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AVANTEL LIMITED

CIN: L72200AP1990PLC011334

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POSTAL BALLOT NOTICE

[Pursuant to Section 110 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014]

Dear Member(s),

Notice is hereby given pursuant to Section 110 of the Companies Act, 2013 (the "Act") read with the Companies (Management and Administration) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force), Clause 35B of the Equity Listing Agreement and other applicable laws and regulations, that the resolutions appended below, in relation to:

- (i) Adoption of new set of Articles of Association of the Company.
- (ii) Increase in borrowing powers under Section 180 (1) (c) of the Companies Act, 2013.
- (iii) Creating Mortgage/Charge on the assets of the Company.

are proposed to be passed by the Members through postal ballot / electronic voting (e-voting).

The proposed resolutions, along with the explanatory statement setting out the material facts concerning each item and the reasons thereto, are appended below and a Postal Ballot Form (the "Form") is enclosed for your consideration.

The Board of Directors of the Company (the "Board") has appointed Mr. Karra S.V.S Sastry, Practicing Company Secretary, as Scrutinizer for conducting the postal ballot and e-voting process in a fair and transparent manner. Members desiring to exercise their vote by postal ballot are requested to carefully read the instructions printed on the Form and return the same duly completed. The duly completed Form should reach the Scrutinizer not later than 18:00 Hours (IST) on 4th February 2015 (Wednesday).

Members desiring to opt for e-voting as per the facility arranged by the Company are requested to read the instructions under the section 'Instructions for shareholders voting electronically'.

The Scrutinizer will submit his report to the Managing Director after completion of the scrutiny of postal ballot forms and votes cast through e-voting. The result of the voting will be announced by the Managing Director or any Director of the Company duly authorized, on 6th February 2015 (Friday) at the registered office of the Company and will also be displayed on the website of the Company at www.avantel.in besides being communicated to the Stock Exchanges, the Depositories and the Registrar and Share Transfer Agent.

Item No. 1 - Adoption of new set of Articles of Association of the Company

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

"RESOLVED THAT pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Incorporation) Rules, 2014, (including any statutory modifications or re-enactment thereof, for the time being in force), consent of the members be and is hereby accorded to adopt the new set of the draft regulations contained in the Articles of Association in substitution and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, Dr A Vidya Sagar, Managing Director, Mrs A Sarada, Whole-Time Director and Ms. Sona Rajora, Company Secretary be and are hereby severally authorized to do all such acts, deeds, matters and things as deem necessary and to sign and execute all necessary documents and returns for the purpose of giving effect to the aforesaid resolution".

Item No. 2 – Increase in borrowing powers of the Company

To consider and, if thought fit, to pass the following Resolution as a Special Resolution:

RESOLVED THAT pursuant to the provisions of Section 180 (1)(c) of Companies Act, 2013 or any amendment or modifications thereof, consent of the members be and is hereby accorded to borrow and raise such sum or sums of money from time to time as may be required for the purposes of the business of the Company, in excess of the aggregate of the paid-up capital of the Company and free reserves of the Company, that is to say, reserves not set apart for any specific purpose, subject to the proviso that such borrowing shall not exceed Rs. 25,00,00,000 (Rupees Twenty Five Crores only) over and above the aggregate of the paid-up capital of the Company and its free reserves and shall exclude all temporary loans obtained by the Company from its bankers in the ordinary course of its business, on such terms and conditions as the Board may consider necessary and expedient in the best interest of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion consider necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard.”

Item No. 3 – Creating Mortgage/Charge on the assets of the Company

To consider and, if thought fit, to pass the following Resolution as a Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 180 (1) (a) and all other applicable provisions, if any, of the Companies Act, 2013 read with the rules made thereunder, consent of the members be and is hereby accorded to the Board of Directors of the Company (which term shall be deemed to include any Committee of the Board constituted /to be constituted to exercise its powers) to create mortgage and/or charge(s) and/or hypothecation(s) in addition to the mortgage(s)/charge(s)/hypothecation(s) created/to be created by the Company, in such form and manner and with such ranking and at such time and on such terms as the Board may determine, on all or any of the movable and/or immovable properties and assets of all kinds of the Company, both present and future and/or the whole or any part of the undertaking(s) of the Company in favour of the Financial Institution(s)/ Banks/ Lender(s)/Agent(s) and Trust(s)/Trustee(s) for securing the borrowings availed/to be availed by the Company, by way of loan(s) (in foreign currency and/or rupee currency) and securities (comprising fully/ partly Convertible Bonds/Debentures/Warrants and/or Non Convertible Debentures or other debt instruments) issued/ to be issued by the Company from time to time, subject to the limits approved under Section 180 (1) (c) of the Companies Act, 2013, together with interest, premium (if any) on redemption, all other costs, charges and expenses and all other monies payable by the Company in terms of the Loan Agreement(s)/Heads of Agreement(s), Debenture Trust Deed(s) or any other document, entered into/to be entered into between the Company and the Lender(s)/Agent(s) and Trust(s)/Trustee(s), in respect of the said loans/borrowings/bonds/debentures/warrants and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors or committee thereof and the Lender(s)/Agent(s) and Trust(s)/Trustee(s).”

“**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds, matters and things and to execute such deeds, documents or writings as are necessary or expedient, on behalf of the Company for creating the aforesaid mortgage(s)/charge(s)/hypothecation(s) as it may in its absolute discretion deem necessary or expedient for such purpose and for giving effect to the above Resolution.”

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

Place: Hyderabad
Date: 15.12.2014

**Dr A Vidya Sagar
Managing Director**

NOTES:

1. The statement pursuant to Section 102 of the Act, stating all material facts and the reasons for the proposals set above is annexed herewith.
2. The Notice is being sent to the Members, whose names appear in the Register of Members/List of Beneficial Owners as on 19th December 2014 and voting rights shall be reckoned on the paid up value of the shares registered in the name of the members as on the said date.
3. Corporate and institutional members shall be entitled to vote through their authorized representatives with proof of their authorization as stated in the instructions for e-voting.
4. The Board has appointed Mr. Karra S.V. S Sastry, Practicing Company Secretary as the scrutinizer for conducting the postal ballot/e-voting process in a fair and transparent manner.
5. In compliance with Clause 35B of the Listing Agreement and Sections 108 and 110 and other applicable provisions of the Act, read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide e-voting facility to all its members, to enable them to cast their votes electronically instead of dispatching the Form by post. The Company has engaged the services of Karvy Computershare Private Limited for the purpose of providing e-voting facility to all its Members. Please note that e-voting is an alternate mode to cast votes and is optional.
6. As per section 110 of the Act read with Rule 22 of the Companies (Management and Administration) Rules, 2014, Notice of postal ballot may be served on the members through electronic means. This notice is being sent by e-mail to such members who have registered their e-mail IDs with depositories and through courier to such members who have not registered their e-mail IDs. Members who receive postal ballot notice by e-mail but wish to vote through physical mode may download the Form the “Investors” section on the Company’s website www.avantel.in
7. Members can opt for only one mode of voting, i.e, either by physical ballot or e-voting. In case Members cast their votes through both the modes, voting done by e-voting shall prevail and votes cast through physical postal ballot forms will be treated as invalid. The instructions for electronic voting are provided hereunder.
8. Members desiring to exercise their vote by physical postal ballot are requested to carefully read the instructions printed on the Form and return the Form duly completed and signed, in the enclosed self addressed postage pre-paid envelope to the

Scrutinizer, so as to reach the Scrutinizer not later than close of working hours (i.e. 18:00 Hours (IST)) on 4th February 2015 (Wednesday). Forms received after this date / time will be strictly considered as if no reply has been received from the Member.

9. **In case of members receiving the physical copy of postal ballot notice along with postal ballot form by post (for members whose e-mail ids are not registered with the Company/Depositories):**
- i. Please follow all the steps from s.no.(i) to s.no.(xiii) to cast vote
10. The Scrutinizer shall within a period not exceeding two (2) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's report for the votes cast in favour or against, if any, forthwith to the Managing Director of the Company.
11. The Scrutinizer will submit his report to the Managing Director after completion of the scrutiny of postal ballot forms and votes cast through e-voting. The result of the voting will be announced by the Managing Director of the Company duly authorized, on 6th February 2015 (Friday) at the registered office of the Company and will also be displayed on the website of the Company www.avantel.in, besides being communicated to the Stock Exchanges, the Depositories and the Registrar and Share Transfer Agent.

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

Item No 1:

The Articles of Association of the Company were adopted in accordance with the provisions of erstwhile Companies Act, 1956. In view of the enactment of new Companies Act, 2013, the Company is proposing to adopt new set of articles of Association in accordance with the provisions of the new Act and the rules made there under.

The proposed new set of Articles of Association would be available for inspection at the Registered Office of the Company on all working days between 11.00 hrs. to 13.00 hrs. up to the date of declaration the result of Postal Ballot. The said Articles of Association are also available on the web site of the Company www.avantel.in any shareholder wanting to have a hard copy of the new Articles of Association may write to the company at its registered office address.

Pursuant to the provisions of Section 14 of the Companies Act, 2013 read with the Companies (Incorporation) Rules, 2014, any alteration to the Articles of Association of the Company requires prior approval of shareholders by way of special resolution.

Hence, the board recommends the resolution for your approval.

None of the Directors, Key Managerial Personnel and their relatives is interested or concerned in the said resolution except to the extent of their shareholding in the Company.

Item No 2 & 3:

Keeping in view the opportunities in the areas in which your Company is engaged, the Board may borrow in excess of 100% of paid-up capital and free reserves of the Company not exceeding an amount of Rs. 25,00,00,000 (Rupees Twenty Five Crores only).

According to the provisions of Section 180 (1) (c) of the Companies Act, 2013 the Board of Directors of a Company, can borrow money in excess of its paid up share capital and free reserves only with the consent of the members by passing a Special Resolution.

The borrowings of the Company are usually required to be secured by suitable mortgage/charge on all or any of the Movable and / or Immovable Properties of the Company in such form, manner, and as may be determined by the Board of Directors of the Company from time to time, in consultation with the lender(s).

Such creation of the aforesaid security, in certain cases is regarded as disposal of whole or substantially the whole of the undertaking(s) of the Company, within the meaning of Section 180 (1) (a) of the Companies Act, 2013, hence it is necessary to obtain prior approval of the members by passing a Special Resolution.

According to the provisions of Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 the resolution under Section 180 (1) (a), is required to be passed by way of postal ballot.

Hence, the board recommends the resolutions as set out in item no 2 & item no 3 for your approval.

None of the Directors, Key Managerial Personnel and their relatives is interested or concerned in the said resolution except to the extent of their shareholding in the Company.

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

Place: Hyderabad
Date: 15.12.2014

**Dr A Vidya Sagar
Managing Director**