shares in the odd lot trading segment of the Stock Exchange.
- 13.9 The Company and the Manager to the Buyback Offer shall submit the information regarding bought back shares to the Stock Exchange on a daily basis and publish the said information in a national daily on a fortnightly basis and every time when an additional 5% of the Buyback has been completed.
- 13.10 Subject to the Company purchasing Minimum Offer Shares, nothing contained herein shall create any obligation on the part of the Company or the Board to Buy-back any Equity Shares (other than Minimum Offer Shares) or confer any right on the part of shareholder to offer any Equity Shares for Buy-back, even if the Buy-Back Size i.e. Rs.345.00 lakhs has not been reached, and / or impair any power of the Company or the Board to terminate any process in relation to the Buy-Back, if so permissible by law.

14. METHOD OF SETTLEMENT

- 14.1 The Company will pay the consideration to the Broker on every settlement date, as applicable to the Stock Exchange.
- 14.2 The Beneficial Owners holding Equity Shares in the demat form would be required to transfer the number of Equity Shares sold by tendering the delivery instructions to their respective Depository Participant (“DP”) for debiting their beneficiary account maintained with the DP and crediting the same to the pool account of the broker through whom the trade was executed. The shareholders holding Equity Shares in physical form should present the Share Certificates along with valid transfer deeds to their respective brokers through whom the trade was executed.
- 14.3 The Company has opened a depository account with CANARA BANK, D P SERVICE CENTER, NARAYANAGUDA, HYDERABAD 500029 styled “AVANTEL LTD – BUY BACK OFFER” with DPID 301356 and client ID 20362902. The Equity Shares bought back in the demat form would be transferred into the aforesaid account by the Broker on receipt of the Equity Shares from the clearing and settlement mechanism of BSE.
- 14.4 The Equity Shares bought back in demat form shall be extinguished and destroyed in the manner specified in Securities and Exchange Board of India (Depository Participants) Regulations, 1996 and its bye-laws.
- 14.5 In respect of Equity Shares bought back in the physical form, the Equity Shares would be extinguished and the physical certificates will be destroyed in the presence of the Registrar or the Manager to the Buyback Offer and the statutory auditor of the Company.
- 14.6 The Equity Shares acquired under the Buy-Back offer will be periodically extinguished within 15 days from the date of acceptance of the Equity Shares in the manner specified in the Buy-Back Regulations. Further, all the Equity Shares bought back will be extinguished within 7 days of the last date of completion of Buy-Back.
- 14.7 The details of the Equity Shares extinguished shall be notified to the SEBI and Stock Exchange as per the provisions of the Buyback Regulations.

15. COMPANY SECRETARY AND COMPLIANCE OFFICER

Mr. T.V. Satish Babu, GM- Admn & Company Secretary


Tel: + 91 40 23115050 / 51 / 52

Fax: + 91 40 23112336

Email: satishbabu@avantel.in

16. INVESTOR SERVICE CENTRES

In case of any query, a shareholder may contact the Company at the address mentioned above or the Registrar and Share Transfer Agent from Monday to Friday between 10 a.m. to 5.00 p.m. on all working days, at the following address:

 Karvy Computershare Pvt Ltd,
17-24, Vittal Rao Nagar,
Madhapur, Hyderabad 500 081
Tel: 040 23420815 - 28 Extn: 187 Fax: 040 23420857 or
23420814
E mail: sreedharamurthy@karvy.com
Contact Person: Mr K Sreedhara Murthy

In case of any queries, the shareholders may contact Mr T V Satish Babu, GM- Admn & Company Secretary, who has been appointed as the Compliance Officer and Contact Person in relation to the Buy-back at the Company's registered office address on any working day (except Saturdays, Sundays and Public Holidays) between 2.00 p.m. to 5.00 p.m.

17. MANAGER TO THE BUYBACK OFFER



CANARA BANK

Merchant Banking Division
Varma Chambers, No.11, Homji Street ,
Fort, Mumbai-400001
Ph: 022-2267 7405/406 Fax: 022-2267 7404
Contact Person : Ms Rima Mahesh Parwani
E-Mail: avantelbuyback.mcity@canbank.co.in
Website: www.canarabank.com
SEBI Regn. No:INM/000002558
AMBI Regn No:AMBI/012

18. DIRECTOR'S RESPONSIBILITY

The Board of Directors of the Company accepts responsibility for the information contained in this PA.
For and on behalf of the Board of Directors of AVANTEL LTD

Mr. A Venkateswara Rao, Chairman Sd/-

Dr A. Vidyasagar, Managing Director Sd/

Mr. T.V. Satish Babu GM- Admn & Company Secretary Sd/-

Place: Hyderabad

Date: May 06, 2009