

**BOARD OF DIRECTORS**

Maj Gen. (Retd) Dr. Rajinder Kumar Bagga, AVSM

Dr. A. Vidya Sagar

Shri N. Naveen

Shri Y. Kishore

Chairman

Managing Director

Director

Director

**Statutory Auditors:**

M/s. Ramanatham & Rao.,

PB.No:2102,

Flat #302, Kala Mansion,

Sarojini Devi Road,

Secunderabad-500003

**Registered Office:**

Plot No 16, Sector-III, HUDA Techno Enclave,

Opp. K. Raheja IT Park, Madhapur,

Hyderabad-500 081

Phones : +91 - 40 - 6630 5000

Fax : +91 - 40 - 6630 5004

**Cost Auditor:**

Mr. N.V.S. Kapardhi

Cost Accountant

SRT 148, S.R. Nagar,

Hyderabad - 500 038

**Plant:**

Plot No 47/P, APIIC Industrial Park,

Gambheeram (V), Anandapuram (M),

Visakhapatnam-531 163, A.P.

Phone : +91 - 891 - 6698000

Fax : +91 - 891 - 6698004

**Registrar & Share Transfer Agents:**

Karvy Computershare Private Limited

Plot No 17 to 24, Vittalrao Nagar

Madhapur, Hyderabad-500 081

Phones : 040-44655000

Fax : 040-23420814

Email : einward.ris@karvy.com

**Bankers:**

Canara Bank

Industrial Finance Branch

Kalanjali Building

Hyderabad

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### **"Green Initiative in the Corporate Governance"- Paperless Communications:**

The Ministry of Corporate Affairs has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by Companies through electronic mode. In accordance with the recent circular no. 17/2011 dated 21.04.2011 and circular no. 18/2011 dated 29.04.2011 issued by the Ministry, Companies can now send various notices and documents, including Annual Report, to its shareholders through electronic mode to the registered e- mail addresses of shareholders.

It is a welcome move for the society at large, as this will reduce paper consumption to a great extent and allow shareholders to contribute towards a Greener Environment. Further it will ensure instant and definite receipt of the reports by you.

As it is proposed to send all future communications, including Notice of AGMs of the company, in electronic mode, we would request to all those shareholders, who have not given email IDs so far to kindly send their mail IDs to [avl.cs@karvy.com](mailto:avl.cs@karvy.com) and register the same.

## NOTICE

NOTICE is hereby given that the Twenty Third Annual General Meeting of the members of the Company will be held on Saturday, 27th of July, 2013, 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, 2013, 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 2012-2013;
- 3) To appoint a Director in place of Maj. Gen.(Retd.) R K Bagga, AVSM who retires by rotation and being eligible, offers himself for re-appointment;
- 4) To appoint a Director in place of Sri Y. Kishore who retires by rotation and being eligible, offers himself for re-appointment;
- 5) To appoint auditors and fix their remuneration by passing the following Resolution

"RESOLVED THAT pursuant to the provisions of Section 224 of the Companies Act, 1956, M/s Ramanatham & Rao., 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 APPROVE RE-APPOINTMENT OF DR. A. VIDYA SAGAR AS MANAGING DIRECTOR OF THE COMPANY

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

"RESOLVED THAT pursuant to the provisions of section 198, 269, 309 and 311 read with Schedule XIII and applicable provisions, if any, of the Companies Act, 1956, including any statutory modifications or re-enactments thereof, consent of the members of the Company be and is hereby accorded for the re-appointment of Dr. A. Vidya Sagar, as Managing Director of the Company at a remuneration of ₹ 1,50,000/- (Rupees One Lakh Fifth Thousand only) per month and other superannuation benefits as per service rules of the Company and a perquisite of Rent Free Accommodation, as approved by the Remuneration Committee, for another Three years term effective from 1st April 2013."

"FURTHER RESOLVED THAT Dr. A. Vidya Sagar in addition to above mentioned Salary and perquisites is also eligible for commission of 3% on net profits of the Company arrived in pursuance of Section 349 & 350 of the Companies Act, 1956."

"FURTHER RESOLVED THAT the overall amount of remuneration payable to Dr. A. Vidya Sagar shall not exceed 5% of net profits of the Company arrived in pursuance of Section 349 & 350 of the Companies Act, 1956."

"FURTHER RESOLVED THAT in the years of loss or inadequacy of profits during his tenure as referred above, the amount of Salary and perquisites referred above shall be paid as minimum remuneration in terms of Section II of Part II of Schedule XIII to the Companies Act, 1956."

- \* 7) To consider and if thought fit, to pass the following resolution as a Special Resolution.

"RESOLVED THAT pursuant to the provisions of Article 33 of the Articles of Association of the Company and the provisions of Sections 77A, 77AA, 77B and all other applicable provisions, if any, of the Companies Act, 1956 ("the Act") and of the provisions contained in the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998, including any amendments, statutory modification(s) or re-enactments thereof

(hereinafter referred to as 'Buy Back Regulations') and subject to such other approvals, permissions and sanctions as may be necessary, the consent of Members be and is accorded to the Board of Directors (hereinafter referred to as "the Board") (which term shall be deemed to include any committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution) for the purchase of Company's fully paid-up Equity Shares of face value ₹ 10/- each to the extent not exceeding 25% of the Company's fully paid-up Equity Shares at a price not exceeding ₹ 75/- (Rupees Seventy Five) per Equity Share through Tender Offer or from the Open Market (Book Building / Stock Exchange) through BSE Limited ("Buy Back"), subject to the condition that the aggregate amount to be expended by the Company for the said Buy-back shall not exceed ₹ 541.91 Lakhs, i.e., within 25% of the Company's Total Paid Up Share Capital and Free Reserves based on the Audited Financials Statements of the Company as at March 31, 2013.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred as also to execute such documents, writings, etc., to Managing Director or any other Independent Director(s) or Executive(s)/Officer(s) of the Company as may be necessary to give effect to the aforesaid resolution, including but not limited to appointment of Merchant Bankers, Brokers, Bankers, Solicitors, Depository Participants and other intermediaries / agencies for the implementation of the Buy-back and to make applications to the appropriate authorities for their approvals and to initiate all necessary actions for preparation and issue of various documents,

opening of accounts including public announcement, declaration of solvency, extinguishment of share certificates, 'Certificates of Extinguishment' and such other undertakings, agreements, papers, documents and correspondence as may be required to be filed in connection with the Buy-back on behalf of the Board with the Securities and Exchange Board of India, Reserve Bank of India, BSE Limited, Registrar of Companies, Depositories and/or other regulators and statutory authorities as may be required from time to time.

RESOLVED FURTHER THAT the Board in its absolute discretion, be and is hereby authorized to accept and make, in the interest of the Company, any alteration(s), modification(s) to the terms and conditions as it may deem necessary, concerning any aspect of the Buy-back, in accordance with the statutory requirements, including the decision of closure of Buy-back once the minimum number of shares are bought back and to do all such acts, deeds, matters and things in connection therewith and incidental thereto as the Board may deem necessary, expedient, proper or desirable and to settle all questions, difficulties or doubts that may arise in relation to the proposed Buy-back at any stage without requiring to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution"

For and on Behalf of the Board of Directors

Place : Hyderabad  
Date : 14.06.2013

**ABBURI VIDYA SAGAR**  
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. The Register of Members and Share Transfer Books of the Company will remain closed from 24th of July to 26th of July, 2013 (both days inclusive), for the purpose of Annual General Meeting.
3. 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.
4. Dividend on equity shares, as recommended by the Board of Directors, for the accounting year ended 31st March, 2013, 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 23rd of July, 2013. In respect of the shares held in dematerialized form, the dividend will be paid to members, whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.
5. 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.
6. Members are requested to bring their copy of the Annual Report to the meeting.
7. In accordance with the provisions of section 205C of the Companies Act, 1956, the un-claimed dividends pertaining to the financial years 2011-12, 2010-11, 2009-10, 2008-09, 2007-08 and 2006-07 will be transferred to the 'Investor Education and Protection Fund' of the Central Government on the dates mentioned below. Those shareholders, who have not en-cashed so far these dividend amounts may please claim the same by approaching the Registrars for payment thereof:

Dividend period	Due date of transfer
2006-07	27.10.2014
2007-08	23.10.2015
2008-09	20.10.2016
2009-10	03.11.2017
2010-11	01.11.2018
2011-12	28.07.2019

In terms of provisions of section 205C of the Companies Act, 1956, no claims shall lie against the Company or the aforesaid Fund in respect of individual amounts, which remains unclaimed or unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.

**8. Payment of dividend through NECS/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 12th July, 2013.
- b) Members holding shares in demat form are advised to inform/update their bank account particulars to their respective Depository Participant(s).

**\*9. Members are hereby informed that Item No. 7 required to be passed by Postal Ballot under Section 192 A of the Companies Act, 1956 read along with Companies Act, 1956 read along with the Companies (Passing of the Resolution by Postal Ballot) (Amendment) Rules, 2001.**

A Postal Ballot form along with self-addressed business reply envelope (postage to be borne and paid by the Company) was sent separately to you. You are requested to carefully read the instructions printed in the Postal Ballot form and return the said Postal Ballot Forms (no other Forms or photocopy of the Postal Ballot form is permitted) duly completed with the assent (for) or dissent (against), in the attached self addressed, postage prepaid envelope, so as to reach the Scrutinizer before 4.00 pm on or before 24th July, 2013 to be eligible for being considered, failing which, it will be strictly treated

as if no reply has been received from the Member. Facility of voting through electronic mode is not being provided by the Company. The Postal Ballot results will be published in newspapers.

10. A brief profile of the Rotational Director, 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:**

As the tenure of Dr. A. Vidya Sagar, Managing Director of the Company, expiring on 31st March 2013, taking in to consideration his rich experience and contribution to the Company, the Board of Directors at their meeting held on 31st January 2013, subject to the approval of the members, re-appointed him for another term of three years at a remuneration of ₹ 1,50,000/- (Rupees One Lakh Fifty Thousand only) per month and a perquisite of rent free accommodation, as approved by the Remuneration Committee w.e.f. 01.04.2013. In addition to the above mentioned salary and perquisites Dr. A. Vidya Sagar is also eligible for commission of 3% on net profits of the Company arrived in pursuance of Section 349 & 350 of the Companies Act, 1956.

Avantel Limited is technology driven Company engaged in the design, development and manufacturing of electronic, communication, satellite communication products/ services, software products & services development and research & development activities. The Company has developed Mobile Satellite Services based products and UHF Systems and continue to offer solutions for various applications and is looking for growth in this segment by offering integrated solutions for Airborne, Underwater platforms and special operations. The Company is also developing Hybrid Automatic Identification Systems for Coastal Surveillance and also progressing on the development of satellite based Real Time Train Tracking Information System for the Indian Railways using MSS & GPRS. The Company could record good financial performance as the Company has achieved a turnover of ₹ 4294.60 lakhs as against ₹ 2601.38 lakhs for the previous year by recording a net profit before tax of ₹ 819.60 lakhs as against ₹ 465.04 lakhs during the previous year and the Company is expected to do good business in the coming years.

Dr. Sagar is having experience of more than 25 years in the telecommunications and satellite communication sectors.

As per the provisions of section 198, 269, 309 and 311 read with section II of part-II of 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 Dr. A. Vidya Sagar is provided under additional information on Directors, seeking re-appointment.

None of the Directors is interested in the above resolution.

#### **Item No. 7:**

As per the requirements of Section 173(2) read with Section 77A, 77AA and 77 B and other applicable provisions of the Companies Act, 1956 and the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 as amended the relevant and material information to enable the shareholders to consider and approve the Special Resolution for Buy-back of the Company's shares is set out below.

1. The Board of Directors of the Company at their meeting held on 14th June, 2013 have, subject to the approval of Members of the Company, approved the proposal for further Buy-back of Equity Shares upto a maximum of 11,20,750 (Eleven Lakhs Twenty Thousand Seven Hundred and Fifty) fully Paid up Equity Share of ₹ 10 each (i.e., 25% of Paid Up Capital of ₹10 each outstanding as on 31st March, 2013) at a price not exceeding ₹ 75/- (Rupees Seventy Five) per Equity Share, subject further to the condition that the aggregate amount to be paid by the Company for the said Buy-back (excluding brokerage and other charges, if any) shall not exceed ₹ 541.91 Lakhs i.e., within 25% of the paid-up capital and free reserves of the Company based on the audited financial statements as at 31st March, 2013. However, the members of the Company are aware that the Company has just concluded Buyback by the approval of Board vide Board Resolution passed on 6th May, 2013 and Public Announcement dated 7th May, 2013. During this Buyback, the Company has bought back 3,00,000 Equity Shares of ₹ 10 each and invested an amount of ₹ 202.38 Lakhs in this Financial Year 2013-14. Accordingly, the Board is proposing to carry out further Buy back of Shares by seeking your approval subject to the maximum limits as per the regulations.

2. The Buy-back is proposed to be implemented by the Company through Tender Offer or from the Open Market (Book Building / Stock Exchange) through BSE Limited ("the Stock Exchange").
  3. There will be no buy-back from any persons through negotiated deals whether through the Stock Exchange or through spot transactions or through any private arrangement.
  4. The Buy-back proposal is being implemented in keeping with the Company's desire to enhance overall shareholders' value. The Buy-back would lead to reduction in outstanding number of Equity Shares and consequent increase in earnings per equity share over a period of time, improvement in return on net worth and other financial ratios and contribute to maximization of overall shareholders' value.
  5. The aggregate paid-up share capital and free reserves of the Company as on 31st March, 2013 was ₹ 2167.65 Lakhs and under the provisions of the Act, the funds deployed for buy-back shall not exceed 25% of the paid-up capital and free reserves of the Company in a financial year i.e., ₹ 541.91 Lakhs. However the Company has already invested ₹ 202.38 Lakhs for the buyback carried out by the Board Resolution. Accordingly, the maximum further amount that can be utilized in the present buy-back is ₹ 339.53 Lakhs after considering the amount already utilized for buyback during the year with the approval of the Board. Further, under the Act, the number of equity shares that can be bought back during the financial year shall not exceed 25% of the paid-up equity shares of the Company (i.e., 11,20,750 Shares).
  6. The maximum buy-back price of ₹ 75/- per Equity Share has been arrived at after considering various factors such as average price of the equity shares of the Company on the Stock Exchanges where the equity shares of the Company are listed, the net worth of the Company and the impact of the buy-back on the earnings per share of the Company.
  7. The money required for the buy-back will be drawn out of internal funds and free reserves of the Company and will also be met out of the cash/bank balances and/or Loans given and/or investments made by the Company.
8. (a) The aggregate shareholding of Promoter and Promoter's Group and of the person who are in control of the Company as on the date of this Notice (i.e 14-06-2013 after completing the recent buyback ) is as below:

Category of Member	No. of Equity Shares Held	% of Existing Equity Share Capital
<b>I. Promoters</b>		
A.Vidya Sagar	816720	19.52
A.Sidhartha Sagar	269849	6.45
A.Sarada	237396	5.68
A.Sailaja	229930	5.50
A.Venkateswera Rao	36620	0.88
K.Ramesh	3000	0.07
<b>Total of Promoters &amp; Promoter Group</b>	<b>1593515</b>	<b>38.10</b>

- (b) As per the records available with the Company and information furnished, following are the details of shares purchased by the below mentioned persons during a period of six months preceding the date of this Notice

Particulars of Promoters & Promoter Group	Aggregate Quantity (No. of equity shares)	Maximum Price (₹)	Maximum Price Date	Minimum Price (₹)	Minimum Price Date
<b>Promoters</b>					
Mr. A. Sidhartha Sagar	29,525	65.00	08.01.2013	58.50	27.12.2012

- (c) The Promoters and Promoter Group will not participate in the buy-back and also in the Proposed Postal Ballot process Seeking the approval of Shareholders.
9. Under the Act, the Special Resolution passed by the shareholders approving the Buy-back will be valid for a maximum period of twelve months from the date of passing of the said special resolution and the time frame for the Buy-back offer will be determined by the Board within the permissible time.
  10. Under the Act, the Company is not allowed to issue fresh equity shares within six months after the completion of the Buy-back except by way of bonus issue or in the discharge of subsisting obligations such as conversion of warrants, stock option schemes, sweat equity or conversion of preference shares or debentures into equity shares.
  11. The Company confirms that there are no defaults subsisting in the repayment of deposits, redemption of debentures or preference shares or repayment of term loans to any financial institutions or banks.
  12. The Board confirms that it has made a full inquiry into the affairs and prospects of the Company and has formed the opinion that:
    - a) immediately following the date of board meeting and on which the results of Postal Ballot are declared, there will be no grounds on which the Company could be found unable to pay its debts;
    - b) as regards the Company`s prospects for the year immediately following the date on which the results of the postal ballot are declared, having regard to their intentions with respect to the management of the Company's business during that year and to the amount and character of the financial resources which will, in their view be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from the aforesaid date; and
    - c) in forming its opinion for the above purposes, the Board has taken into account the liabilities as if the Company were being wound up under the provisions of the Companies Act, 1956(including prospective and contingent liabilities)
    - d) the debt equity ratio of the Company after the Buy-back will be within the limit of 2:1 as prescribed under the Act.
  13. The Company shall transfer from its free reserves a sum equal to the nominal value of the equity shares purchased through the Buy-back to the Capital Redemption Reserve account and the detail of such transfer shall be disclosed in its subsequent audited balance sheet.
  14. The Company shall not buy locked-in shares or other specified securities and non-transferable shares or other specified securities till the pendency of the lock-in or till the shares or other specified securities become transferable.
  15. The certificate dated 14th June, 2013 received from M/s Ramanatham & Rao the Statutory Auditors of the Company addressed to the Board of Directors of the Company is reproduced below:
    1. We have inquired into the state of affairs of the Company with reference to its standalone audited financial statements for the year ended March 31, 2013 adopted by the Board of directors at their meeting held on June 14, 2013.
    2. The maximum amount of permissible capital payment (including premium) towards proposed buy back of equity shares as computed below, has been properly determined in accordance with proviso to Section 77A(2)(c) of the Act;



Particulars	(₹ In Lakhs)
<b>Paid up equity share capital as on March 31, 2013</b>	448.30
Add: Forfeited Shares	.06
<b>Sub-Total (A)</b>	<b>448.36</b>
<b>Free Reserves as on March 31, 2013</b>	
Securities Premium	79.30
General Reserve	655.93
Profit and Loss Account	984.06
<b>Sub-Total (B)</b>	1719.29
<b>Total</b>	<b>2167.65</b>
Maximum amount permissible for buyback (i.e. 25% of the total paid up capital and free reserves)	541.91
Less: Amount Used in the Buyback through Board Resolution	202.38
Permissible Limit for Further Buyback	339.53

3. The Board of Directors at their meeting held on June 14, 2013 have formed their opinion as specified in Part A, clause (x) of Schedule II of the regulation on reasonable grounds that the Company, having regard to its state of affairs will not be rendered insolvent within a period of one year from that date.
16. All the material documents referred to in the Explanatory statement such as the Memorandum and Articles of Association, relevant Board resolutions for buying back the shares and the Auditors Report on their enquiry into the state of affairs of the Company will be made available for inspection at the Registered Office of the Company at Hyderabad on all working days, except holidays, between 2.00 p.m. to 5.00 p.m. upto the date of the declaration of postal ballot results.
17. The Board of the Company recommends the Resolution for your approval. None of the Directors of the Company is, in any way, concerned or interested in the resolution, save to the extent that like any other shareholder in the same position, their proportion in the post-buyback equity capital will stand enhanced as a result of the buyback.

For and on Behalf of the Board of Directors

Place : Hyderabad  
Date : 14.06.2013

**ABBURI VIDYA SAGAR**  
Managing Director

**Brief Profile of Directors seeking appointment at the Annual General Meeting in terms of Clause 49 of the Listing Agreement:**

**Maj. Gen. (Retd.). Dr. Rajinder Kumar Bagga, AVSM:**

Maj. Gen. Dr. R.K. Bagga, AVSM, is the Advisor (Outreach Division) at International Institute of Information Technology Hyderabad, since July 2004. He is responsible for International Programs, Research by international and national collaborations for IIIT-H. Dr. Bagga was Professor and CMC Chair in the area of Information Technology and guided Research & Consultancy Assignments for Government and Corporate Sectors at Administrative Staff College of India (ASCI).

Dr. Bagga joined Army in 1958 and superannuated as Director- Computer and Information Centre & Associate Director, DRDL, Hyderabad, after 40 years in uniform. A product of National Defence Academy Kharakvasla, he obtained M Tech(CS) from IIT Kanpur, PhD from Osmania University and MA,LLB from Agra University, while in Service.

Maj. Gen. (Retd) Dr. R.K. Bagga received the prestigious ATI VISHISHT SEVA MEDAL (AVSM) on 26th January, 1987, for his contribution to Missile Programme of DRDO. He was honoured with CSI - FELLOWSHIP AWARD in 1998. He was an active Indian representative of International Federation of Information Processing (IFIP) from 1992-95. He was Chairman, Computer Society of India - Div VII (Data Security) from 2003-2005, Chairman Div V (Data Comm.) from 2001-2003 and Chairman Hyderabad Chapter. He has held the post of Chairman Hyderabad Section Institute of Electrical and Electronic Engineers (USA) and Chairman India Council IEEE, Computer Society (USA). His Areas of Interest include e-Security, e-Governance and Simulation. He is at present Chairman of the Company.

He does not hold any shares of the Company.

**Shri Y. Kishore:**

Shri Yalamanchili Kishore is B.Tech in Electronics and Communication Engineering and also M.Tech in Controls and Instrumentation from IIT, Bombay.

Shri Kishore is having 28 years experience spanning all aspects of software products delivery - Presales, Consulting, Implementation, Engineering and Support - to global customers. Currently, he is associated with SEEC Technologies Asia Pvt Ltd., Hyderabad, as a Sr. Vice President - Product Development.

Some of the notable achievements of Shri Kishore are successful in setting up of off-shore product development team for SEEC Composite Application Suite and in delivering quality products on time using offshore delivery model. He was also involved in setting up of software engineering practices, monitoring and improvement of quality processes.

He does not hold any shares of the Company.

**Dr. A. Vidyasagar:**

Dr. A Vidya Sagar is a Post Graduate in Engineering from IIT Kharagpur. He also did Master of Business Administration from Osmania University, Hyderabad in the year 1989-1991. Dr. Sagar received Doctorate from JNTU, Hyderabad for his outstanding work on E- Learning.

Dr. Sagar promoted Avantel Ltd., in the year 1993. Avantel now has world-class infrastructure for design, manufacture and development of Wireless Products for Defence, Satellite Communications and Export Markets.

Dr. Sagar has experience of more than 25 years in telecommunications, software and satellite communication engineering.

Following are few of his career achievements:

- ◆ Designed Micro Electronic Modules and RF subsystems for Aircrafts and Electronic Warfare Systems.
- ◆ Designed Communication Equipment for Ground-to-Air and Air-to-Air Communications in Aircrafts.
- ◆ Design and Development of Mobile Satellite Communication systems for Ships and Aircrafts.

## DIRECTORS' REPORT

Dear Members,

Your Directors take pleasure in presenting the Twenty Third Annual Report on the operations of your Company and the Audited Accounts for the financial year ended 31st March, 2013, 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	(₹ in Lakhs)	
	Current Year 2012-13	Previous Year 2011-12
Income	4315.67	2608.02
Expenses	3270.64	1974.59
Operating Profit	1045.03	633.43
Depreciation	126.40	119.33
Financial expenses	99.04	49.06
Profit Before Tax (PBT)	819.59	465.04
Provision for tax		
Current & Deferred	167.67	75.81
Profit After Tax (PAT)	651.92	389.23
Profit brought forward	623.25	498.22
Profit Available for Appropriation	1275.17	887.45
<b>Appropriations:</b>		
Transferred to General Reserve	160.00	160.00
Proposed Dividend	112.07	89.66
Corporate Dividend Tax	19.05	14.54
Balance carried to balance sheet	984.05	623.25
Earnings Per Share (EPS)		
- Basic	14.54	8.68
- Diluted	14.54	8.68

### I. DIVIDEND:

Your Directors have pleasure in recommending a dividend @ ₹ 2.50/- per share (25%) for the financial year 2012-13, out of current year profits absorbing an amount of ₹ 112.07 lakhs towards dividend & ₹ 19.05 lakhs towards dividend distribution tax, subject to the approval of the members of the Company in the ensuing Annual General Meeting.

## 2. MANAGEMENT DISCUSSION & ANALYSIS:

### A. MACRO-ECONOMIC OVERVIEW: THE ECONOMY AND THE CHALLENGES

Global economic growth slowed from 3.9 percent in 2011 to 3.2 percent in 2012. As a consequence, Indian economy too has slowed down. In the current year, the CSO has estimated growth at 5 percent while the RBI has estimated growth at 5.5 percent.. The Reserve Bank of India's (RBI) on 02 May, 2013 reconfirmed real Gross Domestic Product (GDP) growth for 2013-14 is no more than six per cent, compared to 6.5 per cent in the earlier round.. RBI further noted the current slowing in growth has been amplified by the loss of business confidence, global macro-economic and financial uncertainties. India's domestic demand-driven growth model is acting as a catalyst for attracting foreign investments into the country. Although the ongoing global uncertainty may have prompted global investors to become more cautious, India's inherent advantages and proven resilience to counter-act macroeconomic challenges generally outweighs these concerns. (Source: India likely to grow at 6.1 per cent in 2013: Economic Times dt 27 Feb and 03 May 2013.)

### B. DEFENCE OVERVIEW:

#### Defence Budget 2013-2014

A 5.3 per cent increase in the Defence Budget brought the overall outlay for defence in 2013-14 to ₹ 2.03 lakh crore, up from ₹ 1.93 lakh crore in the last Budget. However, the defence budget increased 14 percent over the revised estimates of 2012-13 which stood at ₹ 1,78,503 crore. The ministry clarified that the increase was meant for capital expenditure and modernization plans. The outlay for capital in the 2013-14 Budget is ₹ 86,740 crore as against ₹ 69,578 crore of the revised estimates of 2012-13.

The continuous revisions of the Defence Equipment Procurement Procedures aim at streamlining the procedures to make the system

more transparent. The Defence Acquisition Council (DAC) headed by defence minister on 10th April 2013 has approved several significant amendments for purchase of military equipment. The DAC has also approved removal of all references to RUR (Raksha Udyog Ratnas) from the Defence Procurement Procedure (DPP). RUR status was meant to be granted to about a dozen private companies, which were to be given preferential treatment at par with Defence PSUs in military contracts. The second major amendment is that the acceptance of necessity (AON), the first step in procurement, will now be granted only after the services have prepared the GSQR (General Staff Qualitative Requirement) for an equipment. And within a year of the AON being granted, the Request for Proposal (RFP) of or tender will have to be issued, according to this decision. (Source Business Standard 01 Mar, Times of India 12 Apr, IDSA report dt 04 Mar 2013)

Ministry of Defence has promulgated the Defense Procurement Procedure 2013 on 03 June 2013 aiming at expediting capital procurement, developing a robust indigenous Defence sector and conforming to the highest standards of transparency, probity and public accountability, while laying a strong emphasis on promoting indigenization and creating a level playing field for the Indian Industry, with preferred categorization in the priority of buy (Indian) buy & make (Indian), buy (Global).

#### **ACCOMPLISHMENTS:**

- Developed Satellite based Voice and Data Communication Terminals for Indian Defense Services.
- Developed and supplied ship borne Integrated Data Communication terminals for Indian Navy and Indian Coast Guard.
- Developed and supplied HUB Electronics for two sites for Indian Navy
- Developed and supplied MSS terminals for MR Aircrafts of Indian Navy
- Developed 30 MHz Transmit and Receive systems for NARL and ISRO.

- Developed AIS Transponder
- Developed RTIS suitable for satellite migration

#### **C. OVERVIEW OF OPERATIONS:**

During the year under review, your Company has achieved a turnover of ₹ 4294.60 lakhs as against ₹ 2601.38 lakhs for the previous year. The Company has earned a net profit before taxation of ₹ 819.60 lakhs as against ₹ 465.04 lakhs during the previous year.

#### **D. OUTLOOK AND STRATEGY FOR CURRENT YEAR:**

Your Company has developed Mobile Satellite Services based products and UHF Systems and continue to offer solutions for various applications and is looking for growth in this segment by offering integrated solutions for Airborne, Underwater platforms and special operations. The Company is also developing Hybrid Automatic Identification Systems for Coastal Surveillance and also progressing on the development of satellite based Real Time Train Tracking Information System for the Indian Railways using MSS & GPRS. The Priority segments include provision of MSS for Aircrafts of Indian Navy.

#### **E. INTERNAL CONTROL SYSTEMS:**

The members are informed that the Company has been accredited with quality standards of AS 9100C certified (Aerospace Quality Management Systems - Requirements) under the scope "The design & development, manufacturing and servicing of Satellite Communication Products for Aerospace and Defense Applications." Apart from this, the Company has adequate internal controls commensurate with the size and operations.

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.

**F. 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.

**3. 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, 2013, 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.

**4. 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.

**5. 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, 2011:

a.	Particulars of employees who are in receipt of ₹ 60 lakhs or more per annum	NIL
b.	Particulars of employees employed for a part of the financial year with a salary of ₹ lakh or above per month	NIL

**6. 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.

**7. TECHNOLOGY, PATENTS, R&D AND INNOVATION:**

Your Company has submitted five applications to the Patent office, Government of India, for grant of Patents under different R&D inventions. All are published in the Patents Journal and are waiting for further examination in chronological order of applications filed. The members will be informed of the grant of patents as and when they are granted. Due to long procedure of examination after which the patents will be granted, the likely schedule of examination may be during 2013-14 as per Chennai, IPR wing. However the patents have been published and either, we will receive final exam report or patent certificate.

**8. CLOSURE OF CHERLAPALLY PRODUCTION UNIT:**

Consequent to the completion of Visakhapatnam facility and commencement of production facility at the new outfit, the Cherlapally unit under lease for the last 5 years had been closed after shifting all the production related equipment to Visakhapatnam. All customers, statutory bodies, inspection agencies have been informed accordingly and the facility at Visakhapatnam has also been duly registered with the local licencing and regulatory authorities.

#### 9. NEW UNIT AT VISAKHAPATNAM:

As was informed during the last year, establishment of a new state of the art manufacturing unit on 0.93 acre of land at Gambheeram Industrial Park, Visakhapatnam, Andhra Pradesh has since been completed.. This exclusive facility will be used for development and manufacturing of defense electronics equipment, satellite communication products, IT products and naval systems. The Center will develop import substitution products in strategic electronics for Indian Defense Services. The Center has commenced production and all the statutory approvals have since been obtained in the name of the new facility. This facility will further strengthen interaction with defence services, particularly with Indian Navy.

#### 10. 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. A certificate from the Statutory Auditors of the Company regarding compliance of the conditions of the Corporate Governance, as stipulated under Clause 49, also forms part of this Annual Report.

#### 11. SECRETARIAL COMPLIANCE CERTIFICATE

Certificate from a Practicing Company Secretary as stipulated in Section 383A of the Companies Act, 1956 read with the Companies (Compliance Certificate) Rules, 2001, attached as Annexure-III to the Directors' Report.

#### 12. LISTING FEES:

The Company has paid the listing fees for the year 2013-14 to BSE Limited (BSE) in pursuance of the Listing Agreement.

#### 13. AUDITORS:

M/s. Ramanatham & Rao, Chartered Accountants, Statutory Auditors of the Company, retires at this ensuing Annual General Meeting and are eligible for re-appointment. Confirmation from the Auditors has been received to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

#### 14. COST AUDIT REPORT:

The Board at their meeting held on 6th May, 2013 reappointed Mr. N.V.S. Kapardhi Cost Auditor to carry out the Cost Audit of the Company for the financial year 2013-14. Confirmation from the Cost Auditor has been received to the effect that his re-appointment, if made would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956.

#### 15. BUY BACK OF EQUITY SHARES OF THE COMPANY

Members are aware that the Board of Directors at their meeting held on 6th May, 2013 approved the Buyback of Equity Shares of the Company which has been commenced with effect from 20th May, 2013 and the Company closed the said Buy Back Offer on 3rd June, 2013 and the Company bought back 3,00,000 Equity Shares of Rs 10/- each during the Buyback Offer. The Board considered to go for further Buyback at its meeting held on 14th June, 2013 upto 25 % of Paid up capital and free reserves seeking your consent through postal ballot.

#### 16. DIRECTORS:

In accordance with the provisions of the Companies Act, 1956, Shri Maj. Gen.(Retd.) Dr. Rajinder Kumar Bagga, AVSM and Shri Y. Kishore, Directors of the Company will retire by rotation and being eligible, offer themselves for re-appointment and the Board recommends their reappointment. The Board of Directors in their meeting held on 31<sup>st</sup> January, 2013 has approved the re-appointment of Managing Director for another term of 3 years w.e.f. 1<sup>st</sup> April, 2013 and the resolution seeking the approval of the members at the ensuing Annual General Meeting is included in the agenda of the notice of AGM.

#### 17. ACKNOWLEDGEMENT:

Your Directors express their sincere appreciation and gratitude to Canara Bank, Industrial Finance Branch, Hyderabad, for their continued support and to all employees, shareholders, suppliers, customers and various statutory authorities, who have extended their immense support to the Company during the Financial Year under review.

For Avantel Limited

**Maj Gen. (Retd) Dr. Rajinder Kumar Bagga, AVSM**  
Chairman

Place : Hyderabad  
Date : 14.06.2013

## 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:**

Some of the important product details:

- ✓ Integrated MSS Transceivers for Aircrafts
- ✓ UHF Radio System for Ships and Aircrafts
- ✓ Automatic Train Tracking system for Indian Railways
- ✓ 30 MHz Transmit/Receive modules
- ✓ Vessel Monitoring Systems for coastal surveillance

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

The Company could offer indigenous, customized strategic solutions to Indian defense services including Indian Navy, Indian Coast Guard and Indian Army.

### Future plan of Action:

The Company is designing and developing the following systems:

- ✓ Digital Radios for Naval aircrafts
- ✓ MSS Terminals for Fishing Vessels
- ✓ Proprietary VHF based Transponders AIS (P) for Fishing Vessels.
- ✓ Software Defined Radios for Defense applications.
- ✓ Real Time Train Tracking Information System for Indian Railways
- ✓ MSS for Helicopters
- ✓ High Power HF Radios for Indian Navy.

### Expenditure on Research & Development:

	₹ in Lakhs
Capital	20.68
Recurring	477.56
<b>Total</b>	<b>498.24</b>
<b>Total R &amp; D expenditure % as of Turnover</b>	<b>11.6</b>

**C. Foreign Exchange Earnings and Outgo:**

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

Foreign exchange earnings	: ₹ NIL
Foreign exchange outgo	: ₹ 626.56 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 Non-Promoter Non-Executive and Independent Director as Chairman

One Promoter Executive Director

Two Non-Promoter, Non-Executive and Independent Directors

No Director is related to any other Director on the Board in terms of the definition of 'relative' given under the Companies Act, 1956.

##### 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 (four) attended during the year	Whether attended last AGM
Dr. A. Vidya Sagar	Promoter Executive	Nil	Nil	4	Yes
Shri N. Naveen	Non-Promoter Non- Executive	1	Nil	4	Yes
Maj. Gen. (Retd). Dr. Rajinder Kumar Bagga, AVSM	Non-Promoter Non- Executive	Nil	Nil	3	Yes
Shri Y. Kishore	Non-Promoter Non- Executive	Nil	Nil	4	Yes

##### iii. Number of Board Meetings held during the financial year 2012-13, along with the dates:

During the financial year 2012-13, total Four Board meetings were held. The details of Board meetings are as under:

- 1) 30.04.2012
- 2) 30.07.2012
- 3) 30.10.2012
- 4) 31.01.2013



**3. Audit Committee:****i. Brief description of terms of reference:**

The Committee comprises of Non-Executive Independent 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, include 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.

**ii. 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 N. Naveen	Non- Promoter Non-Executive Independent Director	Chairman	4
2	Shri Y. Kishore	Non-Promoter Non- Executive Independent Director	Member	4
3	Maj Gen (Retd.). Dr. R K Bagga, AVSM	Non-Promoter Non- Executive Independent Director	Member	3

**iii. During the financial year 2012-13, the Audit committee met four times on the following dates:**

- 1) 30.04.2012
- 2 30.07.2012
- 3) 30.10.2012
- 4) 31.01.2013

**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.

**ii. Composition of Committee and attendance:**

During the financial year 2012-13, the Remuneration Committee met on 31st January, 2013, to approve the remuneration payable to the Managing Director

The Remuneration Committee consists of the following Non-Executive Independent Directors.

S.No.	Name of the Director	Category	Designation	Attendance
1.	Maj Gen (Retd) Dr. R K Bagga, AVSM	Non-Promoter Non-Executive Independent Director	Chairman	-
2.	Shri N. Naveen	Non-Promoter Non-Executive Independent Director	Member	Yes
3.	Shri Y. Kishore	Non-Promoter Non-Executive Independent Director	Member	Yes

### iii. Details of remuneration to all the Directors:

a) The aggregate of salary & perquisites paid for the year 2012-13 to the Executive Directors is as under:

Dr. A. Vidya Sagar , Managing Director	:	₹ 16,10,140
Shri N. Divakar, Director (Technical)	:	₹ 90,000

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

Maj Gen (Retd) Dr R K Bagga, AVSM	:	₹ 67,500
Shri N. Naveen	:	₹ 60,500
Shri Y. Kishore	:	₹ 90,000
Shri. S.S. Mohanthy	:	₹ 7,500

## 5. Share Transfer and Investor Grievance Committee:

### i. Composition of Committee:

This Committee comprises the following Directors:

Maj Gen (Retd) Dr. R K Bagga, AVSM	:	Chairman
Shri Y. Kishore	:	Member
Dr. A. Vidya Sagar	:	Member

### ii. Name and designation of Compliance Officer:

Shri M S S Prasad, General Manager (Finance & Accounts) is the Compliance Officer. The Committee deals with investors' complaints regarding transfer/ transmission of shares, non-receipt of certificates, dividends and such other matters and recommends measures for providing efficient services to investors. Seven meetings of the Committee were held during the year ended 31st March 2013.

All the complaints received from the investors were resolved, within reasonable time. Total 18 complaints were received from the investors during the year 2012-13, and all of them have been resolved expeditiously. There was no outstanding complaint as on 31st March 2013.

## 6. General Body Meetings:

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

Year	AGM	Location	Date	Time
2011-12	AGM	Plot No 16, Sector-III, HUDA Techno Enclave, Opp. K. Raheja IT Park, Madhapur, Hyderabad-500 081	21.06.12	11.00 AM
2010-11	AGM	— Do —	25.08.11	11.00 AM
2009-10	AGM	— Do —	28.09.10	11.00 AM

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

#### AGM Date

#### Description of Item

September 28, 2010 i) Re-appointment of Dr. A. Vidya Sagar, Managing Director, for another three years;

★ A Special Resolution to Seek the approval for the Re-appointment of Managing Director at ensuing AGM and another Special Resolution to Seek the approval for Buyback through the Postal Ballot will be considered.

**7. Disclosures:**

- i. During 2012-13, 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](http://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 Financial Express/ Business Standard and Andhra Bhoomi/ Andhra Prabha newspapers. The Management Discussion & Analysis Report forms part of the Annual Report.

**9. General Shareholder information:**

- i. AGM: The Twenty Third Annual General Meeting of the Company will be held on Saturday, 27th of July, 2013, at 11.00 AM at the Registered Office of the Company at Plot No: 16, Sector III, HUDA Techno Enclave, Opp. K. Raheka IT Park, Madhapur, 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 24th of July, 2013, to 26th of July, 2013 (both days inclusive), for the purpose of ensuing Annual General Meeting.
- iv. Dividend Payment date: Directors have proposed a dividend ₹ 2.50 per share (25%), and if declared at the AGM, will be paid within thirty days of AGM.
- v. Listing on Stock Exchange & Stock Code: The Company's shares are listed at BSE 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:  
(Source: BSE Website)

Month	BSE, Mumbai	
	High (₹)	Low (₹)
April, 2012	71.65	62.60
May, 2012	68.80	52.55
June, 2012	68.45	57.00
July, 2012	63.90	55.00
August, 2012	64.00	53.80
September, 2012	71.50	50.05
October, 2012	59.70	50.10
November, 2012	67.80	51.10
December, 2012	65.50	55.25
January, 2013	79.90	54.55
February, 2013	63.00	53.60
March, 2013	64.95	54.10

**vii. Registrar and Share Transfer Agents:**

Karvy Computershare Private Ltd,  
 Plot No 17 to 24, Vittalrao Nagar, Madhapur,  
 Hyderabad-500 081 ; Phone: 040-44655188

**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 31st March, 2013:**

S.No.	Particulars	No. of Shares held	% of shareholding
1	Company Promoters	1593515	35.55
2	HUF	65521	1.46
3	Bodies Corporates	409915	9.14
4	Resident Individuals	2354050	52.51
5	Non-Resident Indians	44651	1.00
6	Clearing Members	15348	0.34
	<b>Total</b>	<b>4483000</b>	<b>100.00</b>

**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	Vidyasagar Abburi	816720	18.22
2	K. Swapna	282048	6.29
3	Sidhartha Sagar Abburi	269849	6.02
4	Sarada Abburi	237396	5.30
5	Sailaja Abburi	229930	5.13
6	K. Satish	102759	2.29
7	Bala Bhaskar Rao Peddi *	96309	2.15
8	Hindustan Candle Mfg. Company Pvt. Ltd	70286	1.57
9	Srishant Challa	66100	1.47
10	Priti Bipin Gandhi	51000	1.14
11	Nagendra Babu Nagabhyrava	48000	1.07
12	Vasudhaiva Kutumbkam Consultancy & Broking Pvt Ltd	47378	1.06
13	Bilkis Zubair Hawa Faisal Zubair Hawa	46700	1.04
	<b>Total</b>	<b>2364475</b>	<b>52.75</b>

\* Holding as a trustee on behalf of Avantel Limited Employees Welfare Trust.

c) **Distribution schedule as on 31st March 2013:**

S.No.	Category (Shares)	No. of Holders	% of Holders	No. of Shares	% of Equity
1	1 - 500	3882	87.18	519571	11.59
2	501 - 1000	273	6.13	230343	5.14
3	1001 - 2000	138	3.10	214467	4.78
4	2001 - 3000	44	0.99	114741	2.56
5	3001 - 4000	25	0.56	88796	1.98
6	4001 - 5000	15	0.34	72133	1.61
7	5001 - 10000	31	0.70	233911	5.22
8	10001 and above	45	1.00	3009038	67.12
	<b>Total</b>	<b>4453</b>	<b>100.00</b>	<b>4483000</b>	<b>100.00</b>

x. **Dematerialization of shares and liquidity:**

As on 31st March, 2013, 97.80% (4384256 equity shares) of paid up capital were in dematerialized form. The Company has not issued any GDRs/ ADRs/ Warrants or any convertible instruments.

**Plant Location:**

Avantel Limited  
Plot No: 47/P, APIIC Industrial Park,  
Gambheeram(V),  
Anandapuram(M),  
Visakhapatnam-531163, AP

**Address for correspondence:**

Avantel Limited  
Plot No: 16, Sector- III, HUDA Techno Enclave,  
Opp. K. Raheja IT Park, Madhapur, Hyderabad - 500 081.  
Ph: +91 40 6630 5000  
Fax: +91 40 6630 5004, E-mail: info@avantel.in

By order of the Board

Place : Hyderabad  
Date : 14.06.2013

**Maj Gen. (Retd) Dr. Rajinder Kumar Bagga, AVSM**  
Chairman

**Annexure - III to the Directors' Report**

**SECRETARIAL COMPLIANCE CERTIFICATE**

**FORM**

(See Rule 3)

**COMPLIANCE CERTIFICATE**

CIN: L72200AP1990PLC011334

Authorized Capital : ₹ 70,000,000.00

Paid up Capital : ₹ 41,830,000.00

To  
The Members,  
**M/s. AVANTEL LIMITED**  
Plot no.16, Sector - III  
Huda Techno Enclave,  
Madhapur, Hyderabad-520081,  
Andhra Pradesh.

I have examined the registers, records, books and papers of **M/s. AVANTEL LIMITED** (the company) as required to be maintained under the Companies Act, 1956 (the act) and the rules made there under and also the provisions contained in the

Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2013. In my opinion and to the best of my information and according to the information provided and examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in **Annexure A** to this certificate, as per the provisions and the rules made there under and all entries there under have been duly recorded.
2. The Company has duly filed forms and returns as stated in **Annexure B** to this certificate, with the Registrar of Companies, Andhra Pradesh, Regional Director, Central Government within the time prescribed under the Act and the rules made there under.
3. The Company being Public Limited Company during the period under review has minimum prescribed paid up share capital.
4. The Board of Director duly met 4 (Four) times on **30.04.2012, 30.07.2012, 30.10.2012** and **31.01.2013** in respect of which proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has closed its Register of Members from 15th June, 2012 to 21st June, 2012 (both days inclusive) and compliance of Section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31/03/2012 was held on 21/06/2012 after giving due notice to the members of the company and the resolution passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meetings were held during the financial year.
8. Based on representations, the Company has not advanced any loan to its directors and/or persons or firms or companies falling within the purview of Section 295 of the Act during the Financial Year under review.
9. Based on representations, the Company has not entered into any contracts falling within the purview of Section 297 of the Act during the Financial Year under review.
10. The company has made necessary entries in the register maintained under Section 301 of the Act.
11. Based on representations, there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or central Government.
12. The Company has not issued any duplicate share certificates during the financial year under review.
13. The company has:
  - i. Duly delivered all certificates on lodgment thereof for transfer;
  - ii. deposited the amount of dividend declared in a separate bank account within five days from the date of declaration of dividend;
  - iii. posted warrants for dividends to all the members within a period of 30 days from the date of declaration and that all unclaimed/unpaid dividend has been transferred to Unpaid Dividend Account of the Company ;
  - iv. transferred the amounts in unpaid dividend account and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund;
  - v. duly complied with the requirements of Section 217 of the Act for the financial year under review.
14. The Board of Directors of the Company is duly constituted, Mr. N. Naveen Director of the Company was liable to retire by rotation, re-appointed as Director in 22nd Annual General Meeting held on 21st June, 2012. During the Financial Year Mr. N. Divakar, Whole Time Director and Maj. S.S Mohanty, Director have resigned from the Board w.e.f 30th April, 2012 and respective forms were filed with the ROC, Andhra Pradesh.
15. During the year under review, Dr. A. Vidya Sagar was re-appointed as Managing Director of the Company and the said reappointment has been made in compliance with the provisions of Section 269 read with Schedule XIII to the Act.
16. The appointment of sole selling agents was not made during the year.
17. As per the information provided no approvals were required to be obtained during the year from the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act.

18. The directors have disclosed their interest in other firms or Companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The company has not issued any shares during the financial year.
20. The company has not bought back shares during the financial year ending 31/03/2013.
21. The company has not redeemed preference shares/debentures during the year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of Section 58A and 58AA of the Act, during the financial year 2012-13
24. The amount borrowed by the company from directors, members, public, financial institutions, banks and others during the financial year ending 31/03/2013 is within the borrowing limits of the company.
25. The company has not made loans and investments or given guarantees or provided securities to other bodies corporate.
26. The company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the year.
27. The company has not altered the provisions of the memorandum with respect to the objects of the company during the year.
28. The company has not altered the provisions of the memorandum with respect to name of the company during the year.
29. The company has not altered the provisions of the memorandum with respect to share capital during the year under review .
30. The company has not altered its articles of association with respect to Authorised Capital during the period under review .
31. As per the information provided no prosecution was initiated against or no show cause notice was received by the company for alleged offences under the Act and no fines and penalties or any other punishment imposed on the company.
32. The company has not received any security deposit from its employees during the year.
33. As per the information available the company has not created any provident fund for its employees or class of employees and hence the provisions of Section 418 are not applicable.

Place : Hyderabad  
Date : 14/06/2013

**Karra SVS Sastry**  
Practicing Company Secretary  
C.P.No.11331

**ANNEXURE 'A'**

**Registers as maintained by the Company**

1. Share Transfer Register U/s. 108 of the Companies Act, 1956
2. Register of Members and Index u/s.150 of the Companies Act, 1956
3. File regarding Annual Returns u/s. 163
4. Minutes of Board Meetings and General Meetings u/s. 193
5. Books of Accounts u/s.209
6. Register of Contract in which Directors are interested u/s.301
7. Register of Directors u/s. 303
8. Register of Directors Shareholding u/s.307
9. Register of charges
10. Fixed Assets Register

### ANNEXURE 'B'

#### Return and Documents filed with Register of companies

The Company has filed following Forms with the Registrar of Companies, Andhra Pradesh/Central Government

Sl. No	Forms/ Returns	Section	Purpose	Remarks
1	Form-32	303	Resignation of Directors	Filed with ROC with normal Fees on 03/05/2012
2	Form 23C	233B	Appointment of Cost Auditor	Filed with ROC with normal Fees on 15/06/2012
3	Form-23B	224	Appointment of Auditor	Filed with ROC on 04/07/2012
4	Form-5 INV	Rule 3	IEPF	Filed with ROC on 31/07/2012
5	Annual Return Form 20B	159	As on 21/06/2012	Filed with ROC with normal Fees on 09/08/2012
6	Form 8	125 135	Modification Of Charge	Filed with ROC with Normal Fees on 13/08/2012
7	Form-5 INV	Rule 3	IEPF	Filed with ROC on 15/10/2012
8	Form 23D	233B	Cost Audit Report	Filed with ROC on 21/12/2012
9	Form 23ACA XBRL FORM 23AC XBRL	220	Annual Results As on 31/03/2012	Filed with ROC on 26/12/2012
10	Form 23	192	Appointment of MD	Filed with ROC with Normal Fee 01/03/2013

Place : Hyderabad  
Date : 14.06.2013

**Karra SVS Sastry**  
Practicing Company Secretary  
C.P.No.11331

### DECLARATION BY CHAIRMAN OF THE COMPANY ON CODE OF CONDUCT:

I, Rajinder Kumar Bagga, 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](http://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, 2013.

For Avantel Limited

Place : Hyderabad  
Date : 14.06.2013

**Maj Gen. (Retd) Dr. Rajinder Kumar Bagga, AVSM**  
Chairman



## CORPORATE SOCIAL RESPONSIBILITY

At Avantel, social responsibility is an integral part of the value system and the core values. The Company participates 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.

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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, 2013 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 **RAMANATHAM & RAO,**  
CHARTERED ACCOUNTANTS  
Firm Registration No.29345

**(K. SREENIVASAN)**  
PARTNER  
Membership No.206421

Place : Hyderabad  
Date : 14.06.2013

## 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 31st March 2013, and that to the best of our knowledge and belief, we state that:

1.
  - 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 : 06.05.2013

**Dr. A. Vidya Sagar**  
CEO & MD

**M.S.S. Prasad**  
CFO-GM-F&A

## AUDITORS' REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the AVANTEL LIMITED (the Company) which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor s Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a) 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;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956; and
  - e) on the basis of written representations received from the directors as on 31st March, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

for **RAMANATHAM & RAO,**  
Chartered Accountants  
Firm Registration No.002934S

**(CA K SREENIVASAN)**

Partner

ICAI Membership No. 206421

Place : Hyderabad

Date : 6th May, 2013

## Annexure to the Auditors' Report

### The Annexure referred to in paragraph I of our report to the members of Avantel Limited for the year ended 31st March, 2013:

- 1.1 The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- 1.2 The fixed assets have been physically verified by the management. There is a regular programme of 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.
- 1.3 There was no substantial disposal of fixed assets during the year, which would affect the going concern status of the company.
- 2.1 The inventory has been physically verified during the year by the management. In our opinion, the frequency of the verification is reasonable.
- 2.2 The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- 2.3 The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- 3.1 In our opinion and according to the information and explanations given to us, the company has neither granted nor taken any loans, secured or unsecured, from companies, firms or parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clauses (iii)(a) to (iii)(g) of the Order is not applicable.
- 4.1 In our opinion and according to the information and explanations given to us, there exists an adequate internal control system 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 of the company.
- 5.1 According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- 5.2 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.
- 6.1 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.
- 7.1 In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- 8.1 We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of the company's products to which the said rules are made applicable, and are of the opinion that prima-facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records since the same will be carried out by the cost auditors with a view to determine whether they are accurate.
- 9.1 The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, Investor Education protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- 9.2 According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, Investor Education protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty and excise duty were in arrears, as at 31st March, 2013 for a period of more than six months from the date they became payable.
- 9.3 According to the information and explanation given to us, there are no dues of income tax, sales tax, wealth tax, service tax, custom duty and excise duty which have not been deposited on account of any dispute.

- 10.1 In our opinion, the company does not have accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- 11.1 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 or banks. There is no overdue amount at the end of the year.
- 12.1 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.
- 13.1 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 Order are not applicable to the company.
- 14.1 According to the information and explanations given to us, the company is not dealing in or trading in shares, securities debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the company.
- 15.1 According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- 16.1 The Company did not have any term loans outstanding during the year.
- 17.1 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, 2012, we report that no funds raised on short-term basis have been used for long-term investment.
- 18.1 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.
- 19.1 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 Order are not applicable to the company.
- 20.1 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 Order are not applicable to the company.
- 21.1 According to the information and explanations given to us, no material fraud on or by the company has been noticed or reported during the course of our audit

for **RAMANATHAM & RAO,**  
Chartered Accountants  
Firm Registration No.002934S

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

Place : Hyderabad  
Date : 6th May, 2013

## BALANCE SHEET AS AT 31st MARCH, 2013

Particulars	Note No.	31st March, 2013 ₹	31st March, 2012 ₹
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	2.1	44,836,000	44,836,000
(b) Reserves and Surplus	2.2	193,629,794	142,344,012
(c) Money received against share warrants		-	-
<b>(2) Share application money pending allotment</b>			
<b>(3) Non-Current Liabilities</b>			
(a) Long-term borrowings		-	-
(b) Deferred tax liabilities (Net)		-	-
(c) Other Long term liabilities		-	-
(d) Long-term provisions	2.3	474,278	1,665,685
<b>(4) Current Liabilities</b>			
(a) Short-term borrowings	2.4	37,580,763	26,118,001
(b) Trade payables	2.5	2,471,002	6,360,974
(c) Other current liabilities	2.6	13,297,085	10,172,306
(d) Short-term provisions	2.7	37,239,104	21,242,303
<b>Total</b>		<b>329,528,026</b>	<b>252,739,281</b>
<b>II. Assets</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	2.8	163,689,146	87,603,139
(ii) Intangible assets		-	-
(iii) Capital work-in-progress	2.8	-	25,825,410
(iv) Intangible assets under development			
(b) Non-current investments		-	-
(c) Deferred tax assets (Net)	2.9	3,074,090	1,731,180
(d) Long term loans and advances		-	-
(e) Other non-current assets	2.10	2,128,750	1,687,194
<b>(2) Current assets</b>			
(a) Current investments		-	-
(b) Inventories	2.11	10,766,929	46,998,854
(c) Trade receivables	2.12	116,620,083	71,356,432
(d) Cash and cash equivalents	2.13(a)	9,108,739	1,981,585
(e) Other Bank Balances	2.13(b)	3,940,191	1,783,250
(f) Short-term loans and advances	2.14	20,200,098	13,772,237
<b>Total</b>		<b>329,528,026</b>	<b>252,739,281</b>
<b>III. Significant Accounting Policies &amp; Notes on Accounts</b>			
	1 & 2		

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

for and on behalf of Avantel Limited

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

**Dr. A. VIDYA SAGAR**  
 Managing Director

**N. NAVEEN**  
 Director

Place : Hyderabad  
 Date : 06.05.2013

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDING MARCH 31, 2013**

Particulars	Note No.	31st March, 2013	31st March, 2012
		₹	₹
I. Revenue from operations	2.15	<b>429,460,074</b>	<b>260,138,294</b>
II. Other Income	2.16	<b>2,107,114</b>	<b>663,714</b>
III. Total Revenue (I + II)		<b>431,567,188</b>	<b>260,802,008</b>
IV. Expenses:			
Cost of materials consumed	2.17	<b>154,144,820</b>	65,190,060
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	2.18	<b>25,058,939</b>	(4,914,726)
Employee benefit expense	2.19	<b>46,141,690</b>	39,030,095
Manufacturing Expenses	2.20	<b>22,741,511</b>	14,410,611
Research and Development Expenses	2.21	<b>47,755,508</b>	49,231,033
Selling and Distribution Expenses	2.22	<b>12,336,661</b>	13,244,881
Financial costs	2.23	<b>9,904,678</b>	4,906,141
Depreciation and amortization expense	2.24	<b>12,640,396</b>	11,933,329
Other Expenses	2.25	<b>18,777,213</b>	21,061,632
Prior Period Expenditure	2.26	<b>106,080</b>	204,656
Total Expenses		<b>349,607,496</b>	214,297,712
V. Profit before exceptional and extraordinary items and tax (III - IV)		<b>81,959,692</b>	46,504,296
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V - VI)		<b>81,959,692</b>	46,504,296
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII - VIII)		<b>81,959,692</b>	46,504,296
X. Tax expense:			
(1) Current tax		<b>17,342,000</b>	9,311,886
(2) Short Provision of earlier years		<b>768,345</b>	-
(3) Deferred tax		<b>(1,342,910)</b>	(1,731,180)
XI. Profit/(Loss) for the period from continuing operations (IX - X)		<b>65,192,257</b>	38,923,590
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax expense of discounting operations		-	-
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
XV. Profit/(Loss) for the period (XI + XIV)		<b>65,192,257</b>	38,923,590
XVI. Earning per equity share:			
(1) Basic		<b>14.54</b>	8.68
(2) Diluted		<b>14.54</b>	8.68
Significant Accounting Policies & Notes on Accounts	I & 2		

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

for and on behalf of Avantel Limited

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

**Dr. A. VIDYA SAGAR**  
Managing Director

**N. NAVEEN**  
Director

Place : Hyderabad  
Date : 06.05.2013

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

Particulars	31st March, 2013 ₹	31st March, 2012 ₹
<b>A. Cash flows from operating activities</b>		
Profit before taxation	81,959,692	46,504,296
<b>Adjustments for:</b>		
Depreciation & Amortisation	12,640,396	11,933,329
Interest expense	7,996,209	3,849,386
Miscellaneous Receipts	(1,806,839)	(273,466)
Profit on sale of Fixed Assts	(44,483)	-
Interst Income	(255,792)	(390,248)
Buy Back Expenses	-	1,856,595
<b>Operating Profit before Working Capital Changes</b>	<b>100,489,183</b>	<b>63,479,892</b>
<b>Working capital changes:</b>		
Decrease/(Increase) in trade receivables	(45,263,651)	14,077,472
Decrease/ (Increase) in inventories	36,231,925	(7,336,833)
(Increase)/Decrease in Other Non-Current Assets	(441,556)	(171,797)
(Increase)/Decrease in Loans & Advances	2,153,126	(5,017,624)
Increase/(Decrease) in Long Term Liabilities	(1,191,407)	488,796
Increase/(Decrease) in trade payables	(3,889,972)	643,763
Increase/(Decrease) in Other Short Term Liabilities	8,391,901	(1,762,122)
<b>Cash generated from operations</b>	<b>96,479,549</b>	<b>64,401,547</b>
Income taxes paid	(18,653,360)	(5,328,472)
<b>Net cash from operating activities</b>	<b>Total (A) 77,826,189</b>	<b>59,073,075</b>
<b>B. Cash flows from investing activities</b>		
Purchase of Fixed Assets	(89,520,662)	(13,988,154)
Sale of Fixed Assets	44,483	-
(Increase)/Decrease in Capital Work in Progress	25,825,410	(22,504,546)
Interest Received	255,792	390,248
Miscellaneous Receipts	1,806,839	273,466
Exchange Fluctuations	-	-
<b>Net cash used in investing activities</b>	<b>Total (B) (61,588,138)</b>	<b>(35,828,986)</b>
<b>C. Cash flows from financing activities</b>		
Increase in Short Term Borrowings	11,462,762	3,057,707
Buyback of Shares & Expenses	-	(16,176,950)
Interest paid	(7,996,209)	(3,849,386)
Dividend Paid, including Dividend Tax	(10,420,509)	(8,232,240)
<b>Net cash used in financing activities</b>	<b>Total (C) (6,953,956)</b>	<b>(25,200,869)</b>
<b>D. Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A) + (B) + (C)</b>	<b>9,284,095</b>	<b>(1,956,780)</b>
Cash and cash equivalents at beginning of the year	3,764,835	5,721,615
Cash and cash equivalents at end of the year	<b>13,048,930</b>	<b>3,764,835</b>

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

for and on behalf of Avantel Limited

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

**Dr. A. VIDYA SAGAR**  
 Managing Director

**N. NAVEEN**  
 Director

Place : Hyderabad  
 Date : 06.05.2013



**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****Corporate Information:**

Avantel Limited is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed in one stock exchange in India. The company is engaged in manufacturing of Telecom Products and rendering related customer support/other services. The company caters to both domestic and international markets. The company is having in-house Research & Development (R & D) facility at Hyderabad.

**I. SIGNIFICANT ACCOUNTING POLICIES:****a) Basis of Accounting:**

The Financial Statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 and the relevant Provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under historical conversion.

**b) Use of Estimates:**

The preparation of Financial Statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

**c) Fixed Assets:**

Fixed Assets are stated at cost, less accumulated depreciation and impairment if any. Direct costs are capitalized until fixed assets are ready for use. Capital Work in Progress comprises of cost of fixed assets that are not yet ready for their intended use at the reporting date.

**d) Depreciation:**

Depreciation on all assets is provided on the "Straight Line Method" over the useful lives of the assets estimated by the Management. Depreciation for assets purchased/sold during the period is proportionately charged. Individual low cost assets (acquired for ₹ 5,000/- or less) are depreciated at 100 % in the year of acquisition/ purchase. The Management estimates the useful lives for fixed assets as follows:

(i) Buildings	--	20 Years
(ii) Computers	--	3 Years
(iii) Furniture & Fixtures	--	5 Years
(iv) Plant & Machinery	--	4 Years
(v) Vehicles	--	4 Years
(vi) Capital Expenditure incurred on leasehold building will be amortized over a period of the tenure of the lease.		

**e) Inventories:**

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

- (i) Raw Materials, Packing materials, Stores & Spares: - On FIFO basis.
- (ii) Work-in-process: At cost of inputs plus overheads up to the stage of completion.
- (iii) Finished goods are valued at lower of cost or net realizable value.

**f) Revenue recognition:**

Revenue is recognized to the extent that is possible that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

- (i) Sale of Goods:**

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer on delivery of the goods. The Company collects sales taxes and value added taxes (VAT) on behalf of the Government and therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.
- (ii) Income from Services:**

Revenues from maintenance contracts are recognized pro-rata over the period of the contract as and when services are rendered.
- (iii) Interest:**

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- g) Foreign Currency transactions:**

  - (i) Initial recognition:**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
  - (ii) Conversion:**

Foreign currency monetary items are reported at the rate prevailing on the balance sheet date.
  - (iii) Exchange Differences:**

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, are recognized as income or as expense in the period in which they arise.
- h) Research & Development:**

All expenses incurred for Research & Development are charged to revenue as incurred. Capital Expenditure incurred during the year on Research & Development is shown as additions to Fixed Assets.
- i) 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.

**j) Impairment of Assets:**

The Management assesses using external and internal sources whether there is any indication that an asset may be impaired. Impairment of an asset occurs where the carrying value exceeds the present value of cash flow expected to arise from the continuing use of the asset and its eventual disposal. The provision for impairment loss is made when recoverable amount of the asset is lower than the carrying amount.

**k) 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.

**l) 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.

**m) Provisions:**

A provision is recognized if, as a result of past event, the company has a present legal obligation that can be estimated reliably, and it is possible that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of the economic benefits required to settle the obligation at the reporting date.

**Warranty Provisions:**

Provisions for Warranty related costs are recognized when the product is sold or service is provided. Provision is based on historical experience. The estimate of such warranty related costs is revised annually.

**n) Contingent Liabilities & Contingent Assets:**

Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. A contingent asset is neither recognized nor disclosed in the financial statements.

**o) Cash and Cash equivalents:**

Cash and Cash equivalents for the purpose of Cash flow statement comprise of Cash in Hand, Cash at Bank, Cheques in hand and Short Term Margin Money/ Deposits with original maturity of less than one year.

**p) Cash Flow Statement:**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

**q) Earning per Share:**

Basic earning per share is computed by dividing the net profit after tax by weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

## 2. NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2013

The Financial Statements have been prepared in the format prescribed by the Revised Schedule VI to the Companies Act, 1956. Previous year figures have been recast / restated to confirm to the classification of the current year. Amounts in the financial statements are presented in Rupees. All the figures have been rounded to nearest rupee.

Note No.	31st March, 2013 ₹	31st March, 2012 ₹
<b>2.1 SHARE CAPITAL</b>		
<b>Equity Share Capital</b>		
<b>Authorised Share capital</b>		
70,00,000 Equity Shares of ₹ 10/- each	<b>70,000,000</b>	70,000,000
<b>Issued, subscribed &amp; fully paid share capital</b>		
44,83,000 (Previous year 47,06,473) Equity Shares of ₹10/- each fully paid	<b>44,830,000</b>	47,064,730
<b>Less: Buy back of 2,23,473 shares of ₹ 10/- each</b>	-	2,234,730
<b>Add: Forfeited shares</b> (Amount originally paid up)	<b>6,000</b>	6,000
<b>Total</b>	<b>44,836,000</b>	44,836,000

### a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period.

	31st March, 2013	31st March, 2012
<b>Equity Shares:</b>		
<b>At the beginning of the period</b>		
No. of shares	<b>4,483,000</b>	4,706,473
Amount in ₹	<b>44,830,000</b>	47,064,730
<b>Issued during the period</b>		
No. of shares	-	-
Amount in ₹	-	-
<b>Less: Buy back of shares</b>		
No. of shares	-	223,473
Amount in ₹	-	2,234,730
<b>Outstanding at the end of the period</b>		
No. of shares	<b>4,483,000</b>	4,483,000
Amount in ₹	<b>44,830,000</b>	44,830,000

### b) Terms/rights attached to equity Shares.

The company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March, 2013, the amount of per share dividend recognized and distributed to the equity shareholders was ₹ 2.50 (31st March, 2012: ₹ 2.00).

**Notes on Accounts (Contd.)**

- c) **Aggregate number of shares bought back during the period of five years immediately preceding the reporting date:**

	2012-13	2011-12	2010-11	2009-10	2008-09
No. of Equity Shares bought back by the company During the year	-	223,473	-	446,243	-
Aggregatge Number of Equity Shares bought back by the company	<b>669,716</b>	669,716	446,243	446,243	-

- d) **Details of Shareholders holding more than 5% shares in the company:**

Name of the Shareholder	31-03-2013		31-03-2012	
	No of Shares Held	% of Holding	No of Shares Held	% of Holding
Euity Shares of ₹10/- each fully paid				
1. Sri Vidya Sagar Abburi	<b>816,720</b>	<b>18.22</b>	796,720	17.77
2. Smt K Swapna	<b>282,048</b>	<b>6.29</b>	282,048	6.29
3. Smt. Sarada Abburi	<b>237,396</b>	<b>5.30</b>	237,396	5.30
4. Ms. Sailaja Abburi	<b>229,930</b>	<b>5.13</b>	-	-
5. Sri Sagar Sidhartha Abburi	<b>269,849</b>	<b>6.02</b>	-	-
6. Sri Venkateswara Rao Abburi	-	-	236,620	5.28

## Notes on Accounts (Contd.)

Note No.	31st March, 2013 ₹	31st March, 2012 ₹
<b>2.2 RESERVES AND SURPLUS</b>		
<b>a) Capital Redemption Reserves</b>		
Opening Balance	6,697,160	4,462,430
Add: Current Year Transfer	-	2,234,730
Less: Written Back in Current Year		
Closing Balance	6,697,160	6,697,160
<b>b) Securities Premium Reserves</b>		
Opening Balance	7,906,104	19,991,729
Add: Forefietted Shares (Amount originally paid up)	24,000	24,000
Add: Current Year Transfer	-	-
Less: Adjusted against Buyback of Share Premium	-	12,085,625
Closing Balance	7,930,104	7,930,104
<b>c) Revaluation Reserves</b>		
Opening Balance	15,797,622	16,591,882
Add: Current Year Transfer	-	-
Less: Written Back in Current Year	(794,260)	(794,260)
Closing Balance	15,003,362	15,797,622
<b>d) General Reserve</b>		
Opening Balance	49,593,493	35,828,223
Add: Current Year Transfer	16,000,000	16,000,000
Less: Adjusted against Buyback of Shares	-	2,234,730
Less: Written Back in Currnt Year	-	-
Closing Balance	65,593,493	49,593,493
<b>e) Surplus</b>		
Opening Balance	62,325,633	49,821,579
Profit for the year	65,192,257	38,923,590
Less: Appropriations		
i) Transfer to General Reserve	(16,000,000)	(16,000,000)
ii) Proposed Final Equity Dividend	(11,207,500)	(8,966,000)
iii) Tax On Proposed Dividend	(1,904,715)	(1,453,536)
Closing Balance	98,405,675	62,325,633
<b>Total</b>	193,629,794	142,344,012
<b>2.3 LONG-TERM PROVISIONS</b>		
Provision for employee benefits	474,278	1,665,685
<b>Total</b>	474,278	1,665,685

**Notes on Accounts (Contd.)**

Note No.	31st March, 2013 ₹	31st March, 2012 ₹
<b>2.4 SHORT-TERM BORROWINGS</b>		
<b>Secured Loans Payable on Demand from Banks</b>		
Canara Bank OCC	37,580,763	26,118,001
(Open Cash Credit from Canara Bank is secured by way of hypothecation of Stocks, Book debts, Plant & Machinery and other fixed assets of the company, Collateral Security of Land & Buildings situated at Plot No. 16, HUDA Techno Enclave, Madapur, Hyderabad and personal guarantee of the Managaing Director of the Company)		
<b>Total</b>	<b>37,580,763</b>	<b>26,118,001</b>
<b>2.5 TRADE PAYABLES</b>		
Trade Payables-Due to Micro, Small & Medium Enterprises	1,064,296	3,960,243
Trade Payables-Others	1,406,706	2,400,731
<b>Total</b>	<b>2,471,002</b>	<b>6,360,974</b>
<b>2.6 OTHER CURRENT LIABILITIES</b>		
Unpaid dividends	859,226	679,430
Other payables		
Sundry Creditors - Capital Goods	4,435,112	348,500
Liabilities for Expenses	2,569,338	1,964,849
Advance from Customers	276,527	4,356,527
Provisions for Warranty Expenses	5,156,882	2,823,000
<b>Total</b>	<b>13,297,085</b>	<b>10,172,306</b>
<b>2.7 SHORT-TERM PROVISIONS</b>		
<b>Provision for employee benefits</b>		
Salary & Reimbursements	1,279,610	509,921
Contributions	197,121	102,372
Others		
Provision for Statutory Liabilities	5,308,158	905,474
Provision for Taxation	17,342,000	9,305,000
Provision for Dividend	11,207,500	8,966,000
Provision for Dividend Tax	1,904,715	1,453,536
<b>Total</b>	<b>37,239,104</b>	<b>21,242,303</b>

## Notes on Accounts (Contd.)

### Note No. 2.8 FIXED ASSETS

Sl. No.	Description of the Assets	GROSS BLOCK			DEPRECIATION				NET BLOCK	
		Balance as at 01.04.2012	Additional Acquired during the year	(Disposals)	Balance as at 01.04.2012	Depreciation charged for the year	On Disposals	Balance as at 31.03.2013	Balance as at 31.03.2013	Balance as at 31.03.2012
		₹	₹	₹	₹	₹	₹	₹	₹	₹
<b>A.</b>	<b>Tangible Assets</b>									
1	Land	35,477,222	758,156	-	-	-	-	-	36,235,378	35,477,222
2	Buildings	40,835,047	-	-	16,832,428	1,973,275	-	-	22,029,344	24,002,619
	a) Freehold	2,557,540	60,000	(2,617,540)	1,621,368	498,856	(2,120,224)	-	-	936,172
	b) Leasehold	-	64,640,540	-	-	-	-	-	64,640,540	-
	c) Visakhapatnam Buildings	3,477,841	3,616,483	(178,606)	2,450,100	461,329	(178,606)	2,732,823	4,182,895	1,027,741
3	Furniture & Fixtures	34,622,683	1,310,552	(732,215)	20,939,405	5,023,453	(569,156)	25,393,702	9,807,318	13,683,278
4	Plant and Machinery (Assembly & Testing)	15,282,598	578,357	(5,596,628)	12,620,112	1,420,608	(5,538,774)	8,501,946	1,762,381	2,662,486
5	Computers	4,648,763	15,167,845	(675,017)	3,862,304	455,404	(675,017)	3,642,691	15,498,900	786,459
6	Office Equipments & Electricals	3,953,426	2,441,438	(1,517,651)	2,657,078	493,402	(1,115,192)	2,035,288	2,841,925	1,296,348
7	Vehicles	36,691,920	2,067,979	-	28,961,104	3,108,329	-	32,069,433	6,690,466	7,730,816
8	R & D Equipments	177,547,039	90,641,350	(11,317,657)	89,943,899	13,434,656	(10,196,969)	93,181,586	163,689,146	87,603,139
	<b>Total</b>	166,660,042	13,988,154	(3,101,158)	80,317,468	12,727,589	(3,101,158)	89,943,899	87,603,139	86,342,574
	Previous year	25,825,410	-	(25,825,410)	-	-	-	-	-	25,825,410
<b>B</b>	<b>Capital Work in progress</b>	3,320,864	22,504,546	-	25,825,410	-	-	-	25,825,410	3,320,864
	Previous year	-	-	-	-	-	-	-	-	-



## Notes on Accounts (Contd.)

Note No.	31st March, 2013 ₹	31st March, 2012 ₹
<b>2.9 DEFERRED TAX ASSET (NET)</b>		
Fixed Assets	1,135,430	207,680
Employee Benefits	266,490	607,580
Others	1,672,170	915,920
<b>Total</b>	<b>3,074,090</b>	<b>1,731,180</b>
 <b>2.10 OTHER NON-CURRENT ASSETS</b>		
<b>a) Long Term Deposits</b>		
In Margin Money/ Deposit A/c with original maturity of more than one year	1,554,650	889,600
<b>b) Others:</b>		
Deposits Recoverable	574,100	797,594
<b>Total</b>	<b>2,128,750</b>	<b>1,687,194</b>
 <b>2.11 INVENTORIES</b>		
<b>Raw materials</b>		
a) Indigenous	3,437,759	11,592,121
b) Imported	2,263,223	4,826,869
Raw materials - R & D	1,961,678	2,416,656
Work in progress	3,104,269	28,163,208
<b>Total</b>	<b>10,766,929</b>	<b>46,998,854</b>
 <b>2.12 TRADE RECEIVABLES</b>		
Unsecured, considered good		
Trade Receivables Outstanding for a period exceeding six months from the date they are due for payment	7,674,424	15,876,028
Other Trade Receivables	108,945,659	55,480,404
<b>Total</b>	<b>116,620,083</b>	<b>71,356,432</b>

## Notes on Accounts (Contd.)

Note No.	31st March, 2013 ₹	31st March, 2012 ₹
<b>2.13 CASH AND CASH EQUIVALENTS</b>		
<b>a) Cash and cash equivalents:</b>		
<b>Balances with banks:</b>		
a) in Current Accounts	8,221,866	1,249,739
b) in unpaid dividend account	869,226	679,430
c) Cheques/Drafts on hand	-	-
d) Fixed Deposits	-	-
<b>Cash on hand</b>	<b>17,647</b>	<b>52,416</b>
<b>Total</b>	<b>9,108,739</b>	<b>1,981,585</b>
<b>b) Other Bank Balances:</b>		
Current:		
In Margin Money/ Deposit A/c with original maturity of less than one Year	3,940,191	1,783,250
<b>Total</b>	<b>3,940,191</b>	<b>1,783,250</b>
<b>2.14 SHORT TERM LOANS AND ADVANCES</b>		
<b>Unsecured, considered good, receivable in cash or in kind for value to be received</b>		
a) Advance Income Tax	11,149,524	2,568,537
b) Prepaid Expenditure	3,815,056	1,232,246
c) Balance with Govt. Departments	2,545,367	902,754
d) Advance for Capital Works / Land	914,197	3,105,510
e) Accrued Interest / Income	234,284	109,351
f) Advance to Suppliers	846,111	4,236,974
g) Other Advances	695,559	1,616,865
<b>Total</b>	<b>20,200,098</b>	<b>13,772,237</b>
<b>2.15 REVENUE FROM OPERATIONS:</b>		
<b>a) Revenue from - Sale of products</b>		
Domestic	437,641,617	153,082,156
Export	3,115,500	95,807,584
<b>Sub-Total</b>	<b>440,757,117</b>	<b>248,889,740</b>
<b>b) Revenue from - Sale of Services</b>		
Domestic	29,173,973	19,494,122
Export	-	-
<b>Sub-Total</b>	<b>29,173,973</b>	<b>19,494,122</b>
<b>c) Other operating revenues</b>		
Scrap Sales	48,668	79,214
<b>Sub-Total</b>	<b>48,668</b>	<b>79,214</b>
<b>Sub-Total (a)+(b)+(c)</b>	<b>469,979,758</b>	<b>268,463,076</b>
<b>d) Less: Excise Duty &amp; Service Tax</b>	<b>40,519,684</b>	<b>8,324,782</b>
<b>Total</b>	<b>429,460,074</b>	<b>260,138,294</b>

## Notes on Accounts (Contd.)

Note No.	31st March, 2013 ₹	31st March, 2012 ₹
<b>2.16 OTHER INCOME</b>		
Interest income	255,792	390,248
Profit on Sale of Fixed Assets	44,483	-
Miscellaneous Receipts	1,806,839	273,466
<b>Total</b>	<b>2,107,114</b>	<b>663,714</b>
<b>2.17 COST OF RAW MATERIALS AND COMPONENTS CONSUMED</b>		
<b>a) Indigenous:</b>		
i) Inventory at the Beginning of the Year	11,592,121	6,300,302
ii) Add: Purchases	89,560,482	42,499,620
	<b>101,152,603</b>	<b>48,799,922</b>
iii) Less: Inventory at the End of the Year	3,437,759	11,592,121
iv) Cost of Raw Materials Consumed	<b>97,714,844</b>	<b>37,207,801</b>
<b>b) Imported:</b>		
i) Inventory at the Beginning of the Year	4,826,869	7,739,564
ii) Add: Purchases	53,866,330	25,069,564
	<b>58,693,199</b>	<b>32,809,128</b>
iii) Less: Inventory at the End of the Year	2,263,223	4,826,869
iv) Cost of Raw Materials Consumed	<b>56,429,976</b>	<b>27,982,259</b>
<b>Total</b>	<b>154,144,820</b>	<b>65,190,060</b>
<b>2.18 (INCREASE)/DECREASE IN INVENTORIES</b>		
<b>Inventories at the Beginning of the Year</b>		
Work in Progress	28,163,208	23,248,482
	<b>28,163,208</b>	<b>23,248,482</b>
<b>Inventories at the End of the Year</b>		
Work in Progress	3,104,269	28,163,208
	<b>3,104,269</b>	<b>28,163,208</b>
<b>Total</b>	<b>25,058,939</b>	<b>(4,914,726)</b>

As the items of raw materials, material produced and materials consumed and items of finished goods produced are heterogeneous in nature, type and quality and numerous in quantity, it is not possible to give full details of materials consumed, raw materials purchased and closing stock of inventory as required under para 5(ii) & 5(iii) of the general instructions for preparation of the Statement of Profit and Loss as per the revised schedule VI to the Companies Act, 1956.

## Notes on Accounts (Contd.)

Note No.	31st March, 2013 ₹	31st March, 2012 ₹
<b>2.19 EMPLOYEE BENEFIT EXPENSES</b>		
Salaries and wages	40,436,105	32,052,712
Directors Remuneration	1,700,140	2,669,025
Bonus	277,735	207,679
Exgratia & Gratuity	385,033	1,613,796
Training & Recruitment	310,911	600,997
Contribution to provident and other funds	818,911	650,627
Staff welfare expenses	2,212,855	1,235,259
<b>Total</b>	<b>46,141,690</b>	<b>39,030,095</b>
<b>2.20 MANUFACTURING EXPENSES</b>		
Manpower Hire Charges	5,385,581	5,422,743
Jobwork Charges	10,565,212	4,005,195
Power and fuel	3,157,407	2,166,349
Consumption of stores and spare parts	898,151	603,085
Fright Inwards	208,301	100,624
Repairs & Maintenance - Plant & Machinery	620,563	950,648
Testing Charges	598,021	390,167
Installation & Commissioning Charges	1,308,275	771,800
<b>Total</b>	<b>22,741,511</b>	<b>14,410,611</b>
<b>2.21 R &amp; D EXPENDITURE</b>		
Opening Stock	2,416,656	2,373,673
Purchases	14,504,777	14,639,780
	<b>16,921,433</b>	<b>17,013,453</b>
Closing Stock	1,961,678	2,416,656
Materials Consumed	14,959,755	14,596,797
Jobwork Charges	299,590	2,494,305
R & D Salaries	25,656,392	21,752,166
Contributions to Provident Fund & Other Funds	510,952	351,785
Consumables	141,169	257,153
Repairs & Maintenance - Plant & Machinery	795,481	1,432,632
Professional & Consultancy	1,367,140	2,337,585
Testing Charges	1,116,549	3,328,230
Travelling & Conveyance	862,885	2,438,733
Technology Transfer Fees	1,712,586	-
Other Expenses	333,009	241,647
<b>Total</b>	<b>47,755,508</b>	<b>49,231,033</b>

## Notes on Accounts (Contd.)

Note No.	31st March, 2013 ₹	31st March, 2012 ₹
<b>2.22 SELLING &amp; DISTRIBUTION EXPENDITURE</b>		
Fright Outwards	980,603	749,033
Packing Materials	2,135,315	522,434
Business Promotion	593,599	1,812,103
Travelling Expenses	2,560,596	2,452,292
Late Delivery Charges	1,123,127	1,889,265
Warranty Expenses	3,435,971	4,334,939
CSD Expenses	1,507,450	1,484,815
<b>Total</b>	<b>12,336,661</b>	<b>13,244,881</b>
<b>2.23 FINANCE COSTS</b>		
Interest expenses	7,996,209	3,849,386
Bank Charges	1,908,469	1,056,755
<b>Total</b>	<b>9,904,678</b>	<b>4,906,141</b>
<b>2.24 DEPRECIATION AND AMORTISATION EXPENSES:</b>		
Depreciation on Tangible Assets	13,434,656	12,727,589
Less: Recoupment from Revaluation Reserve	(794,260)	(794,260)
<b>Total</b>	<b>12,640,396</b>	<b>11,933,329</b>
<b>2.25 OTHER EXPENDITURE</b>		
<b>Repairs &amp; Maintenance:</b>		
Buildings	2,893,960	2,321,665
Vehicles	502,623	696,785
Others	1,386,147	1,058,950
Rates & Taxes	884,193	590,533
Rent	838,530	774,400
Insurance	400,524	744,724
Postage & Telephones	1,237,062	1,137,954
Printing & Stationery	1,211,985	732,735
<b>Auditors Remuneration:</b>		
As Auditor	150,000	150,000
For Certification	15,500	47,758
Professional & Consultancy	1,518,110	1,129,325
Travelling & Conveyance	3,031,426	3,160,171
Secretarial Expenses	358,162	274,002
Buyback of shares expenses	-	1,856,595
Watch & Ward	1,233,310	840,632
Directors Sitting Fee	225,000	255,000
Exchange Fluctuations	210,479	3,808,836
Assets written off	555,170	-
Donations	1,210,000	1,100,000
Office Maintenance	352,715	215,323
Miscellaneous Expenses	562,317	166,244
<b>Total</b>	<b>18,777,213</b>	<b>21,061,632</b>

## Notes on Accounts (Contd.)

Note No.	31st March, 2013 ₹	31st March, 2012 ₹
<b>2.26 PRIOR PERIOD EXPENSES</b>		
Prior Period Expenses	<u>106,080</u>	<u>204,656</u>
<b>Total</b>	<u><b>106,080</b></u>	<u><b>204,656</b></u>
<b>2.27 CURRENT TAX</b>		
<p>Current Tax represents the Minimum Alternative Tax (MAT) payable by the company on the book profits for the year. However, the company is not recognising the MAT credit entitlement determined under section 115JAA(2A) of the Income Tax Act, 1961 during the current year and earlier years as possibility of paying the Income Tax under the normal provisions of the Income Tax, 1961 in future is uncertain because the company claims weighted deduction under section 35(2AB) of the Income Tax Act, 1961.</p>		
<b>2.28 CONTINGENT LIABILITIES AND COMMITMENTS</b>		
<b>(to the extent not provided for)</b>		
<b>a) Contingent liabilities</b>		
Claims against the company not acknowledged as debt		
(i) Guarantees	56,695,193	17,245,815
(ii) Letter of Credit	-	2,815,911
<b>Sub Total</b>	<u><b>56,695,193</b></u>	<u><b>20,061,726</b></u>
<b>b) Commitments</b>		
Estimated amount of contracts unexecuted on capital account	-	23,000,000
<b>Sub Total</b>	<u>-</u>	<u><b>23,000,000</b></u>
<b>Total</b>	<u><b>56,695,193</b></u>	<u><b>43,061,726</b></u>

## Notes on Accounts (Contd.)

### 2.29 EMPLOYEE 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. 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	2012-13 ₹	2011-12 ₹
<b>Projected benefit Obligation at the beginning of the year</b>	<b>42,22,135</b>	<b>31,27,388</b>
Current Service cost	4,27,625	4,50,342
Interest Cost	3,37,771	2,50,191
Actuarial (Gain)/Loss	819	16,85,784
Benefits Paid	<b>(6,98,317)</b>	<b>(12,91,570)</b>
<b>Projected benefit Obligation at the end of the year</b>	<b>43,35,033</b>	<b>31,27,388</b>
<b>Amount recognized in the balance sheet</b>		
Projected benefit obligation at the end of the year	<b>43,35,033</b>	42,22,135
Fair value of plan assets at the end of the year	<b>23,60,755</b>	15,56,450
<b>Funded status of the plans-asset/(liability) recognized in the balance sheet</b>	<b>(19,74,278)</b>	<b>(26,65,685)</b>
<b>Cost for the period:</b>		
Current service cost	<b>4,72,625</b>	4,50,342
Interest cost	<b>3,37,771</b>	2,50,191
Expected return on plan asset	-	-
Net actuarial (gain)/loss recognized in the period	<b>819</b>	16,85,784
<b>Net cost recognized in Profit &amp; Loss Account</b>	<b>8,11,215</b>	<b>23,86,317</b>
<b>Assumptions: -</b>		
Discount rate	<b>8%</b>	8%
Estimated rate of return on plan assets	<b>9%</b>	9%
Expected rate of salary increase	<b>7%</b>	7%

#### Defined Contribution Plans:

In respect of defined contribution plans (Provident Fund), an amount of ₹10,23,428/- (Previous Year- ₹ 8,33,800/-) has been recognized in the Profit & Loss Account during the period.

### 2.30 CONSUMPTION OF RAW MATERIALS:

Raw Material	%	2012-13 ₹	%	2011-12 ₹
Indigenous	<b>63.39</b>	<b>9,77,14,844</b>	57.08	3,72,07,801
Imported	<b>36.61</b>	<b>5,64,29,976</b>	42.92	2,79,82,259
<b>Total</b>	<b>100</b>	<b>15,41,44,820</b>	100	6,51,90,060

## Notes on Accounts (Contd.)

Note No.	31st March, 2013 ₹	31st March, 2012 ₹
<b>2.31 VALUE OF IMPORTS (CALCULATED IN CIF VALUE)</b>		
Materials	<b>5,88,69,939</b>	2,96,52,638
Capital Equipment	<b>37,86,064</b>	49,12,627
<b>Total</b>	<b>6,26,56,003</b>	3,45,65,265
<b>2.32 EXPENDITURE IN FOREIGN CURRENCY</b>		
Purchases (Imports)	<b>6,26,56,003</b>	3,45,65,265
Foreign Travel	-	3,82,805
Books & Periodicals	-	-
<b>Total</b>	<b>6,26,56,003</b>	3,49,48,070
<b>2.33 EARNINGS IN FOREIGN CURRENCY (FOB VALUE OF EXPORTS)</b>		
Sales	-	9,58,07,584
<b>2.34 EARNINGS PER SHARE</b>		
a) Profit/ (Loss) after Tax	₹ <b>65,192,257</b>	38,923,590
b) The weighted average number of ordinary shares for		
- Basic EPS	Nos <b>4,483,000</b>	4,483,000
- Diluted EPS	Nos <b>4,483,000</b>	4,483,000
c) The nominal value per Ordinary Share	₹ <b>10</b>	10
d) <b>Earnings per Share</b>		
- Basic	in ₹ <b>14.54</b>	8.68
- Diluted	in ₹ <b>14.54</b>	8.68



**Notes on Accounts (Contd.)****2.35 RELATED PARTY DISCLOSURE AS PER ACCOUNTING STANDARD - 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. Abburi Vidya Sagar

Mr. N. Divakar

**ii) Relative of Key Management Personnel**

Mrs. Abburi Sarada

**b) Transaction with Related Parties**

Particulars	Nature of Transaction	2012-2013	2011-2012
		₹	₹
Dr. Abburi Vidya Sagar	Remuneration	<b>12,00,000</b>	12,00,000
Mr. N. Divakar	Remuneration	<b>90,000</b>	10,80,000
Mrs. Abburi Sarada	Rent	<b>4,10,140</b>	3,89,025

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

- 2.36** M/s. APIIC Limited has allotted 3763.59 Sq. Mts (0.93 Acres) of land situated at Industrial park, Gambheeram, Visakhapatnam to the Company for a total sale consideration of ₹ 89,38,526/- vide Agreement for Sale dated 26th May, 2010 for construction of factory buildings. The Company has completed the civil works and commenced commercial production from 14.02.2013. The sale deed for transferring the ownership in favour of the company is yet to be executed.
- 2.37** Sundry Creditors includes ₹ 10,64,296/- (previous year 39,60,243/-) 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 as on 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.
- 2.38** 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.
- 2.39** Balances of Sundry Debtors, Sundry Creditors, and Loans and Advances are subject to confirmation.

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

for and on behalf of Avantel Limited

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

**Dr. A. VIDYA SAGAR**  
Managing Director

**N. NAVEEN**  
Director

Place : Hyderabad  
Date : 06.05.2013.





## AVANTEL LIMITED

Regd. Office Plot No. 16, Sector III, HUDA Techno Enclave, Opp. K. Raheja IT Park, Madhapur, Hyderabad - 500 081.

### PROXY FORM

I/We \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ a member of \_\_\_\_\_

AVANTEL LIMITED hereby appoint \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ or failing him \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_

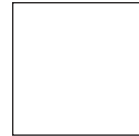
as my/our proxy to attend and vote for me/us and on my/our behalf of the 23rd Annual General Meeting of the company, to be held on Saturday, the 27th July, 2013 at 11.00 a.m. at the Registered Office of the company at Plot No. 16, Sector III, HUDA Techno Enclave, Opp. K. Raheja IT Park, Madhapur, Hyderabad - 500 081 and any adjournment hereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013

(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 - 500 081.

### ATTENDANCE SLIP

I hereby record my presence at the 23rd Annual General Meeting of the Company held on Saturday the 27th July, 2013 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.

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

