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AVANTEL SOFTECH LIMITED

Board of Directors

Sri A. Venkateswara Rao : Chairman
Dr. A. Vidyasagar : Managing Director
Sri N. Divakar : Director (Technical)
Smt. A. Sarada : Director (Accounts)
Sri M. Venkata Rao : Director
Sri K. B. K Moorthi : Director
Major Gen(Retd) S. Balakrishnan, VSM : Director
Sri M.L.N. Acharyulu : Director (w.e.f. 30.07.2008)

Dy. General Manager - F & A

Sri D. V. Chowdary

Company Secretary

Sri P. Satish

Auditors

M/s. A.Madhusudana & Co.,
Chartered Accountants
8-3-319/11, 101,Doyen Chambers,
Yellareddy Guda, Hyderabad – 500 083

Bankers

Canara Bank,
I.F.Branch, S.P.Road,
Secunderabad – 500 003.

Registered Office & Works

Plot No. 16, Sector –III,
Huda Techno Enclave, Madhapur,
Hyderabad – 500 081.

Registrars & Share Transfer Agents

Karvy Computer Share Pvt. Ltd,
46, Avenue 4, Street No.1,
Banjara Hills, Hyderabad – 500 034.

Senior Management

Sri K. Ramesh – Vice President (Operations)
Sri P. Bala Bhaskara Rao – General Manager (R&D)
Col (Retd) J S Rajpal – General Manager (QA)
Sri J. Jagannatha Rao – General Manager (Marketing)



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NOTICE



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Notice is hereby given that the **Eighteenth Annual General Meeting** of the members of the Company will be held on Wednesday, 17th September, 2008 at 11.00 A.M. at the Registered office of the Company at Plot No: 16, Sector III, Huda Techno Enclave, Madhapur, Hyderabad- 500081 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2008 and the Profit and Loss Account for the financial year ended on that date and the Report of Directors and the Auditors thereon.
2. To declare Dividend for the financial year 2007-2008
3. To appoint a Director in place of Sri K.B.K. Moorthi, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Sri. M. Venkata Rao, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration by passing the following Resolution:

"RESOLVED THAT pursuant to the provisions of Section 224 of the Companies Act, 1956, M/s A. Madhusudana & Co., Chartered Accountants be and are hereby re-appointed as Auditors of the company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting at such remuneration as may be decided by the Board of Directors."

SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass with or without modifications(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Sri M.L.N. Acharyulu, who was appointed as an additional Director of the Company by the Board of Directors, and who ceases to hold office under section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice under section 257 in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation".

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

"RESOLVED THAT

- (a) pursuant to provisions of Section 21 and other applicable provisions, if any, of the Companies Act, 1956 and subject to approval of the Central Government the name of the Company be changed from '**AVANTEL SOFTECH LIMITED**' to '**AVANTEL LIMITED**' and
- (b) the name '**AVANTEL SOFTECH LIMITED**' wherever it occurs in the Memorandum and Articles of Association of the Company and other places be replaced with the new Name '**AVANTEL LIMITED**'.

BY ORDER OF THE BOARD
Sd/-

Place : Hyderabad
Date : 30.07.2008

Dr. A.Vidyasagar
Managing Director



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NOTES:

1. A MEMBER ENTITLED TO ATTEND AND TO VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxy forms in order to be effective must be received by the company not less than 48 hours before the meeting.
2. In accordance with Section 173 of the Companies Act, 1956, Explanatory statement in respect of items of Special Business is annexed to the Notice of the Meeting.
3. The Register of Members and Share Transfer Books will remain closed from 10th September 2008 to 17th September, 2008 (both days inclusive) for the Annual General Meeting.
4. Members seeking any information with regard to accounts of the company are requested to send their queries so as to reach at least 7 days before the meeting, to enable the management to keep the information ready.
5. Dividend on Equity shares as recommended by the Directors for the accounting year ended 31st March, 2008 when declared at the meeting will be paid to the members whose names appear on the Register of Members of the Company as on 10th September, 2008.
6. Members are requested to notify immediately changes, if any, in their addresses to the company, quoting their folio number.
7. Members holding shares in dematerialized form are requested to bring their Client ID and DPID numbers for easy identification of members at the meeting.
8. Members are requested to bring their copy of the Annual report to the meeting.
9. Payment of Dividend through ECS:
 - a) Members holding shares in physical form are advised to submit their bank account details viz. bank name, branch address, 9 digit MICR Code of the branch, type of account and account number to the Registrars of the Company so as to reach them latest by 3rd September, 2008 at Karvy Computer Share Private Limited, 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad – 50 034.
 - b) Members holding shares in demat form are advised to inform/update their bank account particulars to their respective depository participant(s).
10. A brief profile of the rotational Directors pursuant to Clause 49 of the Listing Agreement is annexed to this notice.



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EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item No. 6

Appointment of Sri M.L.N. Acharyulu as a Director:

Sri M.L.N. Acharyulu, was co-opted as an Additional Director on the Board of the Company with effect from 30th July, 2008. Brief resume is given at additional information on Directors retiring by rotation, annexed hereto.

Pursuant to Section 260 of the Companies Act, 1956 read with the Articles of Association of the Company, Sri Acharyulu will hold office only up to the date of Eighteenth Annual General Meeting of the Company.

Your Company has received a notice in writing along with the deposit of Rs. 500/- from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose Sri Acharyulu as a candidate for the office of Director.

The Board recommends the necessary resolution for your approval. None of the Directors of the Company except Sri M.L.N. Acharyulu is concerned or interested in the resolution.

Item No. 7

The Company had adopted the name "Avantel Softech Limited" during December, 1998. At that time, the character of the Company's business was largely telecom software and hence the use of the term 'Softech' in the Company's name was warranted.

Since then, over the past ten years, the Company has made business in the fields of Telecom, Defence products along with the software. After a long

period of 15 years in the brand promotion, the company intends to reflect brand name as name of the Company. The Management is of the view that the name of the Company be changed to 'Avantel Limited' from the present name to reflect the Brand name of the Company.

The Board of Directors at its meeting held on 30th July, 2008 has approved this change of name subject to the approval of the members. The proposed name has also been confirmed as being available by the Registrar of Companies, Andhra Pradesh.

Pursuant to section 21 of the Companies Act, 1956, the change of name requires the members' approval by way of a Special Resolution and accordingly, approval of the members is being sought by way of this Special Resolution. The said section also requires an approval of the Central Government, the powers in respect of which have been, vide Notification GSR No. 507(E) dated 24-06-1985, delegated to the Registrar of Companies. Accordingly, after the members' approval, the Company shall apply to the Registrar of Companies, Andhra Pradesh for approval of the changed name.

The Board of Directors recommends the same for acceptance by the members.

None of the Directors is in any way concerned or interested in the said resolution.

BY ORDER OF THE BOARD

Sd/-

Place : Hyderabad
Date : 30.07.2008

Dr. A.Vidyasagar
Managing Director



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Additional information on Directors retiring by rotation and seeking re-appointment at the Annual General Meeting in terms of Clause 49 of the Listing Agreement

Sri K.B.K. Moorthi:

Sri K.B.K.Moorthi is a Commerce Graduate and a Fellow Member of the Institute of Chartered Accountants of India.

He was employed with the Life Insurance Corporation of India (LIC) and held various senior management positions before he retired from LIC in 1995 as Regional Manager (Marketing) (Zonal Manager) from North Central Zone of LIC, Kanpur. He also represented LIC as Nominee Director in various companies during his tenure.

His expertise in the field of Accounting and Financial Management continue to be of immense benefit to the Company.

Sri. M. Venkata Rao:

Sri M. Venkata Rao has done his M.Tech in Systems Engineering with 1st rank in the University of Mysore and B.Tech in Industrial Engineering and is having 15 years of rich and varied experience at senior managerial level in private, public and government sectors in the IT & Communications domains, has contributed lot for the growth of his previous organizations with his innovative and market leading strategies. He has unique experience of working with start up organizations, building long lasting culture with highly agile teams to make them commercially successful in the International markets. He is instrumental in building award winning world class products in the International markets, establishing close relationships with Fortune 500 companies to deliver enterprise solutions for the verticals like Insurance, Retail, High Technology Sectors and so on.

Sri M.L.N.Acharyulu:

Sri Acharyulu did M.Tech in Electrical Engineering, Masters in Financial Management and also AICWA. Sri Acharyulu has got more than 25 years of experience and worked in different Industries. He worked for QualCore Logic Ltd, Hyderabad as Managing Director from May 1999 to June 2007, and is instrumental in establishing and ramping up QualCore's operations in Hyderabad. QualCore is one of the first few Companies, which has started VLSI Engineering Design in Hyderabad about a decade back.

Sri Acharyulu, as Managing Director, has been involved and associated with all activities of QualCore covering HR, Training, Finance, Admin, IT, Sales & Marketing, ODC Management, Program Management and Engineering. Prior to QualCore, he worked for Godavari Fertilizers and Chemicals Ltd, Secunderabad (1987-1999, left as Deputy General Manager), SICOM Ltd, Mumbai (1982-87, Senior Development Officer), Crompton Greaves Ltd, Mumbai (1980-81, Design Engineer).



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DIRECTORS' REPORT

Dear Members,

Your Directors present before you the 18th Annual Report together with the Audited Accounts for the financial year ended 31st March, 2008.

1. FINANCIAL HIGHLIGHTS:

The profit and loss account presented to you gives the operational results for the year ended March 31st 2008.

The operations during the year resulted in profit before tax of Rs. 518.10 Lakhs as compared to previous year profit of Rs. 323.92 lakhs, as detailed below:

Particulars	Current Year 2007-2008 (Rs. in Lakhs)	Previous Year 2006-2007 (Rs. in Lakhs)
Income	2734.72	2626.19
Expenses	1984.38	2113.99
Operating Profit	750.34	512.20
Depreciation	146.43	109.75
Financial expenses	20.20	78.53
Extraordinary Items	65.61	—
Profit before Tax	518.10	323.92
Excess provision relating to Earlier years	0.43	—
Provision for tax (Current & Deferred)	(216.57)	(110.15)
Profit after tax	301.96	213.77
Profit brought forward	184.20	130.71
Profit Available for Appropriation	486.16	344.48
Appropriations:		
Transferred to		
General Reserve	100.00	100.00
Proposed Dividend	77.29	51.53
Corporate Dividend Tax	13.14	8.75
Balance carried to balance sheet	295.73	184.20
Earning per share (Basic & Diluted)	5.85	4.15

2. DIVIDEND:

Your directors are pleased to recommend dividend @ 15% for the financial year

2007-08 out of current year profits absorbing an amount of Rs.77.29 Lakhs towards Dividend & Rs.13.14 Lakhs towards dividend distribution tax subject to the approval of the members of the Company in the ensuing Annual General Meeting.

3. MANAGEMENT DISCUSSIONS & ANALYSIS REPORT:

A. MACRO-ECONOMIC OVERVIEW:

The Telecom sector continued to register significant growth during the year and has emerged as one of the key sectors responsible for india's resurgent economic growth. The growth of wireless services, in particular has been phenomenal at a compounded annual growth rate (CAGR) of 87.7% Per Annum. Efforts are also being made under the universal service obligation fund (USOF) to promote support for increasing wireless network in rural and remote areas.

The tele-density increased from 12.7% in 2006 to 23.9% in 2007. Rural Tele-density has increased to 7.9% with 63.68 million rural telecom customers whereas urban tele-density was 60.04%. The Government has approved a scheme for facilitating establishment of 1 Lakh broadband internet enabled customer service centers in the rural areas in the public – private partnership mode.

Majority of the fortune 500 and global 2000 corporations are sourcing IT – ITES from India. India is rapidly becoming an R&D hub. A taskforce has been constituted to promote the growth of electronics IT Hardware Manufacturing Industry (Source- Economic Survey).

Telecom:

Indian telecom sector has been recognized as the fifth largest in the world and the second largest among the emerging economies of Asia. India is set to become one of the early



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adopters of new wireless technologies such as 3G / HSPA, CDMA EVDO and WiMax. By adding an 8mm monthly subscribers, India will move to the second position by 2010, surpassing the US. In coming 3-4 years \$ 20-25 bn is likely to be invested on network infrastructure by the industry in addition to sizeable investments in building wireless broadband infrastructure. Timely and adequate allocation of spectrum will be the most crucial factor determining the future of new technologies in India. By 2010 India would hopefully complete its transition into digital switching and transmission, VOIP broadband, and 3G. Telecom will be the springboard of the future expansion of IT heralding into an information society. ICT will spread among the masses and will spur innovation, entrepreneurship, and growth.

Defence Overview:

India will play an important role in South East Asian security scenario. Defence budget for FY 2008-09 is approx Rs 1,06,000 cr, up by 10% from the previous year. India will spend on an average \$ 30 bn per annum ie Rs. 1,20,000 cr/annum upto 2012. Capital outlay is Rs 4800cr in 2008-09 towards acquisition of weapons, platforms such as aircrafts, ships, tanks and sensors. New defence procurement policy, is expected to ensure greater participation of public and private indigenous industry in defence purchases. Present offset clause of 30% on all import orders exceeding Rs 300cr is expected to be modified for better TOT arrangements in defence technology.

Avantel has developed a number of products for defence sector by ensuring compliance to stringent defence standards. Some of the contracts are routed through PSU's like BEL, ECIL. Some more are directly delivered to Navy & Army. Avantel has applied for industrial license for providing defence stores. The license is expected to be issued shortly.

With this Avantel will be well placed to execute a number of products / systems to defence sector.

B: ACCOMPLISHMENTS:

Avantel has extended the application of the MSS to other areas like submarines and strategic vehicles for vehicle tracking. The company is recognized by CEMILAC and DGQA for design, development and supply of defence products The Company successfully tied up with Indian and foreign suppliers for supply of high end transmit and receive modules for EW and Radars projects.

C. OVERVIEW OF OPERATIONS:

During the year under review, your company has achieved a turnover of Rs. 2676.59 lakhs against Rs. 2604.41 lakhs for the previous year. Your company earned a net profit before taxation of Rs. **518.10** Lakhs as against Rs. **323.92** lakhs during the previous year.

D. OUTLOOK AND STRATEGY FOR CURRENT YEAR:

Avantel developed Mobile Satellite Service products for various applications and is looking forwards growth in this segment by offering integrated solutions. Your company also offers a diversified range of products to telecom sector and is expecting orders from telecom infrastructure companies. Further your company is bidding for contracts under offset program under the new defence procurement policy. So with growth in both telecom as well as defence sectors Avantel is well positioned to leverage its technical capabilities and experience in these sectors.

E. INTERNAL CONTROL SYSTEMS:

You are aware that the company is ISO 9001:2000 accredited since 1997. Periodical internal quality audits and management review meetings ensure successful



implementation of the quality management system. The ISO compliant management information system seamlessly integrates all the intra and inter- departmental activities of the organisation simultaneously ensuring data integrity and effective monitoring of the day-to-day operations. In addition, it has appointed an independent internal auditor to carry out the internal audit on a regular basis.

F. HUMAN RESOURCES/ INDUSTRIAL RELATIONS:

Avantel Firmly believes that its strength lies in its people contributing in a conducive environment for generation of new ideas and participative management. The vision of the management is communicated to all the levels of the organization.

As on 30.06.07 Avantel has qualified and dedicated team of 130 professionals. The training programmes and workshops ensure that the people at Avantel improve their technical, professional and soft skills on a continuous basis.

4. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217 (2AA) of the Companies Act, 1956, Board of Directors hereby confirms that:-

- i. In the preparation of the Annual accounts, the applicable Accounting Standards have been followed and there is no material departure.
- ii. Appropriate accounting policies have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year ended 31st March, 2008 and of the Profit of the company for that period.

- iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities.
- iv. Annual accounts have been prepared on a 'going concern' basis.

5. DEPOSITS:

During the year the company has not accepted any deposits covered under the provisions of Sec. 58A of the Companies Act, 1956 read with Companies (Acceptance of the Deposit Rules), 1975.

6. PARTICULARS OF EMPLOYEES:

The particulars of employees required to be given under Sec 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Amendment Rules, 2000.

- a. Particulars of employees who are in receipt of Rs.24 lakhs or more per annum NIL
- b. Particulars of employees employed for a part of the financial year with a salary of Rs.2 lakh or above per month NIL

7. CONSERVATION OF ENERGY & FOREIGN EXCHANGE INFLOW AND OUTFLOW:

The details as required under Sec 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, are given in Annexure-I.

8. CORPORATE GOVERNANCE:

Attention of the members is drawn to Annexure-II to this report dealing with the



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practices of corporate governance being followed by the company.

9. LISTING FEES:

The Company paid the Listing Fees for the year 2008-09 to Bombay Stock Exchange Limited in pursuance of the Listing Agreement.

10. AUDITORS:

M/s. A.Madhusudana & Co., Chartered Accountants, auditors of the company retires at this ensuing Annual General Meeting and are eligible for re-appointment.

11. DIRECTORS:

In accordance with the provisions of the Companies Act, 1956, Sri K.B.K.Moorthi and Sri. M. Venkata Rao, Directors retire by rotation and being eligible for re-appointment, offer themselves for re-appointment. Sri M.L.N. Acharyulu was appointed as an Additional Director on the

Board on July 30, 2008 and seek election at the forthcoming Annual General Meeting.

12. ACKNOWLEDGEMENT:

Your directors express their sincere appreciation and gratitude to Canara Bank, for their continued support and to all Employees, Shareholders, Suppliers, Customers and various statutory authorities who have extended their immense support to the company.

BY ORDER OF THE BOARD

Sd/-

A.VENKATESWARA RAO
Chairman

Place : Hyderabad
Date : 30.07.2008

Annexure – I to Directors' Report



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Information pursuant to Section 217(1) (e) of the Companies Act, 1956, read with the companies (disclosure of particulars in the report of Board of Directors) Rules, 1988.

A. Conservation of Energy : Not applicable

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:

1. The company has successfully developed Integrated Satellite Terminals (IST) for train tracking requirement of Indian Railways.
2. The company has developed 1KW high power Broad band power amplifier for Electronic Warfare Systems.
3. The company has also developed IP Modulator for the EDUSAT network.
4. The company developed MSS system for Submarines.
5. The company has also developed In-Building Solutions (IBS) products for telecom service providers.
6. AvanteL is the only company in India providing the MSS service.

Benefits derived as a result of the above R & D:

The company is able to provide cost effective solution for Indian Railways for tracking the trains and Passenger Information System(PIS).

Future plan of Action:

The company would like develop Trans Receive Modules for Radar applications, Mobile Satellite Service on Aircrafts, offer the Mobile Satellite Services to mining, fishery boats and shipping yards, Anti Remotely Controlled and Improvised Explosive Devices (RCIED).

Expenditure on Research & Development:

	Rs. in Lakhs
Capital	1.90
Recurring	168.33
Total	170.23
Total R & D expenditure %	6.36 % of Turnover

C. Foreign Exchange Earnings and Outgo:

The foreign exchange earnings and outgo during the year under review are as follows:

Foreign exchange earnings	: Rs. 23.96
Foreign exchange outgo	: Rs. 301.42 Lakhs



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Annexure – II to Directors’ Report

Report on Corporate Governance

(Pursuant to Clause 49 of the Listing Agreement)

1. Company’s Philosophy on Code of Governance

Your company believes in providing highest transparency and ethical values in corporate governance. It endeavours to fulfill the code of corporate governance by taking into consideration the interests of shareholders, employees, lenders and customers. The company will strive for the adherence to the corporate governance philosophy and contribute to the betterment of all stakeholders along with the betterment of the company. During the year, the Company also adopted Code of Conduct for the Board of Directors and other Senior Level Management, which was posted on the Company’s Website.

Attendance of each Director and other details:

Name of the Director	Category	No. of other Director ships	No. of Committees	No. of Board meetings attended out of 4	Whether attended last AGM
A.Venkateswara Rao	Promoter Non- Executive	NIL	One- Chairman One- member	4	Yes
A.Vidya Sagar	Promoter Executive	One	One-member	4	Yes
A.Sarada	Promoter Executive	NIL	One-member	4	Yes
Maj Gen (Retd) S Balakrishnan, VSM	Non-Promoter Non- Executive	One	One-member	3	Yes
K.B.K.Moorthi	Non-Promoter Non- Executive	NIL	One-Chairman One-member	4	Yes
M.Venkata Rao	Non-Promoter Non- Executive	NIL	One - Member	2	Yes
N.Divakar	Non-Promoter Executive	NIL	One – Member	3	Yes

2. Board of Directors:

The Board of Directors of the company consists of:

Two Promoter Executive Directors

One Promoter Non-executive Director

Four Non-promoter, Non-executive and Independent Directors

One Non-promoter, Executive Director.

Number of Board Meetings held during the financial year 2007-2008, along with the dates:

During the financial year 2007-2008, four Board meetings were held on following dates:

1. 27th April, 2007
2. 27th July, 2007
3. 29th October, 2007
4. 30th January, 2008

3. Audit committee:

During the financial year 2007-2008, the Audit committee met four times on following dates:

1. 27th April, 2007
2. 27th July, 2007
3. 29th October, 2007
4. 30th January, 2008

The constitution of Audit Committee and Attendance of members is as follows:

S.No.	Name of the Director	Category	Designation	No. of Meetings Attended out of 4
1.	Sri K.B.K.Moorthi	Non-promoter Non-executive Independent director	Chairman	4
2.	Sri. A. Venkateswara Rao	Promoter Non-executive director	Member	4
3.	Sri. M.Venkata Rao	Non-promoter Non-executive Independent director	Member	2
4.	Maj Gen (Retd) S Balakrishnan, VSM	Non-Promoter Non- Executive	Member	2

4. Remuneration Committee:

The company has a "Remuneration Committee" consisting of Sri K.B.K.Moorthi, Maj Gen (Retd) S Balakrishnan VSM and Sri M.Venkata Rao. The Committee met two times during the financial year 2007-08.

Details of remuneration to all the directors for the year:

The aggregate of salary, perquisites, commission and Consultancy Charges paid for the year 2007-2008 to Dr. A.Vidyasagar, Managing Director was Rs. 15,04,920/-, to Smt. A.Sarada, Director was Rs.4,99,193/- and to Sri N.Diwakar Rs. 12,00,000/-.



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The sitting fees paid for the year 2007-2008 including sitting fees for Board Meeting, Audit Committee meetings and Remuneration Committee Meetings wherever applicable, is as follows:

Sri K.B.K.Moothi	:	Rs. 50,000
Sri A.Venkateswara Rao	:	Rs. 40,000
Maj Gen (Retd) S Balakrishnan, VSM	:	Rs. 30,000

5. Share transfer and investor grievance committee:

This committee comprises the following directors:

Sri A.Venkateswara Rao	:	Chairman
Dr. A.Vidya Sagar	:	Member
Smt. A.Sarada	:	Member

The committee looks after the services of the Registrars and Share transfer agents and recommends measures for providing efficient services to investors.

The complaints received from the investors have been resolved within reasonable time. 16 complaints were received from the investors during the year 2007-2008 and the same have been resolved expeditiously.

There was no outstanding complaint as on 31st March, 2008.

The number of pending share transfers as on 31st March, 2008 is "NIL" as the share transfer requests received until 30th March, 2008 had been effected on 30th March, 2008 and there were neither receipts nor share transfers on 31st March, 2008.

6. General Body Meetings;

The location and time of the last 3 Annual General Meetings are as follows:

Year	AGM	Location	Date	Time
2006-2007	AGM	Regd. Office, Plot No: 16, Huda Techno Enclave, Sector -III, Madhapur, Hyderabad.	21-09-07	11.00 AM
2005-2006	AGM	— do —	20-09-06	11.00 AM
2004-2005	AGM	— do —	22-09-05	11.00 AM

A special resolution has been put through the postal ballot during the last year.

7. Disclosures:

A. Disclosures on materially significant related party transactions i.e. transactions of the company of material nature with its promoters, the directors or the management, their subsidiaries etc., that may have potential conflict with the interests of the company at large.

There were no such transactions during the year. The related party transactions have been disclosed in the Notes forming part of accounts in the financial statements as at 31st March, 2008.



B. Details of non-compliance by the company, penalties, Strictures imposed on the company by stock exchange or SEBI or any other statutory authority on any matter related to capital markets, during the last three years :

The company has complied with all mandatory requirements of Corporate Governance, as required by the listing agreement with the Stock Exchange.

8. Postal Ballot :

The company has conducted a postal ballot process to seek members consent for amending the objects clause of the Memorandum of Association of the Company. The result of the postal ballot was declared at the Annual General Meeting of the Company held on 21st September,2007. A Special Resolution under Section 17 of the Companies Act,1956 was passed by the Members with requisite majority.

9. Code of Conduct:

The Board of Directors has adopted the Code of Conduct for Directors and Senior level management. The said code has been communicated to the Directors and the members of the senior level management. The Board of Directors and Senior Level Management have confirmed compliance with the code of conduct for the year ended 31st March,2008. The code has also been posted on the Company's Website www.avantel.in.

10. Means of Communication:

The company's website www.avantel.in hosts the quarterly, half-yearly and yearly financial results for the easy accessibility of the investors. The company publishes the periodical financial results in leading English and regional newspapers as per the listing agreement. Information can be communicated through e-mail at info@avantel.in. The Management Discussion & Analysis report forms part of the Annual Report.

11. General Shareholder information:

AGM: The 18th Annual General Meeting of the Company will be held on 17th September, 2008 at Registered office of the company at Plot No:16, Sector III, Huda Techno Enclave, Madhapur, Hyderabad – 500 081 at 11.00 A.M.

Financial Calendar:

First Quarter Results	:	Last Week of July, 2008
Second Quarter Results	:	Last Week of October, 2008
Third Quarter Results	:	Last Week of January, 2009
Annual Results for the year	:	Last Week of July, 2009

Date of Book Closure:

The share transfer books of the company shall remain closed from 10th September, 2008 to 17th September, 2008 (both days inclusive) for the purpose of ensuing 18th Annual General Meeting.

Listing on Stock Exchange

The Bombay Stock Exchange Ltd., (BSE),
Mumbai, 1st Floor, New Trading Ring,
Phiroze Jeejebhay Towers, Dalal Street, Mumbai.

Stock Code

532406

Market price data : High/Low during each month in last financial year:

Month	The Stock Exchange, Mumbai	
	High (Rs.)	Low (Rs.)
April,2007	52.70	36.00
May,2007	56.80	42.05
June,2007	48.75	42.35
July,2007	57.30	43.05
Aug,2007	60.50	44.00
Sep,2007	80.00	58.50
Oct,2007	73.80	52.75
Nov,2007	96.35	65.00
Dec,2007	119.90	89.50
Jan,2008	138.50	67.75
Feb,2008	84.50	58.40
Mar,2008	68.45	46.25

Registrar and Share Transfer Agents:

Karvy Computer Share Pvt. Ltd,
 Karvy House, 46, Avenue 4, Street No:1,
 Road No: 10, Banjara Hills,
 Hyderabad – 500 034.
 Ph: 040-2342 0815(5 lines)
 Fax: 040-2342 0814
 E-mail: mailmanager@karvy.com

Share Transfer System :

The physical transfers of shares are affected by the share transfer agents, Karvy Computer Share Pvt. Ltd, Hyderabad. The company's shares are being traded in compulsory demat form. The company has entered into an agreement with both the depositories, NSDL and CDSL, for dematerialisation of shares, which enables the company's shares to be transferred electronically through depositories system.

Distribution of holding:

i. Share holding pattern as on 31st March, 2008:

S.No.	Particulars	No. of Shares held	% of Share holding
1	Indian Promoters	15,71,285	30.49
2	Banks/Mutual funds/ FII's	30,000	0.68
3	Private Corporate Bodies	6,94,551	13.47
4	Indian Public	27,88,418	54.04
5	NRIs /OCBs	60,606	1.17
6	Clearing Members	7,856	0.15



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ii. Details of entities/persons holding more than 1% of Share capital of the Company:

S.No.	Particulars	No. of Shares held	% of Share holding
1	A.Vidya Sagar	8,96,720	17.39
2	A. Sarada	3,72,146	7.22
3	A.Venkateswara Rao	2,36,620	4.59
4	Avantel Softech Ltd Employees Welfare Trust	1,43,377	2.78
5	K.Satish	51,900	1.00
6	K Swapna	93,300	1.81

iii. Distribution schedule as on 31st March, 2008:

S.No.	Category From - To	No. of Cases	% of cases	Amount	% of Amount
1	1 – 5000	5,314	86.86	76,39,270	14.82
2	5001 – 10000	410	6.70	34,52,230	6.70
3	10001 – 20000	167	2.73	26,45,230	5.13
4	20001 – 30000	63	1.03	16,84,400	3.27
5	30001 – 40000	22	0.36	7,82,690	1.52
6	40001 – 50000	37	0.60	17,97,200	3.49
7	50001 - 100000	42	0.69	29,67,480	5.76
8	100001 and above	63	1.03	3,05,58,660	59.31
		6,118	100.00	5,15,27,160	100.00

Dematerialisation of shares and liquidity:

Since the company has entered into agreement with both the depositories, namely NSDL and CSDL for dematerialisation of its shares, the shareholders of the company are now free to dematerialise their share and keep in dematerialised form with any depository participant.

Management Discussion and Analysis included in Directors' Report

Outstanding GDRs/ ADRs/Warrants or any other convertible instruments, conversion date and likely impact on equity- NIL

Plant Location:

Plot No: 16, Sector- III, Huda Techno Enclave,
Madhapur, Hyderabad – 500 081.

Address for correspondence:

Avantel Softech Limited
Plot No: 16, Sector- III, Huda Techno Enclave,
Madhapur, Hyderabad – 500 081.
Ph: 040-23115050 (3Lines)
Fax: 040-23112336
E-mail: info@avantel.in



Access to knowledge

To
The Members
AVANTEL SOFTECH LIMITED,
Hyderabad. (A.P)

We have examined the compliance of the conditions of Corporate Governance by AvanteL Softech Limited for the year ended 31st March,2008 as stipulated in Clause 49 of the Listing Agreement of the Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the 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 statement 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 Agreement.

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

for **A. MADHUSUDANA & Co.,**
Chartered Accountants

Sd/-
A. MADHUSUDANA RAO
PARTNER
Membership No. 10433

Place : Hyderabad.
Date : 30-07-2008



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CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATE

We, A.Vidya Sagar, Chief Executive Officer and Managing Director and D.V.Chowdary, Chief Financial Officer of Avantel Softech Limited, to the best of our knowledge and belief, certify that :

1. We have reviewed the balance sheet and profit and loss account (consolidated and unconsolidated), and all its schedules and notes on accounts, as well as the cash flow statements and the directors' report;
2. Based on our knowledge and information, these statements do not contain any untrue statement of a material factor omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the statements made;
3. Based on our knowledge and information, the financial statements and other financial information included in this report, present in all material respects, a true and fair view of, the company's affairs, the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and / or applicable laws and regulations;
4. To the best of our knowledge and belief, no transactions entered into by the company during the year are fraudulent, illegal or violative of the company's code of conduct.
5. We are responsible for establishing and maintaining internal controls over financial reporting for the company, and we have :
 - a. Designed such disclosure controls and procedures to ensure that material information relating to the company, including its consolidated subsidiary, is made known to us by others within those entities, particularly during the period in which this report is being prepared.
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparing of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the company's disclosure, controls and procedures and
 - d. Disclosed in this report any change in the company's internal control over financial reporting that occurred during the company's most recent financial year that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting.
6. We have disclosed based on our most recent evaluation, wherever applicable, to the company's auditors and the audit committee of the company's Board of Directors.
 - a. Significant changes in internal controls during the year covered by this report;
 - b. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements;
 - c. Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.
7. We further declare that all board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.

Place : Hyderabad.
Date : 30.07.2008

Sd/-
Dr. A. Vidya Sagar
CEO & MD

Sd/-
D.V. Chowdary
Dy. General Manager – F&A

AUDITORS' REPORT



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To
The Members

AVANTEL SOFTECH LIMITED,
Hyderabad. (A.P)

We have audited the attached Balance sheet of M/S. AVANTEL SOFTECH LIMITED, as at 31st March, 2008 and also the Profit & Loss account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for an opinion and we report that:

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
3. The Balance Sheet, Profit and Loss Account and cash flow statement referred to in this report are in agreement with the books of account.
4. In our opinion, the Balance sheet, Profit & Loss account and cash flow statement are in compliance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
5. On the basis of written representation received from the directors as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations furnished to us, the said accounts read together with the schedules and statement of accounting policies attached thereto give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2008,
 - ii. in the case of Profit and Loss Account of the profit of the Company for the year ended on that date and
 - iii. in the case of cash flow statement, the cash flow for the year ended on that date.
7. As required by the Companies (Auditors Report) Order, 2003 issued by the Central Government of India in terms of sub section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks, as we considered appropriate, we report hereunder

on the matters specified in paragraphs 4 and 5 of the said order:

- i. a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. The fixed assets have been physically verified by the management. There is annual verification of fixed assets, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies have been noticed on such verification.
- c. There was no substantial disposal of fixed assets during the year, which would affect the going concern of the Company.
- ii. a. The inventory has been physically verified during the year by the management. In our opinion, the frequency of the verification is reasonable.
- b. The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii. As informed to us, the Company has neither granted nor taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act 1956 and as such Clauses (iii) (a) to (iii) (d) are not applicable.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- v. a. According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b. In our opinion and according to the information and explanations given to us, there were no transactions exceeding the value of rupees five lakhs made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956.
- vi. The Company has not accepted any deposits from the public. Hence the provisions of sections 58A and 58AA of the companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975, do not apply to this Company.

-
- vii. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- viii. According to the information and explanations given to us, maintenance of cost records prescribed under Section 209 (1) (d) of the Companies Act, 1956 has not been prescribed by the Central Government for the company.
- ix. a. The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, Investor Education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- b. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, Investor Education and protection fund, income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2008 for a period of more than six months from the date they became payable
- c. According to the information and explanation given to us, there are no dues of sale tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
- x. In our opinion, the company has no accumulated losses. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xi. In our opinion and explanation given to us, the company has not taken any loans. Hence defaulted in repayment of dues to financial institutions, banks or debenture holders is not applicable.
- xii. According to the information and explanations given to us and based on the documents and records produced to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the company is not a chit fund or a nidhi/ mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xiv. In our opinion the company is not dealing in or trading in shares, securities debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by its associates or subsidiaries from banks or financial institutions.
- xvi. There are no term loans outstanding as at the end of the year.
- xvii. On the basis of information received from the management and on an overall examination of the balance sheet of the company as at 31st March,



Access to knowledge

- 2008, we report that the no funds raised on short-term basis have been used for long-term investment and vice versa.
- xviii. According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act,1956.
- xix. According to the information and explanations given to us, during the period covered by our audit report, the company had not issued any debentures. Accordingly, the provisions of clause 4(xix) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.
- xx. According to the information and explanations given to us, during the period covered by our audit report, the company had not raised money by public issue. Accordingly, the provisions of clause 4(xx) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.
- xxi. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

for **A. MADHUSUDANA & Co.,**
Chartered Accountants.

Sd/-

A. MADHUSUDANA RAO

PARTNER

Membership No. 10433

Place : Hyderabad.

Date : 30.07.2008

BALANCE SHEET AS AT 31ST MARCH, 2008



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Particulars	Sch.	As at 31-03-2008		As at 31-03-2007	
		Rs.	Rs.	Rs.	Rs.
I. SOURCES OF FUNDS :					
1. Shareholders' Funds:					
a) Share Capital	1	5,15,33,160		5,15,33,160	
b) Reserves & Surplus	2	10,57,79,733	15,73,12,893	8,56,29,755	13,71,62,915
2. Loan Funds					
a) Unsecured Loans	3		13,03,960		13,03,960
3. Deferred Tax Liability			24,85,879		57,36,617
TOTAL			16,11,02,732		14,42,03,492
II. APPLICATION OF FUNDS:					
1. Fixed Assets					
a) Gross Block	4	12,58,72,383		12,66,31,734	
b) Less: Depreciation		6,03,34,134		5,08,56,197	
c) Net Block			6,55,38,249		7,57,75,537
2. Investments	5		-		8,956,700
3. Current Assets, Loans and Advances:					
a) Inventories	6	3,35,22,764		3,76,10,987	
b) Sundry Debtors	7	6,72,66,895		5,77,54,706	
c) Cash & Bank Balances	8	2,91,15,864		89,37,193	
d) Loans & Advances	9	2,91,78,991		1,21,28,493	
		15,90,84,514		11,64,31,379	
Less: Current Liabilities and Provisions	10				
a) Current Liabilities		1,96,32,475		4,14,56,704	
b) Provisions		4,38,87,556		1,55,03,420	
		6,35,20,031		5,69,60,124	
Net Current Assets			9,55,64,483		5,94,71,255
TOTAL			16,11,02,732		14,42,03,492
Significant Accounting Policies and Notes on Accounts	19				

As per our report of even date for **A.MADHUSUDANA & CO.,**
Chartered Accountants

for and on behalf of the Board

Sd/-
A.MADHUSUDANA RAO
Partner

Sd/-
Dr. A.VIDYASAGAR
Managing Director

Sd/-
A.SARADA
Director

Place: Hyderabad
Date: 30/07/2008

Sd/-
P. SATISH
Company Secretary

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2008**



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Particulars	Sch.	Current Year		Previous Year	
		Rs.	Rs.	Rs.	Rs.
I. Income :					
Sales & Services less Returns			26,76,58,679		26,04,40,724
Other Income	11		58,12,855		21,78,092
Increase/(Decrease) in Stocks	12		1,08,25,000		(79,67,000)
TOTAL			28,42,96,534		25,46,51,816
II. EXPENDITURE:					
Material Consumed	13		10,09,34,724		10,47,56,117
Excise Duty			2,72,62,874		3,47,31,338
Manufacturing Expenses	14		3,65,54,852		3,23,97,264
Payments & Other benefits to Employees	15		2,98,91,628		1,96,32,987
Selling & Distribution Expenses	16		42,12,088		39,88,345
Administrative and other Expenses	17		1,04,06,313		79,25,677
Financial Expenses	18		20,20,490		78,52,643
Depreciation		1,54,37,155		1,17,69,147	
Less: Transfer from Revaluation Reserve	4	7,94,260	1,46,42,895	7,94,260	1,09,74,887
TOTAL			22,59,25,864		22,22,59,258
Profit/(Loss) before Extra-Ordinary Items			5,83,70,670		3,23,92,558
Less : Extra-Ordinary Items:					
Loss on Sale of Investments			65,60,450		----
Profit/(Loss) before Tax			5,18,10,220		3,23,92,558
Less : Provision for Taxation:					
— Current Tax		2,45,00,000		75,00,000	
— Deferred Tax		(31,42,940)		32,40,505	
— Fringe Benefit Tax		3,00,000	2,16,57,060	2,75,000	1,10,15,505
Profit after Taxation			3,01,53,160		2,13,77,053
Add: Excess Provision relating to Earlier Years			43,055		----
			3,01,96,215		2,13,77,053
Profit brought forward from previous year			1,84,20,131		1,30,71,498
Profit Available for Appropriations:			4,86,16,346		3,44,48,551
APPROPRIATIONS:					
Transferred to General Reserve			1,00,00,000		1,00,00,000
Proposed Dividend			77,29,074		51,52,716
Corporate Dividend Tax			13,13,556		8,75,704
Balance Carried to Balance Sheet			2,95,73,716		1,84,20,131
TOTAL :			4,86,16,346		3,44,48,551
Earning Per Share (E.P.S)					
— Basic & Diluted			5.85		4.15
Significant Accounting Policies and Notes on Accounts	19				

As per our report of even date
for **A.MADHUSUDANA & CO.,**
Chartered Accountants

Sd/-
A.MADHUSUDANA RAO
Partner

for and on behalf of the Board

Sd/-
Dr. A.VIDYASAGAR
Managing Director

Sd/-
A.SARADA
Director

Place: Hyderabad
Date: 30/07/2008

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Sd/-
P. SATISH
Company Secretary

Schedules forming part of the Balance Sheet as at 31.03.2008 and Profit and Loss Account for the year ended as on that date



Access to knowledge

Particulars	As at 31-03-2008 Rs.	As at 31-03-2007 Rs.
SCHEDULE – 1		
SHARE CAPITAL :		
Authorised Capital: 70,00,000 Equity Shares of Rs.10/- each	70,000,000	70,000,000
Issued, Subscribed, Called up Capital: 51,52,716 Equity Shares of Rs.10 each (Out of the above 15,49,458 Shares are allotted as fully paid up by way of Bonus shares) Add: Forfieted Shares (Amount originally paid up)	51,527,160 6,000	51,527,160 6,000
TOTAL	51,533,160	51,533,160
SCHEDULE – 2		
RESERVES & SURPLUS :		
a. Securities Premium Account Add: Forfieted Shares(Amount Originally Paid Up)	37,416,702 24,000	37,416,702 24,000
	37,440,702	37,440,702
b. General Reserve Opening Balance Less: Adjustment on account of initial adoption of accounting standard 15 (revised 2005) on "Employee Benefits (Refer Note 9 of Schedule-19) (net of tax) Add: Transferred from Profit & Loss Account	10,000,000 (209,347) 10,000,000	- - 10,000,000
	19,790,653	10,000,000
c. Revaluation Reserve: Land Buildings	6,266,454 12,708,208	6,266,454 13,502,468
d. Balance in Profit & Loss account	29,573,716	18,420,131
TOTAL	105,779,733	85,629,755
SCHEDULE – 3		
UNSECURED LOANS:		
Sales Tax Deferment	1,303,960	1,303,960
TOTAL	1,303,960	1,303,960

**SCHEDULE: 4
FIXED ASSETS**

Sl No.	Description of the Asset	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		As on 01.04.07	Additions	Deletions	As on 31.03.08	Upto 31.03.07	For the Year	Deletions	Up to 31.03.08	As at 31.03.08	As at 31.03.07
1	Land	11,434,200	-	-	11,434,200	-	-	-	-	11,434,200	11,434,200
2	Building	40,835,047	-	-	40,835,047	6,828,791	1,994,340	-	8,823,131	32,011,916	34,006,256
3	Furniture & Fixtures	6,795,321	13,130	-	6,808,451	4,994,098	797,533	-	5,791,631	1,016,820	1,801,223
4	Plant & Machinery, Testing and Assembling Equipment	14,192,408	4,446,636	1,258,382	17,380,662	5,315,537	3,774,630	620,769	8,469,398	8,911,264	8,876,871
5	Computers	8,694,884	1,344,086	-	10,038,970	7,846,844	1,193,892	-	9,040,736	998,234	848,040
6	Vehicles	2,346,038	-	-	2,346,038	1,082,112	577,200	-	1,659,312	68,6726	1,263,926
7	Office & Miscellaneous Assets	3,206,928	313,850	320,106	3,200,672	2,373,614	550,493	87,494	2,836,613	364,059	833,314
8	R & D Equipment	39,126,908	189,908	5,488,473	33,828,343	22,415,201	6,549,067	5,250,955	23,713,313	10,115,030	16,711,707
	TOTAL	126,631,734	6,307,610	7,066,961	125,872,383	50,856,197	15,437,155	5,959,218	60,334,134	65,538,249	75,775,537
	Previous Year	112,996,991	17,754,306	4,119,563	126,631,734	42,659,555	11,769,147	3,572,505	50,856,197	75,775,537	70,337,436



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Particulars	As at 31-03-2008 Rs.	As at 31-03-2007 Rs.
SCHEDULE – 5		
Trade-Unquoted:		
Avantel Softech INC (Wholly Owned Subsidiary)	—	8,956,700
TOTAL	—	8,956,700
SCHEDULE – 6		
INVENTORIES :		
(At cost or market value whichever is Lower as certified by management)		
a. Raw Materials:		
i. Indigenous	3,239,393	13,050,432
ii. Imported	3,630,717	8,829,104
b. Stock in process	26,500,000	15,675,000
c. Consumables & Others	152,654	56,451
TOTAL	33,522,764	37,610,987
SCHEDULE – 7		
SUNDRY DEBTORS		
(Unsecured, Considered good)		
a. Outstanding for a period exceeding six months	8,925,205	13,228,659
b. Others	58,341,690	44,526,047
TOTAL	67,266,895	57,754,706
SCHEDULE – 8		
CASH & BANK BALANCES :		
a. Cash on hand	3,985	1,553
b. Cheques Deposited but not Credited	1,402,729	—
c. Cash at Bank with Scheduled Banks:		
i. In Current Account	1,019,757	465,694
ii. In Dividend accounts	271,790	195,330
iii. In Margin Money/Deposit Accounts	26,417,603	8,274,616
TOTAL	29,115,864	8,937,193



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Particulars	As at 31-03-2008 Rs.	As at 31-03-2007 Rs.
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SCHEDULE – 9

LOANS & ADVANCES :(Unsecured, considered good, recoverable in
Cash or in kind for value to be received)

Deposits recoverable	2,358,074	891,562
Loans & Advances to staff	—	250,000
Advances for Capital Works	—	430,301
Advances to Suppliers	1,185,183	635,353
Advance payment of Income Tax	20,280,227	3,780,782
Prepaid expenses	815,879	650,923
Accrued Interest	1,269,319	1,349,868
Balance with Excise Department	1,154,778	3,613,400
Other advances Recoverable	2,115,531	526,304
TOTAL	29,178,991	12,128,493

SCHEDULE – 10

CURRENT LIABILITIES AND PROVISIONS:

A) CURRENT LIABILITIES :

Liabilities for : Capital Expenditure	22,165	2,578,560
Expenses	5,546,206	8,909,583
Purchases	10,940,016	25,536,373
Statutory Dues	1,995,976	3,370,099
Provision for Warranty Expenses	1,128,112	1,062,089

TOTAL **19,632,475** **41,456,704**

B) PROVISIONS :

Gratuity	1,119,926	—
For Taxation	33,725,000	9,475,000
For Proposed Dividend	7,729,074	5,152,716
For Corporate Dividend Tax	1,313,556	875,704

TOTAL **43,887,556** **15,503,420**



Access to knowledge

Particulars	For the year ended 31-03-2008 Rs.	For the year ended 31-03-2007 Rs.
SCHEDULE – 11		
OTHER INCOME :		
Interest receipts (TDS - Rs. 5,19,988)	2,905,556	1,752,273
Fluctuation in Foreign Currency	1,141,638	94,834
Miscellaneous Receipts	1,610,754	327,488
Profit on sale of Fixed assets	154,907	3,497
TOTAL	5,812,855	2,178,092
SCHEDULE – 12		
INCREASE/(DECREASE) IN CLOSING STOCKS :		
Opening Stock:		
Stock in process	15,675,000	23,642,000
	15,675,000	23,642,000
Less: Closing Stock		
Stock in process	26,500,000	15,675,000
	26,500,000	15,675,000
Increase/(Decrease) in closing stock :	10,825,000	(7,967,000)
SCHEDULE – 13		
MATERIAL CONSUMED		
A) INDIGENOUS :		
Opening Stock	13,050,432	6,147,579
Add: Purchases	49,453,723	60,193,471
	62,504,155	66,341,050
Less: Closing Stock	3,364,393	13,050,432
TOTAL (A) :	59,139,762	53,290,618
B) IMPORTED :		
Opening Stock	8,829,104	6,087,267
Add: Purchases	36,596,575	54,207,336
	45,425,679	60,294,603
Less: Closing Stock	3,630,717	8,829,104
TOTAL (B) :	41,794,962	51,465,499
TOTAL (A+B)	100,934,724	104,756,117



Access to knowledge

Particulars	For the year ended 31-03-2008 Rs.	For the year ended 31-03-2007 Rs.
SCHEDULE – 14		
MANUFACTURING EXPENSES :		
Jobwork charges	11,220,631	12,067,978
Power & Fuel	1,251,150	1,161,523
Consumables	398,815	984,498
Freight Inward	76,448	133,626
Man Power Hire Charges	4,716,536	4,266,233
Repairs & Maintenance of Plant & Machinery	1,208,670	617,332
Testing Charges	849,213	687,897
R & D Expenses	16,833,389	12,478,177
TOTAL	36,554,852	32,397,264
SCHEDULE – 15		
PAYMENT & OTHER BENEFITS TO EMPLOYEES:		
Salaries & Wages	23,948,836	16,423,288
Directors Remuneration	3,204,113	1,762,200
Bonus	168,510	—
Exgratia & Gratuity	1,352,346	409,978
Staff & Workers welfare	674,352	601,645
Training & Recruitment	543,471	435,876
TOTAL	29,891,628	19,632,987
SCHEDULE – 16		
SELLING & DISTRIBUTION EXPENSES:		
Freight Outward	185,269	260,465
Packing Materials	523,153	359,569
Bad debts Written Off	—	18,837
Agency Commission	174,636	1,118,092
Marketing Expenses	1,068,000	—
Late Delivery charges	298,464	252,498
Business Promotion Expenses	462,566	353,884
Warranty Expenses	1,500,000	1,400,000
Royalty	—	225,000
TOTAL	4,212,088	3,988,345



Access to knowledge

Particulars	For the year ended 31-03-2008 Rs.	For the year ended 31-03-2007 Rs.
SCHEDULE – 17		
ADMINISTRATIVE & OTHER EXPENSES :		
Rent, Fees, Taxes and Licences	758,719	300,936
Advertisement Expenses	92,154	23,685
Insurance	608,770	570,591
Postage & Telephones	847,987	796,049
Printing & Stationary	395,040	446,070
Payments to Auditors	213,371	144,500
Professional & Consultancy Charges	406,545	378,693
Secretarial Expenses	180,052	129,843
Travelling & Conveyance	2,282,504	2,241,933
Books & Periodicals	76,281	43,958
Office Maintenance	669,334	344,209
Repairs and Maintenance:		
— Vehicles	729,934	717,358
— Computers	348,431	120,931
— Furniture & Others	996,838	184,197
— Buildings	696,376	717,094
General Expenses	79,527	61,764
Watch & Ward	234,450	208,451
Donations	670,000	150,000
Sitting Fee	120,000	82,500
Loss on Sale of Fixed Assets	—	262,915
TOTAL	10,406,313	7,925,677

SCHEDULE – 18

FINANCIAL EXPENSES :

Interest	688,891	5,748,218
Bank charges	1,331,599	2,104,425
TOTAL	2,020,490	7,852,643

SCHEDULE : 19**I. SIGNIFICANT ACCOUNTING POLICIES:****1. Basis of Accounting:**

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with generally accepted accounting principles (GAAP) and in compliance with the Accounting Standards referred to in Section 211 (3C) and other requirements of the companies Act, 1956.

2. Fixed Assets:

- a) Fixed Assets are stated at cost.
- b) The Company capitalises all costs relating to acquisition and installation of fixed assets.

3. Depreciation:

Depreciation on all assets is provided on the "Straight Line Method" in accordance with the provision of Section 205 of the Companies Act, 1956.

4. Investments:

Investments are stated at cost.

5. Inventories:

Inventories are valued at lower of cost or net realizable value. Basis of determination of cost remain as follows:

- Raw Materials, Packing materials, Stores & Spares :- On FIFO basis.
- Work-in-process : At cost of inputs plus overheads upto the stage of completion

6. Revenue Recognition:

Sales is inclusive of excise duty and exclusive of Sales Tax.

7. Foreign Currency transactions:

- i) Export sales are initially accounted at the exchange rate prevailing on the date of documentation/invoicing and the same is adjusted with the difference in the rate of

exchange arising on actual receipt of proceeds in foreign exchange.

- ii) Export receivables and payables in foreign currency are converted at the rate of exchange ruling on the date of Balance Sheet.

8. Research & Development

The Company follows Accounting Standard - 26, "Accounting for Intangibles" for Research & Development expenditure and accordingly, all expenses incurred for Research & Development will be charged to revenue.

9. Retirement Benefits:

Gratuity: The Company has established a trust viz. Avantel Employees Group Gratuity Trust vide the trust deed dated 28th day of January 2002. The Trust has entered into a scheme of insurance with the Life Insurance Corporation of India to cover gratuity liability payable by the company and the premium payable thereof are provided by contributions made by the company to the trust, specifically, for insuring the gratuity benefits. The scheme provided for death-cum-retirement gratuity to the eligible employees of the company as defined in the rules of the scheme. The accrued liability of the company in respect of gratuity payable is covered in the manner aforesaid.

Employee Benefits :**a) Transitional obligation on account of adoption of Accounting Standard 15 :**

Effective April 1, 2007, the Company has adopted the Accounting Standard 15 (Revised 2005) on "Employee Benefits" issued by the Institute of Chartered Accountants of India. Pursuant to the adoption, the transitional obligation of the Company on account of the defined benefit plans amounted to Rs. 3,17,145/-. As per the requirements of Accounting Standard, an amount of 2,09,348/- (net of related deferred tax asset of Rs. 1,07,798) has been adjusted against the opening General Reserve of the Company.

b) Defined Benefit Plans :

The following table sets forth the status of the Gratuity plan of the company and the amount recognized in the Balance Sheet.

(Amount in Rupees)	
Particulars	Gratuity
Projected benefit Obligation at the beginning of the period (01-04-2007)	18,68,263
Current Service cost	3,54,154
Interest Cost	1,40,120
Actuarial (Gain)/Loss	405,634
Benefits Paid	(4,51,904)
Projected benefit Obligation at the end of period (31-03-2008)	23,16,267
Amount recognized in the balance sheet	
Projected benefit obligation at the end of the period (31-03-2008)	23,16,267
Fair value of plant assets at the end of the period (31-03-2008)	11,96,341
Funded status of the plans-asset/(liability) recognized in the balance sheet	(11,19,926)
Cost for the period	
Current service cost	3,54,154
Interest cost	1,40,120
Expected return on plan asset	(97,127)
Net actuarial (gain)/loss recognized in the period	405,634
Net cost recognized in Profit & Loss Account	8,02,781
Assumptions :-	
Discount rate	8.00%
Estimated rate of return on plan assets	8.00%
Expected rate of salary increase	4.00%

c) Defined contribution plans :

In respect of defined contribution plans (Provident Fund), an amount of Rs. 6,91,940 has been recognized in the Profit & Loss Account during the period.

10. Taxes on Income:

Tax on Income for the Current period is determined on the basis of taxable income and tax credits computed in accordance with the Provisions of the Income Tax, 1961 and based on expected outcome of assessments/appeals.

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

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

11. Segment Accounting:

The company operations relate to manufacture of telecom products and providing software development/services. Accordingly, telecom products and software products comprise the primary segments. However, during the year the revenue from software development and assets relating to such segment was below the norms prescribed in Accounting Standard 17 (AS-17) "Segment Reporting" issued by ICAI.

12. All Contingent liabilities are indicated by way of note and will be paid/provided on crystallisation.

II. NOTES FORMING PART OF ACCOUNTS:

1. Contingent Liabilities not Provided for:

	As at 31.03.2008	As at 31.03.2007
1. Contingent Liabilities not Provided for:		
a. Estimated amount of contracts remaining to be executed on capital account and not provided for	NIL	8,22,320
- Advance paid against such contracts	NIL	4,30,301
b. In respect of Income Tax (CIT)	NIL	8,07,180
c. In respect of Guarantees issued by bankers	2,44,68,438	1,56,76,697
d. Letter of Credit inland	NIL	34,88,534
e. Foreign Letter of Credit	NIL	2,58,22,041



2. Liabilities for expenses include:

a. Due to			
Managing Director (Rs.)	87,294		—
b. Due to Directors (Rs.)	1,43,107	83,628	

3. Depreciation on Fixed Assets:

The Fixed Assets are depreciated on estimated useful life of assets on the following basis.

Buildings	—	20 Years
Computers	—	3 Years
Furniture & Fixtures	—	5 Years
Plant & Machinery	—	4 Years
Vehicles	—	4 Years

The Fixed Assets Costing Rs. 5,000/- or less acquired during the year are depreciated at 100%. Depreciation has been provided on addition to fixed assets on pro-rata basis for the period for which the assets are put to use.

4. During the year, the company sold its total investment held in Avantel Softech INC, Wholly Owned Subsidiary vide agreement dated 05th March, 2008 for US \$60,000 which was received on 28th March, 2008. However the shares were actually transferred to the buyer on 02nd June, 2008.
5. Balances of Sundry Debtors, Sundry Creditors, and Loans and Advances are subject to confirmation.
6. In the opinion of the Board of Directors and to the best of their knowledge and belief, the value on realization of Current Assets, Loans and Advances in the ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet.

7. Major Components of deferred tax arising on account of timing differences are:

	As at 31-03-2008 Rs.	As at 31-03-2007 Rs.
Deferred tax liability in respect of fixed assets	(25,93,677)	(57,36,617)
Less: Deferred tax assets	<u>1,07,798</u>	<u>—</u>
Net Deferred Tax (Liability)/Asset	(24,85,879)	(57,36,617)
	=====	=====

8. Sundry Creditors includes Rs. NIL 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.

9. Additional information required by Para 3,4C and 4B of part II of Schedule VI to the Companies Act, 1956.

a) CAPACITY & PRODUCTION:

1. Licensed Capacity : Not Applicable
2. Installed Capacity : Since the plant can be used for manufacturing of various electronic products it is not practicable to specify the installed capacities in relation to various products.

b) CONSUMPTION OF RAW MATERIALS:

Raw Material	%	2007-2008	%	2006-2007
Indigenous	58.59	5,91,39,762	50.87	5,32,90,618
Imported	41.41	4,17,94,962	49.13	5,14,65,499
Total	100.00	10,09,34,724	100.00	10,47,56,117

c) VALUE OF IMPORTS : CALCULATED IN CIF VALUE:

Particulars	2007-2008	2006-2007
Raw Materials	3,18,46,494	5,28,16,087
Capital Equipment	12,95,885	1,35,87,301
Total	3,31,42,379	6,64,03,388

d) EXPENDITURE IN FOREIGN CURRENCY:

Particulars	2007-2008	2006-2007
Purchases	3,01,42,469	4,71,37,614
Total	3,01,42,469	4,71,37,614

e) EARNINGS IN FOREIGN EXCHANGE:

Particulars	2007-2008	2006-2007
Value of Exports on FOB Basis	NIL	NIL
Sale of Investments	23,96,250	NIL
Total	23,96,250	NIL

- f) As the material consumed and items produced heterogeneous in nature, type and quality and numerous in quantity, it is not possible to give quantitative details of actual production, material consumption and closing stock-in-trade.

10. EARNING PER SHARE:

	Particulars		2007-08	2006-07
a)	Profit/ (Loss) after Tax	Rs	3,01,53,160	2,13,77,053
b)	The weighted average number of ordinary shares for Basic & Diluted EPS	Nos	51,52,766	51,52,948
c)	The nominal value per Ordinary Share	Rs	10	10
d)	Earnings per Share – Basic & Diluted	Rs	5.85	4.15

11. Related Party Disclosure as per Accounting Standard (AS)-18:
A) List of Related Parties

Parties with whom the company has entered into transactions during the year/where control exists

1. Subsidiaries

Avantel Softech Inc (WOS)



Access to knowledge

2. Key Management Personnel

Mr. A.Venkateswara Rao
 Dr. A.Vidyasagar
 Mrs. A.Sarada
 Maj Gen (Retd) S Balakrishnan VSM
 Mr. K.B.K.Moorthy
 Mr. N.Divakar

3. Relative of Key Management Personnel

Mr. K.Ramesh

B) Transaction with Related Parties

(Figures in Rupees)

Remuneration and fees to Key/Relative Managerial Personnel	2007-2008	2006-2007
Mr. A.Venkateswara Rao	40,000	22,500
Dr. A.Vidyasagar	15,04,920	8,77,200
Mrs. A.Sarada	4,99,193	3,00,000
Maj Gen (Retd) S Balakrishnan VSM	30,000	15,000
Mr. K.B.K.Moorthy	50,000	25,000
Mr. N.Divakar	12,00,000	5,40,000
Mr. K.Ramesh	10,20,000	8,40,000

C) Closing Balances of Related parties**Remuneration and fees to Key/Relative Managerial Personnel**

Dr. A.Vidyasagar	87,294	—
Mrs. A.Sarada	43,307	—
Mr. N.Divakar	99,800	83,628
Mr. K.Ramesh	84,600	—

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

12. Remuneration to Auditors:

Particulars	2007-2008	2006-2007
a. Audit fee	1,50,000	1,00,000
b. Tax audit fee	40,000	25,000
c. For certification, Taxation & Other matters	23,371	19,500

13. Previous year figures have been rearranged and regrouped wherever necessary to facilitate the comparison.

14. Figures have been rounded off to nearest rupee.

As per our report of even date

for **A.MADHUSUDANA & CO.,**
Chartered Accountants

for and on behalf of the Board

Sd/-
A.MADHUSUDANA RAO
Partner

Sd/-
Dr. A.VIDYASAGAR
Managing Director

Sd/-
A.SARADA
Director

Place: Hyderabad
Date : 30/07/2008

Sd/-
P. SATISH
Company Secretary

**CASH FLOW STATEMENT FOR THE YEAR ENDED
31ST MARCH, 2008**



Access to knowledge

Particulars	For the year ended 31-03-2008		For the year ended 31-03-2007	
	Rs.	Rs.	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit Before Tax		58,370,670		32,392,558
Depreciation	14,642,895		10,974,887	
Interest	688,891		5,748,218	
Miscellaneous Receipts	(1,610,754)		(327,488)	
Bad debts written off	-		18,837	
Profit on sale of fixed assets	(154,907)		(3,497)	
Loss on sale of fixed assets	-		262,915	
Exchange fluctuations	(1,141,638)		(94,834)	
Interest received	(2,905,556)	9,518,931	(1,752,273)	14,826,765
Operating Profit Before Working Capital Changes		67,889,601		47,219,323
(Increase)/decrease in Sundry Debtors	(9,512,189)		1,243,529	
(Increase)/decrease in Inventory	4,088,223		(1,691,946)	
Exchange fluctuations	1,141,638		94,834	
(Increase)/decrease in Loans & Advances	(17,050,498)		(3,232,966)	
Increase/(decrease) in Current Liabilities	(18,971,998)	(40,304,824)	(48,295,908)	(51,882,457)
Net Cash generated from Operations		27,584,777		(4,663,134)
Interest Paid		(688,891)		(5,748,218)
NET CASH FROM OPERATING ACTIVITIES		26,895,886		(10,411,352)
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets	(8,864,005)		(15,370,722)	
Sale of Fixed Assets	1,262,650		131,500	
Sale of Investments	2,396,250		-	
Interest Received	2,905,556		1,752,273	
Miscellaneous Receipts	1,610,754		327,488	
NET CASH USED IN INVESTING ACTIVITIES		(688,795)		(13,159,461)



Access to knowledge

Particulars	For the year ended 31-03-2008		For the year ended 31-03-2007	
	Rs.	Rs.	Rs.	Rs.
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Inter-corporate, Public Deposits & Unsecured loans raised	-		10,700,000	
Inter-corporate, Public Deposits & Unsecured loans repaid	-		(11,700,000)	
Dividends & Dividends Tax Paid	(6,028,420)		-	
NET CASH USED IN FINANCING ACTIVITIES		(6,028,420)		(1,000,000)
D. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		20,178,671		(24570813)
Cash and Cash Equivalents at the beginning of the year		8,937,193		33,508,006
Cash and Cash Equivalents at the end of the year		29,115,864		8,937,193

CERTIFICATE

We have examined the above cash flow statement of AvanteL Softech Limited for the year ended 31st March,2008. The statement has been prepared with the corresponding audited Profit and loss account and Balance sheet of the company for the year ended 31st March,2008.

for **A.MADHUSUDANA & CO.,**
Chartered Accountants

Sd/-
A.MADHUSUDANA RAO
Partner

for and on behalf of the Board

Sd/-
Dr. A.VIDYASAGAR
Managing Director

Sd/-
A.SARADA
Director

Sd/-
P. SATISH
Company Secretary

Place: Hyderabad
Date: 30/07/2008

**BALANCE SHEET ABSTRACT & THE COMPANY'S
GENERAL BUSINESS PROFILE**



Access to knowledge

a) Registration Details

Registration Number - State Code
Balance Sheet Date - -

b) Capital Raised During the year (Amount Rs.000's)

Public Issue Right Issue
Bonus Issue Private Placement

c) Position of Mobilisation and Deployment of Funds : (Amount in Rs.000's)

Total Liabilities Total Assets

Sources of Finds

Paid up Capital
Reserves & Surplus
Secured Loans
Unsecured Loans
Differed Tax Liability

Application of Funds

Net Fixed Assets
Investments
Net Current Assets
Misc. Expenditure

d) Performance of Company (Amount in Rs.000's)

Turnover Total Expenditure
Profit Before Tax Profit After Tax
E P S Dividend (%)

e) Generic Names of Three Principal Products/Service of Company

Product Description	Item Code
1. RF / Microwave Products	<input type="text" value="8529"/>
2. Telecom Products	<input type="text" value="8517"/>
3. Satcom Products	<input type="text" value="8529"/>

for and on behalf of the Board

Sd/-
Dr. A.VIDYASAGAR
Managing Director

Sd/-
A.SARADA
Director

Sd/-
P. SATISH
Company Secretary

Place: Hyderabad
Date: 30.07.2008



Access to knowledge

PROXY FORM

AVANTEL SOFTECH LIMITED

Regd. Office : Plot No. 16, Sector III, Huda Techno Enclave, Madhapur, Hyderabad -81.

I/We _____
_____ of _____
_____ a member of
AVANTEL SOFTECH LIMITED hereby appoint _____ of _____
_____ or failing him _____
_____ of _____

as my/our proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the company, to be held on **Wednesday the 17th September, 2008 at 11.00 a.m.** at the Registered Office of the company at Plot No. 16, Sector III, Huda Techno Enclave, Madhapur, Hyderabad - 500 081 and any adjournment thereof.

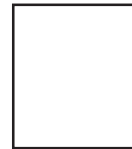
Signed this _____ day of _____ 2008
(AFFIX REVENUE STAMP HERE)

Member's Folio No. / DP ID & Client ID : _____

No. of Shares Held : _____

Note :

The proxy must be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting.



ATTENDANCE SLIP

AVANTEL SOFTECH LIMITED

Regd. Office : Plot No. 16, Sector III, Huda Techno Enclave, Madhapur, Hyderabad -81.

I hereby record my presence at the Annual General Meeting of the Company held on **Wednesday the 17th September, 2008 at 11.00 a.m.** at the Registered Office of the Company at Plot No. 16, Sector III, Huda Techno Enclave, Madhapur, Hyderabad - 500 081.

Name of the Attending Shareholder _____
(In Block Letters)

Name of the Proxy _____
(To be filled in if the Proxy attends instead of the Shareholder)

SIGNATURE OF THE SHAREHOLDER / PROXY

Member's Folio No. / DP ID & Client ID : _____

No. of Shares Held : _____

Note :

Shareholders/proxy holders are requested to bring the Attendance Slips with them, duly completed when they come to the meeting and hand them over at the gate, affixing their signatures thereon.