

BOARD OF DIRECTORS

Shri A. Venkateswara Rao	Chairman
Dr. A. Vidyasagar	Managing Director
Shri N. Divakar	Director (Technical)
Maj. Gen (Retd.) S. Balakrishnan, VSM	
Shri K.B.K. Moorthi	
Shri M. Venkata Rao	
Shri M.L.N. Acharyulu	

GM- Admn & Company Secretary:

Shri T.V. Satish Babu

Statutory Auditors:

M/s. A. Madhusudana & Co.,
101, Doyen Chambers,
8-3-319/11/, Yellareddyguda,
Hyderabad-500073

Share Transfers and Depository Registrars:

Karvy Computershare Private Limited
Plot No 17 to 24, Vittalrao Nagar
Madhapur, Hyderabad-500 081
Phones: 23420815-820

Bankers:

Canara Bank
Industrial Finance Branch
Kalanjali Building
Hyderabad

Registered Office:

Plot No 16, Sector-III, HUDA Techno Enclave,
Opp. K. Raheja IT Park, Madhapur,
Hyderabad-500 081
Phones: 040-2311 5050/51/52

Plant:

Sy. No 227 & 229, Plot No 31, Phase-II, IDA,
Cherlapally, R.R. Dist., Hyderabad-500 051

Contents

	Page No.
Notice -----	03
Directors' Report -----	07
Compliance Certificate on Corporate Governance -----	18
Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certificate -----	19
Auditors' Report -----	20
Balance Sheet -----	23
Profit & Loss Account -----	24
Schedules -----	25
Cash flow statement -----	38
Balance Sheet Abstract -----	40

NOTICE

NOTICE is hereby given that the **Nineteenth Annual General Meeting** of the members of the Company will be held on Monday, the 14th September, 2009 at 11.00 A.M. at the Registered office of the Company at Plot No: 16, Sector III, Huda Techno Enclave, Opp. K. Raheja IT Park, 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 2009 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 2008-09.
3. To appoint a Director in place of Shri A. Venkateswara Rao, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Maj. Gen (Retd.) S. Balakrishnan, VSM, 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 modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of section 198, 269 and 309 read with Schedule XIII, and other applicable provisions, if any, of the Companies Act, 1956, as amended from time to time, consent of the members of the Company be and is hereby accorded for the re-appointment of Shri N. Divakar, as Director (Technical) for a period of one year with effect from 1st November 2009, on a remuneration as detailed below, as approved by the Remuneration Committee:"

Per Month	Rs.
Basic	30000
Dearness Allowance	25000
House Rent Allowance	20000
Total	75000

(Rupees Seventy Five Thousand only)

By Order of the Board

Place : Hyderabad
Date : 30.07.2009

Dr. A. Vidyasagar
Managing Director

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 item of Special Business is annexed to the Notice of the Meeting.
 3. The Register of Members and Share Transfer Books of the Company will remain closed from September 08, 2009 to September 14, 2009 (both days inclusive) for the purpose of Annual General Meeting.
 4. Members seeking information with regard to accounts of the Company are requested to send their queries, if any, so as to reach at least seven (7) days before the meeting, to enable the management to keep the information ready.
 5. Dividend on equity shares, as recommended by the Board of Directors for the accounting year ended 31st March, 2009, when declared at the meeting, will be paid to the members whose names appear on the Register of Members of the Company as on closing business hours of September 07, 2009.
 6. Members having physical shares are requested to notify immediately changes, if any, in their addresses to the Company, duly quoting their folio number. However, members holding shares in demat mode are requested to approach their respective Depository Participants, for updating the change of address.
 7. Members are requested to bring their copy of the Annual Report to the meeting.
 8. 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 at Karvy Computershare Private Limited, Plot No 17 to 24, Vittalrao Nagar, Madhapur, Hyderabad-500 081, so as to reach them latest by August 31, 2009.
 - b) Members holding shares in demat form are advised to inform/update their bank account particulars to their respective Depository Participant(s).
- A brief profile of the Directors, retiring by rotation, pursuant to Clause 49 of the Listing Agreement, is annexed to this notice.

EXPLANATORY STATEMENT

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

Item No. 6:

Members may be aware that Shri N. Divakar has been appointed as Director (Technical) in the Seventeenth Annual General Meeting of the Company for a period of three years, with effect from 01st November 2006. The tenure of Shri Divakar is going to expire by 31st October 2009.

Considering his rich experience and contributions in the filed of Electronics and Communications, the Board of Directors in their meeting held on 30th July 2009 has re-appointed Shri N. Divakar as Director (Technical) of the Company for a period of one-year w.e.f 01st November 2009 at a remuneration, as approved by the Remuneration Committee of the Company, and subject to the approval of members.

As per the provisions of section 198, 269 and 309 read with Schedule XIII, and other applicable provisions, if any, of the Companies Act, 1956, as amended from time to time, the above appointment requires approval of the members, in the General Meeting, and hence, the resolution is commended for your approval. A brief resume of Shri Divakar is provided under additional information on Directors, seeking re-appointment.

None of the Directors, except Shri N. Divakar is interested in the above resolution.

By Order of the Board

Place: Hyderabad
Date: 30.07.2009

Dr. A. Vidyasagar
Managing Director

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

Shri A. Venkateswara Rao:

Shri Venkateswara Rao is a graduate, and is having vast experience of about 35 years in business development and administration in public sector organization. He had worked in various capacities, and retired as Divisional Manager in Life Insurance Corporation of India. Shri Rao is presently Chairman of the Company.

Maj. Gen. (Retd.) S. Balakrishnan, VSM:

Maj Gen S Balakrishnan, VSM is an engineering graduate of 1959 batch. Later, in 1977 he did his M.Tech with distinction. He has also done Ptsc from IAT, Pune with honours. He added PGDIE&M from JNTU, Hyderabad. He is also a fellow of the Indian Institute of Engineers (India).

Maj Gen S Balakrishnan, VSM belongs to the Corps of Electrical and Mechanical Engineers (EME) of the Indian Army and was responsible to maintain all equipments/systems like Wireless sets, Radars, Vehicles, Instruments and Armaments held by the Army.

For the good work done by him, he received the Prestigious Awards, namely the Commendation of the Chief of Army Staff (Twice) and the distinguished Vishisht Seva Medal (VSM) from the President of India in 1993.

He has rich experience in Project Management of Electronic Warfare System (EW). He was responsible for the Technical Co-ordination in Defence Electronic Research Laboratory prior to taking up the Project Management Work.

Shri N. Divakar:

Shri Divakar did B.E. in Electrical Engineering, with distinction, from Regional Engineering College, Warangal in 1965 and M.E with distinction from Indian Institute of Science, Bangalore in 1967.

He joined DLRL in 1967 and retired as its Director in November 2003. Later he served DRDO as Emeritus Scientist up to August 2004. He was advisor to BEL & ECIL on EW systems from September 2004 to August 2006. His area of specialization is Servo systems for antennas and Electronic Warfare systems. During his professional career, he visited many countries across the globe.

He is a Fellow of the Institution of Electronics & Telecommunication Engineers, Fellow of Institution of Engineers (India) and also Fellow of Andhra Pradesh Akademi of Sciences.

He received many professional awards including,

- IETE-IRSI award in 1999.
- Scientist of the year award of DRDO in 2000.
- Best Alumnus award of REC, Warangal in 2001.
- Performance Excellence award of DRDO in 2002.
- DEMA Appreciation award in 2006.

He was also on the Board of Directors' of Electronic Corporation of India (ECIL) and Bharat Electronics Limited (BEL) from January 2001 to November 2004.

Government of India conferred on Shri Divakar with coveted "PADMASRI" award in the year 2004.

DIRECTORS' REPORT

Dear Members,

Your Directors take pleasure in presenting the Nineteenth Annual Report on the operations of your Company and the Audited Accounts for the financial year ended 31st March 2009, together with the Auditors' Report thereon.

PERFORMANCE OF THE COMPANY:

Your Company's results for the year in comparison with the previous year are given below in a summarized format:

Particulars	(Rs. in Lakhs)	
	Current Year 2008-09	Previous Year 2007-08
Income	2760.27	2734.72
Expenses	2284.65	1984.37
Operating Profit	475.62	750.34
Depreciation	113.71	146.43
Financial expenses	21.06	20.20
Extraordinary Items	-	65.60
Profit before Tax	340.84	518.10
Excess provision relating to Earlier years	(8.59)	0.43
Provision for tax (Current & Deferred)	(87.59)	(216.57)
Profit after tax	244.67	301.96
Profit brought forward	295.74	184.20
Profit Available for Appropriation	540.40	486.16
Appropriations:		
Transferred to General Reserve	100.00	100.00
Proposed Dividend	58.83*	77.29
Corporate Dividend Tax	10.00	13.14
Balance carried to balance sheet	371.57	295.74
Earnings Per Share	4.75	5.86

I. DIVIDEND:

Your Directors have pleasure in recommending a dividend @ 12.50% for the financial year 2008-09, out of current year profits absorbing an amount of Rs. 58.83 Lakhs towards dividend & Rs. 10.00 Lakhs towards dividend distribution tax, subject to the approval of the

members of the Company in the ensuing Annual General Meeting.

* The dividend has been calculated on the effective share capital of the Company as on July 30, 2009, after extinguishment of 446243 shares bought back under buyback process.

MANAGEMENT DISCUSSION & 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. With 429.76 million telecom subscribers today, India now boasts of having the second largest telecom network in the world after China. Tele-density is rising steadily but had only reached 36.98, leaving significant potential for additional market expansion. The growth in the telecom sector will be driven by expanding mobile subscriber base, which has outperformed all other segments of the industry in terms of growth rate. Mobile telephone subscriber base is forecasted to grow, propelled by low call rates, increased level of infrastructure and technological advancements and is projected to reach around 800 Million users by the fiscal year 2014. (Source: Indian Telecom Analysis {2008-2012}). In the next 3-4 years \$ 20-25 billion is likely to be invested on network infrastructure by the industry in addition to sizeable investments in building wireless broadband infrastructure.

India ended March this year with 391.76 million mobile lines and nearly 38 million fixed lines. The growth of wireless services, in particular has been phenomenal at a compounded annual growth rate (CAGR) of 87.7% per annum. (Source: India telecom news) Indian Telecom Services industry grew at 20.7 percent to reach the revenue figure of Rs. 157,542 Crores for the year 2008-09. Total revenue for the Telecom Equipment Industry stood at Rs. 114,526 Crores, of which 64% was by carrier equipment, 23% by phones and 13% by enterprise equipments. (Source: Voice & Data)

B. DEFENCE OVERVIEW:

India will play an important role in South East Asian security scenario. Defence budget for FY 2009-

10 is approx Rs 1,41,000 cr, which has gone up by 34% from the previous year. India is expected to import defence equipment to the value of \$ 30 billion by 2012. Capital outlay is Rs 50000 cr in 2009 -10 towards acquisition of weapons, platforms such as aircrafts, ships, tanks and sensors. New defence procurement policy ensures 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 facilitate TOT arrangements in defence technology. (Source: MOD press release, Financial Express)

C. ACCOMPLISHMENTS:

Avantel has extended the application of the MSS to other areas like aircrafts, Torpedoes in addition to Submarines and strategic vehicles. The company is recognized by CEMILAC and DGQA for design, development and supply of defence products. The Company developed products for EW, Radar and satcom. Avantel has developed a number of products for defence sector by ensuring compliance to stringent defence standards. Recently Avantel is granted an industrial license for providing defence stores. With this, Avantel is well placed to execute a number of products / systems to defence sector.

D. OVERVIEW OF OPERATIONS:

During the year under review, our company has achieved a turnover of Rs. 2727.99 Lakhs as against Rs. 2676.59 Lakhs for the previous year. The Company has earned a net profit before taxation of Rs. 340.84 Lakhs as against Rs. 518.10 Lakhs during the previous year.

E. OUTLOOK AND STRATEGY FOR CURRENT YEAR:

Avantel developed Mobile Satellite Service products for various applications and is looking forward to growth in this segment by offering integrated solutions. Our company also offers a diversified range of products to telecom sector and is expecting orders from telecom infrastructure companies. Further our company is bidding for contracts under the new defence

procurement policy. With growth in both telecom as well as defence sectors, Avantel is well positioned to leverage the technical capabilities and experience in these sectors.

F. INTERNAL CONTROL SYSTEMS:

The members are aware that the Company has been accredited with ISO 9001:2000, since 1997. Periodical internal quality audits and management review meetings ensure successful implementation of the Quality Management System. The ISO compliance Management Information System seamlessly integrates all the intra and inter- departmental activities of the organization, simultaneously ensuring data integrity and effective monitoring of the day-to-day operations. In addition, the Company has appointed independent internal auditors to carry out the internal audit on a regular basis. The internal audit is supplemented by external audit, and periodic review by the Management.

G. INDUSTRIAL RELATIONS:

Your Company has had harmonious relations throughout the year at all levels of the organization, and would endeavor to maintain this cordial relationship in the future. Your Directors wish to place on record their deep sense of appreciation for the valuable work done and cooperation extended by the employees at all levels.

2. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the 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 as at 31st March 2009 and of the Profit of the Company for the year ended on that date.

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.

3. 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.

4. PARTICULARS OF EMPLOYEES:

The particulars of employees, which are 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

5. 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.

6. CORPORATE GOVERNANCE:

Attention of the members is drawn to Annexure-II to this Report dealing with the practices of Corporate Governance, being followed by the Company.

7. LISTING FEES:

The Company has paid the listing fees for the year 2009-10 to Bombay Stock Exchange Limited (BSE) in pursuance of the Listing Agreement.

8. AUDITORS:

M/s. A. Madhusudana & Co., Chartered Accountants, Statutory Auditors of the Company retires at this ensuing Annual General Meeting and is eligible for re-appointment.

9. DIRECTORS:

In accordance with the provisions of the Companies Act, 1956, Shri A. Venkateswara Rao and Maj. Gen. (Retd.) S. Balakrishnan, VSM, Directors retire by rotation and being eligible, offer themselves for re-appointment. Smt. Sarada, Director, had resigned w.e.f January 30, 2009.

Further, the tenure of Shri N. Divakar, Director (Technical) will be expiring on October 31, 2009, and Board recommends for re-appointment of another one year. Necessary resolution is commended for the approval of members.

10. BUYBACK OFFER:

Members are aware that pursuant to the Special Resolution passed, through Postal Ballots, the offer for buyback of equity shares of the Company has been commenced with effect from May 27, 2009. As on date, the Company has bought back 446243 equity shares from open market, which is 63.75% of total buyback size. As the Company has crossed the minimum of 60% of total size, and also in view of buying back considerably good numbers of shares, the Board has again reviewed the buyback offer and it is decided to close the same, with effect from August 4, 2009.

11. ACKNOWLEDGEMENT:

Your Directors express their sincere appreciation and gratitude to Canara Bank, Industrial Finance Branch, 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

Place: Hyderabad
Date : 30.07.2009

A. Venkateswara Rao
Chairman

Annexure - I to the Directors' Report

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:

- Satellite Communication products.
- Developed intelligent data device (IDD) and Hand held terminals using GPRS technologies.
- Developed MRPI System for Pre-Initiating the RCIEDs for Indian Army.
- Developed 1KW high power Broad Band power amplifiers for Electronic Warfare Systems.
- Developed IP Modulator for the EDUSAT network.
- Developed MCS & DCS Multi operator systems required for telecom service providers.

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

The Company could offer indigenous & strategic solutions to Indian defence agencies including Indian navy and DRDO.

Future plan of Action:

The Company would like to develop Trans Receive Modules for Radar applications, Satellite Communication products for defence and civilian applications.

Expenditure on Research & Development:

	Rs. in Lakhs
Capital	11.61
Recurring	240.79
Total	252.40
Total R & D expenditure %	9.25 % 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. NIL
Foreign exchange outgo	: Rs. 304.94 Lakhs

Annexure - II to the 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 endeavors 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. The Company has also adopted Code of Conduct for the Board of Directors and other Senior Level Management, which has been posted on the Company's Website.

2. Board of Directors:

i. Composition:

The Board of Directors of the Company consists of:

One Promoter Executive Director

One Promoter Non-Executive Director

One Non-Promoter, Executive Director

Four Non-Promoter, Non-Executive and Independent Directors

ii. Attendance of each Director and other details:

Name of the Director	Category	No of Directorships in other Boards	No. of Memberships/ Chairmanships of other Companies Committees	No. of Board meetings (out of five) attended during the year	Whether attended last AGM
Shri A. Venkateswara Rao	Promoter Non- Executive	Nil	Nil	5	No
Dr. A. Vidyasagar	Promoter Executive	1	Nil	5	Yes
Smt. A. Sarada*	Promoter Executive	1	Nil	4	Yes
Shri N. Divakar	Non-Promoter Executive	Nil	Nil	3	No
Maj Gen (Retd) S Balakrishnan, VSM	Non-Promoter Non- Executive Independent Director	Nil	Nil	5	Yes
Shri K. B. K. Moorthi	Non-Promoter Non- Executive Independent Director	Nil	Nil	5	Yes
Shri M. Venkata Rao	Non-Promoter Non- Executive Independent Director	Nil	Nil	1	No
Shri M.L.N. Acharyulu	Non-Promoter Non- Executive Independent Director	Nil	Nil	3	No

* Smt. A. Sarada, Director, (Accounts) had resigned from the Board w.e.f January 30, 2009.

iv. Number of Board Meetings held during the financial year 2008-09, along with the dates:

During the financial year 2008-09, total five Board meetings were held, on following dates:

- 1) 26.04.2008
- 2) 30.07.2008
- 3) 30.10.2008
- 4) 30.01.2009
- 5) 16.03.2009

3. Audit Committee:

i. Brief description of terms of reference:

The Committee comprises of non-executive Directors and has been formed to monitor and provide effective supervision of the financial control and reporting process. The terms of reference of the Committee covers the matters specified for Audit Committee under clause 49 of the Listing agreement as well as section 292A of the Companies Act, 1956. This inter alia, includes review of the financial reporting process, internal audit process, adequacy of internal control systems, management audit and risk management policies and also recommend appointment of the statutory auditors and their remuneration. Company Secretary is the Secretary of the Committee.

ii. During the financial year 2008-09, the Audit committee met four times on the following dates:

- 1) 26.04.2008
- 2) 30.07.2008
- 3) 30.10.2008
- 4) 30.01.2009

iii. Composition: Chairman, members & attendance:

The constitution of Audit Committee and attendance is as follows:

S.No.	Name of the Director	Category	Designation	No. of meetings attended, out of four
1.	Shri. K.B.K. Moorthi	Non-Promoter Non-Executive Independent Director	Chairman	4
2.	Sri. A. Venkateswara Rao	Promoter Non-Executive Director	Member	4
3.	Maj Gen (Retd) S Balakrishnan, VSM	Non-Promoter Non- Executive Independent Director	Member	4
4.	Shri M.L.N. Acharyulu*	Non-Promoter Non-Executive Independent Director	Member	1

* Shri M.L.N. Acharyulu has been inducted in to the Committee, in place of Shri M. Venkata Rao, w.e.f 30.01.2009

4. Remuneration Committee:**i. Brief description of terms of reference:**

The Company does not remunerate the Non-Executive Directors of the Company except for the payment of sitting fees for attending such meetings of the Board or Committees thereof. Remuneration of the Executive Directors is recommended by the Remuneration Committee to the Board and approved by the shareholders. The Remuneration Committee consists of three Non-Executive Directors viz Shri K.B.K. Moorthi, as Chairman, and Maj Gen (Retd) S Balakrishnan, VSM & Shri M. Venkata Rao as members. There was no meeting of Committee, during the financial year.

ii. Details of remuneration to all the Directors:

a) The aggregate of salary & perquisites paid for the year 2008-09 to the Executive Directors is as under:

Dr. A. Vidyasagar, Managing Director	:	Rs. 15,04,920/-
Shri N. Divakar, Director (Technical)	:	Rs. 11,00,000/-
Smt. A. Sarada, Director (Accounts)	:	Rs. 4,98,387/-

b) The aggregate of sitting fees paid to the Non-Executive Directors is as under:

Shri K.B.K. Moorhti	:	Rs. 57,500/-
Shri A. Venkateswara Rao	:	Rs. 57,500/-
Maj Gen (Retd) S Balakrishnan, VSM	:	Rs. 57,500/-
Shri M.L.N. Acharyulu	:	Rs. 22,500/-
Shri M. Venkata Rao	:	Rs. -

5. Share Transfer and Investor Grievance Committee:**i. Composition of Committee:**

This Committee comprises the following Directors:

Shri A. Venkateswara Rao	:	Chairman
Dr. A. Vidyasagar	:	Member
Maj Gen (Retd) S Balakrishnan, VSM*	:	Member

* Inducted into the Committee w.e.f 30.01.2009, in place of Smt. A. Sarada, who had resigned as Director.

ii. Name and designation of Compliance Officer:

Shri T.V. Satish Babu, General Manager- Admn & Company Secretary is the Compliance Officer. The Committee deals with investors' complaints regarding transfer/ transmission of shares, non-receipt of certificates, dividends, annual reports and such other matters and recommends measures for providing efficient services to investors.

All the complaints received from the investors were resolved, within reasonable time. Total 14 complaints were received from the investors during the year 2008-09, and all of them have been resolved expeditiously. There was no outstanding complaint as on 31st March 2009.

6. General Body Meetings:

i) The location and time of the last three Annual General Meetings are as follows:

Year	AGM	Location	Date	Time
2007-08	AGM	Plot No 16, Sector-III, HUDA Techno Enclave, Madhapur, Hyderabad-500 081	17.09.08	11.00 AM
2006-07	AGM	— Do —	21.09.07	11.00 AM
2005-06	AGM	— Do —	20.09.06	11.00 AM

ii) Special Resolutions passed in the last three Annual General Meetings:

AGM Date	Description of Item
September 17, 2008	Change of name of the Company from Avantel Softech Limited to Avantel Limited, pursuant to section 21 of the Companies Act, 1956
September 21, 2007	<ul style="list-style-type: none"> i. Re-appointment of Shri A. Vidyasagar, as Managing Director, for another three years ii. Appointment of Shri N. Divakar as Director (Technical) iii. Payment of commission to Non-Executive Directors iv. Alteration of Objects clause in the Memorandum of Association by inserting clauses
September 20, 2006	<ul style="list-style-type: none"> i. Appointment of Shri N. Divakar, Director, to hold office of profit, as Consultant ii. Alteration of Articles of Association by inserting a new article

During the last three years, no Extra-ordinary General Meeting was conducted. No Postal Ballots were conducted during the year 2008-09

7. Disclosures:

- i. During 2008-09, there were no materially significant related party transactions i.e transactions of the Company of material nature with its Promoters, the Directors, or the Management, their subsidiaries or relative etc., that may have potential conflict with the interests of Company, at large.
- ii. There has not been any non-compliance by the Company, and no penalty or strictures have been imposed on the Company by Stock Exchange or SEBI or any Statutory Authority on any matter related to capital market.
- iii. The Board has set up a Remuneration Committee to determine on their behalf and on behalf of the shareholders with agreed terms of reference, the Company's policy on specific remuneration packages for Executive Directors and any compensation payment. The Committee comprises of three Directors, all of whom Non-Executive Directors. The Chairman of the Committee is an Independent Director.

8. 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. The Management Discussion & Analysis Report forms part of the Annual Report.

9. General Shareholder information:

- i. AGM: The Nineteenth Annual General Meeting of the Company will be held on Monday, the 14th day of September, 2009, at 11.00 AM at the registered office of the Company at Plot No: 16, Sector III, HUDA Techno Enclave, Madhapur, Opp. K. Raheja IT Park, Hyderabad - 500 081.

- ii. Financial Calendar: The Company follows April to March as its financial year. The financial results are declared, as per the provisions of Listing Agreement.
- iii. Date of Book Closure: The Share Transfer Books of the Company shall remain closed from September 08, 2009 to September 14, 2009 (both days inclusive) for the purpose of ensuing Annual General Meeting.
- iv. Dividend Payment date: The Directors have proposed a dividend 12.50%, and if declared at the AGM, will be paid within thirty days of AGM.
- v. Listing on Stock Exchange & Stock Code: The Companies shares are listed at Bombay Stock Exchange Limited (BSE), 1st Floor, New Trading Ring, Phiroze Jeejebhay Towers, Dalal Street, Mumbai. Scrip Code is 532406.

Demat ISIN Numbers in NSDL & CDSL INE005B01019

- vi. Market price Data: High, Low during each month in last Financial Year:

Month	BSE, Mumbai	
	High (Rs.)	Low (Rs.)
April,2008	84.80	58.10
May,2008	80.00	54.55
June,2008	57.00	40.00
July,2008	52.95	34.65
Aug,2008	54.00	43.50
Sep,2008	52.00	29.00
Oct,2008	36.75	23.00
Nov,2008	28.95	23.00
Dec,2008	40.70	23.10
Jan,2009	40.85	27.70
Feb,2009	39.05	28.50
Mar,2009	41.00	35.90

vii. Registrar and Share Transfer Agents:

Karvy Computershare Private Ltd,
Plot No 17 to 24, Vittalrao Nagar,
Madhapur, Hyderabad-500 081

Phones: 040-23420815-20

viii. Share Transfer System;

Transfer of securities in physical form, if any, are registered and, duly transferred share certificates will be dispatched within thirty days from the date of receipt, provided the documents are in order.

With regard to the shares in Demat mode, the procedure adopted is as per the provisions of Depositories Act, 1996.

ix. Distribution of holding:

a) Share Holding Pattern as on March 31, 2009:

S.No.	Particulars	No. of Shares held	% of shareholding
1	Indian Promoters	1565285	30.38
2	Banks/Mutual funds/ FII's	700	0.01
3	Private Corporate Bodies	684611	13.29
4	Indian Public	2686153	52.13
5	NRIs /OCBs	57766	1.12
6	Clearing Members	2892	0.06
7	Trusts	155309	3.01

b) Details of entities/persons holding more than 1% of share capital of the Company:

S.No.	Particulars	No. of Shares held	% of shareholding
1	Hindustan Candle Mfg. Company Pvt. Ltd	70286	1.36
2	Subba Rao Kolli	55000	1.07
3	Zen Securities Ltd., BSE Clients A/c	62917	1.22
4	Avantel Ltd Employees Welfare Trust	155309	3.01
5	K. Satish	100029	1.94
6	K. Swapna	155964	3.03

c) Distribution schedule as on 31st March 2009:

S.No.	Category	No. of Cases	% of cases	Amount (Rs.)	% of Amount
	From - To				
1	1 - 5000	5134	87.08	7219780.00	14.01
2	5001 - 10000	392	6.65	3286140.00	6.38
3	10001 - 20000	159	2.70	2466080.00	4.79
4	20001 - 30000	56	0.95	1469640.00	2.85
5	30001 - 40000	21	0.36	748040.00	1.45
6	40001 - 50000	34	0.58	1609520.00	3.12
7	50001 - 100000	41	0.70	2988260.00	5.80
8	100001 and above	59	1.00	31739700.00	61.60
	Total	5896	100.00	51527160.00	100.00

x. Dematerialization of shares and liquidity:

As on March 31, 2009, 97.89% (5045262 equity shares) of paid up capital has been dematerialized.

The Company has not issued any GDRs/ ADRs/ Warrants or any convertible instruments.

Plant Location:

Avantel Limited (Production unit)
Sy. No 227 & 229, Plot No 3 I,
Phase-II, IDA, Cherlapally, Ranga Reddy District,
Hyderabad-500 05 I

Address for correspondence:

Avantel Limited
Plot No: I6, Sector- III, HUDA Techno Enclave,
Madhapur, Opp. K. Raheja IT Park, Hyderabad - 500 08 I.
Ph: 040 - 23 I I 5050/5 I/52
Fax: 040-23 I I 2336
E-mail: satishbabu@avantel.in

DECLARATION BY CHAIRMAN OF THE COMPANY ON CODE OF CONDUCT:

I, A. Venkateswara Rao, Chairman of Avantel Limited, hereby confirm pursuant to Clause 49(I)(D) of the Listing Agreement that:

- The Board of Directors of Avantel Limited has laid down a Code of Conduct for all Board Members and Senior Management of the Company. The Code of Conduct has also been posted in the Company's website viz www.avantel.in
- All the Board Members and Senior Management personnel have affirmed their compliance with the said Code of Conduct for the year ended 31st March 2009.

For Avantel Limited

Place: Hyderabad
Date: 30-07-2009

A. Venkateswara Rao
Chairman

CORPORATE SOCIAL RESPONSIBILITY:

At Avantel, Social Responsibility is an integral part of the value system and the core values, it cherish. The Company participate through various Non-Governmental Organizations (NGOs) in construction and running of homes for orphans, children from poor families, and special children, who are physically & mentally challenged. Avantel is committed to conservation of natural environment through promotion of environment friendly green technologies.

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

We have examined the compliance of the conditions of Corporate Governance by Avantel Limited for the year ended 31st March, 2009 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 statements of the Company.

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

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

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

Place : Hyderabad.
Date : 30-07-2009

A.MADHUSUDANA RAO
PARTNER
Membership No.10433

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

We have reviewed the financial statements, read with the cash flow statement of Avantel Limited for the year ended March 31, 2009, and that to the best of our knowledge and belief, we state that:

- I.
 - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
 - ii) These statements present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable laws and regulations
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or in violation of the Company'
3. We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, and steps taken or proposed to be taken for rectifying these deficiencies.
4. We have indicated to the Auditors and Audit Committee
 - i) Significant changes in accounting policies made during the year and that the same have been disclosed suitably in the notes to the financial statements, and
 - ii) Instances of significant of fraud of which we have become aware and the involvement therein, if any, of the Management or an employee.

Place : Hyderabad
Date : 30.07.2009

Dr. A. Vidyasagar
CEO & MD

T. Rama Rao
Sr. Manager (F&A) & CFO

AUDITORS' REPORT

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

We have audited the attached Balance sheet of M/S. AVANTEL LIMITED, as at 31st March, 2009 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, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009 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, 2009,
 - 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:
 - 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, 2009 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 according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions, bank or debenture holders. There is no overdue amount at the end of the year.
- 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. In our opinion, the Company not taken any term loans during 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, 2009, we report that 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.

A. MADHUSUDANA RAO
PARTNER
Membership No.10433

Place: Hyderabad
Date: 30-07-2009

BALANCE SHEET AS AT 31st MARCH, 2009

Particulars	Schedule	As at 31-03-2009		As at 31-03-2008	
		Rs.	Rs.	Rs.	Rs.
I. SOURCES OF FUNDS :					
1. Shareholders' Funds:					
a) Share Capital	1	51,533,160		51,533,160	
b) Reserves & Surplus	2	122,569,060		105,779,733	
			174,102,220		157,312,893
2. Loan Funds					
Unsecured Loans	3		1,384,424		1,303,960
3. Deferred Tax Liability			944,980		2,485,879
TOTAL			176,431,624		161,102,732
II. APPLICATION OF FUNDS:					
1. Fixed Assets					
a) Gross Block	4	129,645,277		125,872,383	
b) Less: Depreciation		66,953,862		60,334,134	
c) Net Block			62,691,415		65,538,249
2. Current Assets, Loans and Advances:					
a) Inventories	5	24,563,672		33,522,764	
b) Sundry Debtors	6	81,506,339		67,266,895	
c) Cash & Bank Balances	7	25,565,711		29,115,864	
d) Loans & Advances	8	49,176,055		29,178,991	
			180,811,777		159,084,514
Less: Current Liabilities and Provisions	9				
a) Current Liabilities		15,914,146		19,632,475	
b) Provisions		51,157,423		43,887,556	
		67,071,569		63,520,031	
Net Current Assets			113,740,209		95,564,483
TOTAL			176,431,624		161,102,732
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

A.MADHUSUDANA RAO
Partner

Dr. A.VIDYASAGAR
Managing Director

Major Gen (Retd.) S BALAKRISHNAN
Director

Place: Hyderabad
Date: 30/07/2009

T.V. SATISH BABU
GM - Admn & Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

Particulars	Schedule	Current Year		Previous Year	
		Rs.	Rs.	Rs.	Rs.
I. INCOME:					
Sales & Services less Returns			272,799,053		267,658,679
Other Income	10		3,227,464		5,812,855
Increase/(Decrease) in Stocks	11		(10,647,500)		10,825,000
TOTAL			265,379,017		284,296,534
II. EXPENDITURE					
Material Consumed	12		116,161,118		100,934,724
Excise Duty & Service Tax			15,344,947		27,606,080
Manufacturing Expenses	13		15,247,860		15,004,927
R & D Expenses	14		24,078,942		16,340,389
Payments & Other benefits to Employees	15		30,928,549		34,608,164
Selling & Distribution Expenses	16		6,331,788		5,761,209
Administrative and other Expenses	17		9,724,508		9,006,986
Financial Expenses	18		2,105,678		2,020,490
Depreciation (Net)	4	12,165,432		15,437,155	
Less: Transfer from Revaluation Reserve		794,260		794,260	
TOTAL			11,371,172		14,642,895
Profit/(Loss) before Extra-Ordinary Items			231,294,561		225,925,864
Less : Extra-Ordinary Items:					
Loss on Sale of Investments			—		6,560,450
PROFIT /(LOSS) BEFORE TAX			34,084,456		51,810,220
Less : Provision for Taxation:					
— Current Tax		10,000,000		24,500,000	
— Deferred Tax		(1,540,899)		(314,294)	
— Fringe Benefit Tax		300,000		300,000	
PROFIT AFTER TAX			8,759,101		21,657,060
Less/ (Add) : Short / (Excess) Provision relating to Earlier Years			25,325,355		30,153,160
			858,846		(43,055)
NET PROFIT FOR THE YEAR			24,466,509		30,196,215
Profit brought forward from previous year			29,573,717		18,420,131
Profit Available for Appropriations:			54,040,225		48,616,346
APPROPRIATIONS:					
Transferred to General Reserve			10,000,000		10,000,000
Proposed Dividend			5,883,091		7,729,074
Corporate Dividend Tax			999,831		1,313,556
Balance Carried to Balance Sheet			37,157,303		29,573,716
TOTAL			54,040,225		48,616,346
Earnings Per Share (E.P.S)					
— Basic & Diluted			4.75		5.86

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

for and on behalf of the Board

A.MADHUSUDANA RAO
Partner

Dr. A.VIDYASAGAR
Managing Director

Major Gen (Retd.) S BALAKRISHNAN
Director

Place: Hyderabad
Date: 30/07/2009

T.V. SATISH BABU
GM - Admn & Company Secretary

Schedules forming part of the Balance Sheet as at 31.03.2009 and Profit and Loss Account for the year ended as on that date

Particulars	As at 31-03-2009 Rs.	As at 31-03-2008 Rs.
SCHEDULE – 1		
SHARE CAPITAL		
Authorised Capital: 70,00,000 Equity Shares of Rs.10/- each	70,000,000	70,000,000
Issued, Subscribed and Paid Up Capital: 5152716 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: Forfeited 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: Forfeited 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" Add: Transferred from Profit & Loss Account	19,790,653 – 10,000,000	10,000,000 (209347) 10,000,000
	29,790,653	19,790,653
c. Revaluation Reserve: Land Buildings	6,266,454 11,913,948	6,266,454 12,708,208
d. Balance in Profit & Loss account	37,157,303	29,573,716
TOTAL	122,569,060	105,779,733
SCHEDULE – 3		
UNSECURED LOANS:		
Sales Tax Deferment	1,384,424	1,303,960
TOTAL	1,384,424	1,303,960

**SCHEDULE: 4
FIXED ASSETS**

S. No.	Description of the Asset	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As on 01.04.08	Additions	Deletions	As on 31.03.09	Up to 31.03.08	For the Period	Deletions	Upto 31.03.09	As at 31.03.09	As at 31.03.08
A.											
1	Land	11434200	-	-	11434200	-	-	-	-	11434200	11434200
2	Building	40835047	-	-	40835047	8823131	1994340	-	10817471	30017576	32011916
3	Furniture & Fixture	6808451	1307531	5518225	25977757	5791631	770252	5518225	1043658	1554099	1016820
4	Plant & Machinery, Testing and Assembling Equipment	17380662	1971967	-	19352629	8469398	3675185	-	12144583	7208046	8911264
5	Computers	10038970	496042	20370	10514642	9040736	659432	20369	9679799	834843	998234
6	Vehicles	2346038	1522762	-	3868800	1659312	532546	-	2191858	1676942	686726
7	Office & Miscellaneous Assets	3200672	393676	7111	3587237	2836613	203839	7110	3033342	553895	364059
8	Leasehold Building	-	2465475	-	2465475	-	107132	-	107132	2358343	-
	Sub Total	92044040	8157453	5545706	94655787	36620821	7942726	5545704	39017843	55637944	55423219
B.											
1	R & D Equipment	33828343	1161147	-	34989490	23713313	4222706	-	27936019	7053471	10115030
	TOTAL (A+B)	125872383	9318600	5545706	129645277	60334134	12165432	5545704	66953862	62691415	65538249

Schedules (Contd.)

Particulars	As at 31-03-2009 Rs.	As at 31-03-2008 Rs.
SCHEDULE – 5		
INVENTORIES		
(At cost or market value whichever is Lower as certified by management)		
a. Raw Materials:		
i. Indigenous	6,274,356	3,239,393
ii. Imported	1,579,206	3,630,717
b. Stock in process	15,852,500	26,500,000
c. Consumables & Others	857,610	152,654
TOTAL	24,563,672	33,522,764
SCHEDULE – 6		
SUNDRY DEBTORS		
(Unsecured, Considered good)		
a. Outstanding for a period exceeding six months	7,377,394	8,925,205
b. Others	74,128,945	58,341,690
TOTAL	81,506,339	67,266,895
SCHEDULE – 7		
CASH & BANK BALANCES		
a. Cash on hand	6,282	3,985
b. Cheques Deposited but not Credited	–	1,402,729
c. Cash at Bank with Scheduled Banks:		
i. In Current Account	1,866,312	1,019,757
ii. In Dividend account	315,567	271,790
iii. In Margin Money/Deposit Accounts	23,377,550	26,417,603
TOTAL	25,565,711	29,115,864
SCHEDULE – 8		
LOANS & ADVANCES :		
(Unsecured, considered good, recoverable in Cash or in kind for value to be received)		
Deposits recoverable	3,407,988	2,358,074
Advances to Suppliers	545,673	1,185,183
Advance payment of Income Tax	42,642,117	20,280,227
Prepaid expenses	402,828	815,879
Accrued Interest	1,202,710	1,269,319
Balance with Excise Department	502,857	1,154,778
Other advances Recoverable	471,882	2,115,531
TOTAL	49,176,055	29,178,991

Schedules (Contd.)

Particulars	As at 31-03-2009 Rs.	As at 31-03-2008 Rs.
SCHEDULE – 9		
CURRENT LIABILITIES AND PROVISIONS		
A) CURRENT LIABILITIES :		
Liabilities for :		
Capital Expenditure	8,832	22,165
Purchases	8,868,746	10,940,016
Expenses	2,060,519	5,546,206
Statutory Dues	2,500,236	1,995,976
Provision for Warranty Expenses	2,475,813	1,128,112
TOTAL	<u>15,914,146</u>	<u>19,632,475</u>
B) PROVISIONS :		
Gratuity	1,399,500	1,119,926
For Taxation	42,875,000	33,725,000
For Proposed Dividend	5,883,091	7,729,074
For Corporate Dividend Tax	999,831	1,313,556
TOTAL	<u>51,157,423</u>	<u>43,887,556</u>

Schedules (Contd.)

Particulars	For the year ended 31-03-2009 Rs.	For the year ended 31-03-2008 Rs.
SCHEDULE – 10		
OTHER INCOME		
Interest receipts (TDS Rs.393249)	2,702,781	2,905,556
Fluctuation in Foreign Currency	–	1,141,638
Miscellaneous Receipts	389,685	1,610,754
Profit on sale of Fixed assets	134,998	154,907
TOTAL :	<u>3,227,464</u>	<u>5,812,855</u>
 SCHEDULE – 11		
INCREASE/(DECREASE) IN CLOSING STOCKS		
Opening Stock:		
Stock in process	26,500,000	15,675,000
	<u>26,500,000</u>	<u>15,675,000</u>
Less: Closing Stock		
Stock in process	15,852,500	26,500,000
	<u>15,852,500</u>	<u>26,500,000</u>
Increase/(Decrease) in closing stock :	<u>(10647500)</u>	<u>10825000</u>
 SCHEDULE – 12		
MATERIAL CONSUMED		
A) INDIGENOUS :		
Opening Stock	3,364,393	13,050,432
Add: Purchases	80,253,435	49,453,723
	<u>83,617,828</u>	<u>62,504,155</u>
Less: Closing Stock	6,274,356	3,364,393
TOTAL A	<u>77,343,472</u>	<u>59,139,762</u>
 B) IMPORTED :		
Opening Stock	3,630,717	8,829,104
Add: Purchases	36,766,135	36,596,575
	<u>40,396,852</u>	<u>45,425,679</u>
Less: Closing Stock	1,579,206	3,630,717
TOTAL B :	<u>38,817,646</u>	<u>41,794,962</u>
TOTAL (A+B)	<u>116,161,118</u>	<u>100,934,724</u>

Schedules (Contd.)

Particulars	For the year ended	For the year ended
	31-03-2009	31-03-2008
	Rs.	Rs.
SCHEDULE – 13		
MANUFACTURING EXPENSES :		
Jobwork charges	11,887,563	11,220,631
Power & Fuel	1,291,090	1,251,150
Consumables	274,739	398,815
Freight Inward	175,312	76,448
Repairs & Maintenance of Plant & Machinery	1,137,114	1,208,670
Testing Charges	482,042	849,213
TOTAL	15,247,860	15,004,927
SCHEDULE – 14		
R & D EXPENSES :		
Materials	3,961,957	2,133,692
Software	–	1,172,611
Salaries	19,115,299	13,006,032
Bonus	156,197	28,054
Other Expenses	845,489	–
TOTAL	24,078,942	16,340,389
SCHEDULE – 15		
PAYMENTS & OTHER BENEFITS TO EMPLOYEES		
Salaries	21,950,362	23,948,836
Directors Remuneration	3,103,307	3,204,113
Bonus	315,827	168,510
Man Power Hire Charges	3,984,388	4,716,536
Exgratia & Gratuity	736,318	1,352,346
Staff Welfare	615,500	674,352
Training & Recruitment	222,847	543,471
TOTAL	30,928,549	34,608,164
SCHEDULE – 16		
SELLING & DISTIBUTION EXPENSES		
Freight Outward	276,536	185,269
Packing Materials	435,175	523,153
Agency Commission	–	174,636
Royalty	200,000	–
Marketing Expenses	1,643,473	1,068,000
Travelling Expenses	1,652,155	1,549,121
Late Delivery charges	75,629	298,464
Business Promotion Expenses	400,540	462,566
Warranty Expenses	1,648,280	1,500,000
TOTAL	6,331,788	5,761,209

Schedules (Contd.)

Particulars	For the year ended	For the year ended
	31-03-2009	31-03-2008
	Rs.	Rs.
SCHEDULE – 17		
ADMINISTRATIVE & OTHER EXPENSES :		
Rent, Fees, Taxes and Licences	993,816	415,513
Advertisement Expenses	187,127	92,154
Insurance	309,339	608,770
Postage & Telephones	1,053,146	847,987
Printing & Stationary	372,592	395,040
Payments to Auditors	191,294	213,371
Professional & Consultancy Charges	1,067,382	899,545
Travelling&Conveyance	303,384	733,383
Secretarial Expenses	181,215	180,052
Books & Periodicals	81,266	76,281
Office Maintenance	194,151	669,334
Repairs and Maintenance:		
— Vehicles	860,622	729,934
— Computers	387,519	348,431
— Furniture & Others	661,474	996,838
— Buildings	157,631	696,376
General Expenses	562,941	79,527
Watch & Ward	436,422	234,450
Donations	910,000	670,000
Sitting Fee	195,000	120,000
Expenses pertaining to previous year	556,319	–
Fluctuation in Foreign Currency	61,868	–
TOTAL	9,724,508	9,006,986
SCHEDULE – 18		
FINANCIAL EXPENSES		
Interest	926,943	688,891
Bank charges	1,178,735	1,331,599
TOTAL	2,105,678	2,020,490

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 provisions of Section 205 of the Companies Act, 1956.

4. 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 up to the stage of completion.

5. Revenue Recognition:

Sales are inclusive of Excise Duty and exclusive of Sales Tax.

6. 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.

7. 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. Capital Expenditure incurred during the year on Research & Development was shown as addition to Fixed Assets.

8. Retirement Benefits:

Short Term Employee Benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, performance incentives, etc., are recognized as an expense at the undiscounted amount in the Profit and Loss Account of the year, in which the employee renders the related service.

Post Employment benefits:

(i) Defined Contribution Plans:

Payments made to a defined contribution plan such as Provident Fund are charged as an expense in the Profit and Loss account as they fall due.

(ii) Defined Benefit Plans:

Company's liability towards gratuity to past employees is determined using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past services are recognized on a straight-line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognized immediately in the statement of Profit and Loss account as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government Securities, where the currency and terms of the Government Securities are consistent with the currency and estimate terms of the defined benefit obligations.

9. Taxes on Income:

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

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

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

10. Segment Accounting:

The Company is considered to be a single segment company engaged in the manufacture of telecom products and providing related customer support services. Consequently, the Company has in its primary segment only one reportable business segment as prescribed in Accounting Standard 17 (AS-17) "Segment Reporting" issued by ICAI.

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

II. NOTES FORMING PART OF ACCOUNTS:

	As at 31.03.2009	As at 31.03.2008
1. Contingent Liabilities not Provided for:		
a. Estimated amount of contracts remaining to be executed on capital account and not Provided for	2,64,000	NIL
b. In respect of Guarantees issued by bankers	1,65,31,585	2,44,68,438
c. Letter of Credits	NIL	NIL
2. Liabilities for expenses include:		
a. Due to Managing Director (Rs.)	NIL	87,294
b. Due to Directors (Rs.)	NIL	1,43,107

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

Capital Expenditure incurred on leasehold building will be amortized over a period of 5 years i.e the tenure of the lease.

The fixed assets costing Rs. 5,000/- or less acquired during the year were 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. Balances of Sundry Debtors, Sundry Creditors and Loans and Advances are subject to confirmation.
5. 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.
6. 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. Effective April 1, 2007, the Company has adopted the Accounting Standard 15 (Revised 2005) on "Employee Benefits" issued by the Institute of Chartered Accountants of India.

Defined Benefit Plans:

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

Particulars	(Amount in Rupees)	
	2008-09	2007-08
Projected benefit Obligation at the beginning of the year	25,35,865	18,68,263
Current Service cost	3,96,724	3,54,154
Interest Cost	2,02,869	1,40,120
Actuarial (Gain)/Loss	(2,62,44)	4,05,634
Benefits Paid	(4,68,87)	(4,51,904)
Projected benefit Obligation at the end of the year	30,62,327	23,16,267
Amount recognized in the balance sheet		
Projected benefit obligation at the end of the year	30,62,327	23,16,267
Fair value of plan assets at the end of the year	16,62,827	11,96,341
Funded status of the plans-asset/(liability) recognized in the balance sheet	(13,99,500)	(11,19,926)
Cost for the period:		
Current service cost	3,96,724	3,54,154
Interest cost	202,869	1,40,120
Expected return on plan asset	(1,11,747)	(97,127)
Net actuarial (gain)/loss recognized in the period	(26,244)	4,05,634
Net cost recognized in Profit & Loss Account	461,602	8,02,781
Assumptions: -		
Discount rate	8.00%	8.00%
Estimated rate of return on plan assets	8.00%	8.00%
Expected rate of salary increase	4.00%	4.00%

c) Defined contribution plans:

In respect of defined contribution plans (Provident Fund), an amount of Rs. 7,60,823/-(PY Rs. 6,91,940) has been recognized in the Profit & Loss Account during the period.

7. The Company operations relate to manufacture of telecom products and rendering related customer support/other services. During the year, Sales includes Rs.4.68 crores earned from rendering customer support/other services.
8. Major Components of deferred tax arising on account of timing differences are:

	As at 31-03-2009 Rs.	As at 31-03-2008 Rs.
Deferred tax liability in respect of fixed assets	(10,40,007)	(25,93,677)
Less: Deferred tax assets	95,027	1,07,798
Net Deferred Tax (Liability)/Asset	(9,44,980)	(24,85,879)

9. 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.
10. 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	%	2008-2009	%	2007-2008
Indigenous	66.58	7,73,43,472	58.59	5,91,39,762
Imported	33.42	3,88,17,586	41.41	4,17,94,962
TOTAL	100.00	11,61,61,058	100.00	10,09,34,724

c) VALUE OF IMPORTS: CALCULATED IN CIF VALUE:

Particulars	2008-2009	2007-2008
Raw Materials	3,04,41,570	3,18,46,494
Capital Equipment	NIL	12,95,885
TOTAL	3,04,41,570	3,31,42,379

d) EXPENDITURE IN FOREIGN CURRENCY:

Particulars	2008-2009	2007-2008
Purchases	3,04,41,570	3,01,42,469
Traveling	52,468	-
TOTAL	3,04,94,038	3,01,42,469

e) EARNINGS IN FOREIGN EXCHANGE:

Particulars	2008-2009	2007-2008
Value of Exports on FOB Basis	NIL	NIL
Sale of Investments	NIL	23,96,250
TOTAL	NIL	23,96,250

- 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:

(Amount in Rupees)

	2008-09	2007-08
a) Profit/ (Loss) after Tax Rs.	2,53,25,415	3,01,53,160
b) The weighted average number of ordinary shares for Basic & Diluted EPS Nos.	51,52,716	51,52,716
c) The nominal value per Ordinary Share Rs.	10	10
d) Earnings per Share - Basic & Diluted Rs.	4.75	5.86

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

I. Key Management Personnel

Dr. A. Vidyasagar

Mrs. A. Sarada

Mr. N. Divakar

2. Relative of Key Management Personnel

Mr. K. Ramesh

B) Transaction with Related Parties

(Amount in Rupees)

	2008-2009	2007-2008
Remuneration and fees to Key/Relative Managerial Personnel		
Dr. A.Vidyasagar	15,04,920	15,04,920
Mrs. A.Sarada	4,98,387	4,99,193
Mr. N.Divakar	11,00,000	12,00,000
Mr. K.Ramesh	10,61,882	10,20,000

C) Closing Balances of Related parties

	2008-2009	2007-2008
Remuneration and fees to Key/Relative Managerial Personnel		
Dr. A.Vidyasagar	NIL	87,294
Mrs. A.Sarada	NIL	43,307
Mr. N.Divakar	NIL	99,800
Mr. K.Ramesh	NIL	84,600

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

g) Remuneration to Auditors:

Particulars	2008-2009	2007-2008
a. Audit fee	1,50,000	1,50,000
b. Tax audit fee	-	40,000
c. For certification, Taxation & Other matters	41,294	23,371

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

i) 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

A.MADHUSUDANA RAO
Partner

Dr. A.VIDYASAGAR
Managing Director

Major Gen (Retd.) S BALAKRISHNAN
Director

Place: Hyderabad
Date: 30/07/2009

T.V. SATISH BABU
GM - Admn & Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

Particulars	For the year ended 31st March, 2009		For the year ended 31st March, 2008	
	Rs.	Rs.	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit Before Tax		34,084,456		58,370,670
Adjustments for:				
Depreciation	11,371,172		14,642,895	
Interest	926,943		688,891	
Miscellaneous Receipts	(389,685)		(1,610,754)	
Profit on sale of fixed assets	(134,998)		(154,907)	
Exchange fluctuations	61,868		(1,141,638)	
Interest received	(2,702,781)	9,132,519	(2,905,556)	9,518,931
Operating Profit Before Working Capital Changes	43216975		67,889,601	
(Increase)/decrease in Sundry Debtors	(14,239,444)		(9,512,189)	
(Increase)/decrease in Inventory	8,959,092		4,088,223	
Exchange fluctuations	(61,868)		1,141,638	
(Increase)/decrease in Loans & Advances	(19,997,064)		(17,050,498)	
Increase/(decrease) in Current Liabilities	(3,438,755)	(28,778,039)	(18971998)	(40304824)
Net Cash generated from Operations		14,438,936		27,584,777
Interest Paid		(926,943)		(688,891)
NET CASH FROM OPERATING ACTIVITIES		13,511,993		26,895,886
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets	(9,318,600)		(8,864,005)	
Sale of Fixed Assets	135,000		1,262,650	
Sale of Investments	–		2,396,250	
Interest Received	2,702,781		2,905,556	
Miscellaneous Receipts	389,685		1,610,754	
NET CASH USED IN INVESTING ACTIVITIES		(6,091,134)		(688,795)

CASH FLOW (Contd.)

Particulars	For the year ended 31st March, 2009		For the year ended 31st March, 2008	
	Rs.	Rs.	Rs.	Rs.
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Inter-corporate, Public Deposits & Unsecured loans raised	80,464		—	
Inter-corporate, Public Deposits & Unsecured loans repaid	—		—	
Dividends Paid	(9,042,630)		(6028420)	
Income Tax paid	(2,008,846)		—	
NET CASH USED IN FINANCING ACTIVITIES		(10971012)		(6028420)
D. NET INCREASE/(DECREASE) IN CASH EQUIVALENTS		(3550153)		20178671
Cash and Cash Equivalents at the beginning of the year		29,115,864		8,937,193
Cash and Cash Equivalents at the end of the year		25,565,711		29,115,864

We have examined the above cash flow statement of Avantel Limited for the year ended 31st March, 2009. 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, 2009

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

for and on behalf of the Board

A.MADHUSUDANA RAO
Partner

Dr. A.VIDYASAGAR
Managing Director

Major Gen (Retd.) S BALAKRISHNAN
Director

Place: Hyderabad
Date: 30/07/2009

T.V. SATISH BABU
GM - Admn & Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No:

		0	1	-	1	1	3	3	4
--	--	---	---	---	---	---	---	---	---

Balance Sheet Date

3	1	-	0	3	-	2	0	0	9
---	---	---	---	---	---	---	---	---	---

State Code

0	1
---	---

II. Capital Raised during the year (Rs.'000)

Public Issue

		N	I	L
--	--	---	---	---

Bonus Issue

		N	I	L
--	--	---	---	---

Right Issue

		N	I	L
--	--	---	---	---

Private Placement

		N	I	I
--	--	---	---	---

III. Position of Mobilisation and deployment of Funds: (Amount in Rs. 000's)

Total Liabilities

1	7	6	4	3	2
---	---	---	---	---	---

Total Assets

1	7	6	4	3	2
---	---	---	---	---	---

Sources of Funds

Paid-up Capital

	5	1	5	3	3
--	---	---	---	---	---

Reserves & Surplus

1	2	2	5	6	9
---	---	---	---	---	---

Secured Loans

		N	I	L
--	--	---	---	---

Unsecured Loans

		1	3	8	5
--	--	---	---	---	---

Deferred Tax Liability

		9	4	5
--	--	---	---	---

Application of Funds

Net Fixed Assets

	6	2	6	9	2
--	---	---	---	---	---

Investments

		N	I	L
--	--	---	---	---

Net Current Assets

1	1	3	7	4	0
---	---	---	---	---	---

Misc.Expenditure

		N	I	L
--	--	---	---	---

IV. Performance of the Company (Rs.'000)

Turnover

2	6	5	3	7	9
---	---	---	---	---	---

Profit Before Tax

	3	4	0	8	4
--	---	---	---	---	---

Earnings per Share in Rs.

	4	.	7	5
--	---	---	---	---

Total Expenditure

2	3	1	2	9	5
---	---	---	---	---	---

Profit After Tax

	2	4	4	6	7
--	---	---	---	---	---

Divident (%)

1	2	.	5	0	%
---	---	---	---	---	---

V. Generic Names of Three Principle Products / Services of the company

Product Description Item Code

1. RF / Microwave Products

		8	5	2	9
--	--	---	---	---	---
2. Telecom Products

		8	5	1	7
--	--	---	---	---	---
3. Satcom Products

		8	5	2	9
--	--	---	---	---	---

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

for and on behalf of the Board

A.MADHUSUDANA RAO
Partner

Dr. A.VIDYASAGAR
Managing Director

Major Gen (Retd.) S BALAKRISHNAN
Director

Place: Hyderabad
Date: 30/07/2009

T.V. SATISH BABU
GM - Admn & Company Secretary



AVANTEL LIMITED

Regd. Office Plot No. 16, Sector III, Huda Techno Enclave, Opp. K. Raheja IT Park, Madhapur, Hyderabad - 81.

PROXY FORM

I/We _____
_____ of _____

_____ a member of _____

AVANTEL LIMITED hereby appoint _____ of _____

_____ or failing him _____

_____ of _____

as my/our proxy to attend and vote for me/us and on my/our behalf of the Annual General Meeting of the company, to be held on Monday the 14th September, 2009 at 11.00 a.m. at the Registered Office of the company at Plot No. 16, Sector III, Huda Techno Enclave, Opp. K. Raheja IT Park, Madhapur, Hyderabad - 500 081 and any adjournment hereof.

Signed this _____ day of _____ 2009

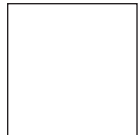
(AFFIX REVENUE STAMP HERE)

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.



AVANTEL LIMITED

Regd. Office Plot No. 16, Sector III, Huda Techno Enclave, Opp. K. Raheja IT Park, Madhapur, Hyderabad - 81.

ATTENDANCE SLIP

I hereby record my presence at the Annual General Meeting of the Company held on Monday the 14th September, 2009 at 11.00a.m. at the Registered Office of the Company at Plot No. 16, Sector III, Huda Techno Enclave, Opp. K. Raheja IT Park, 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