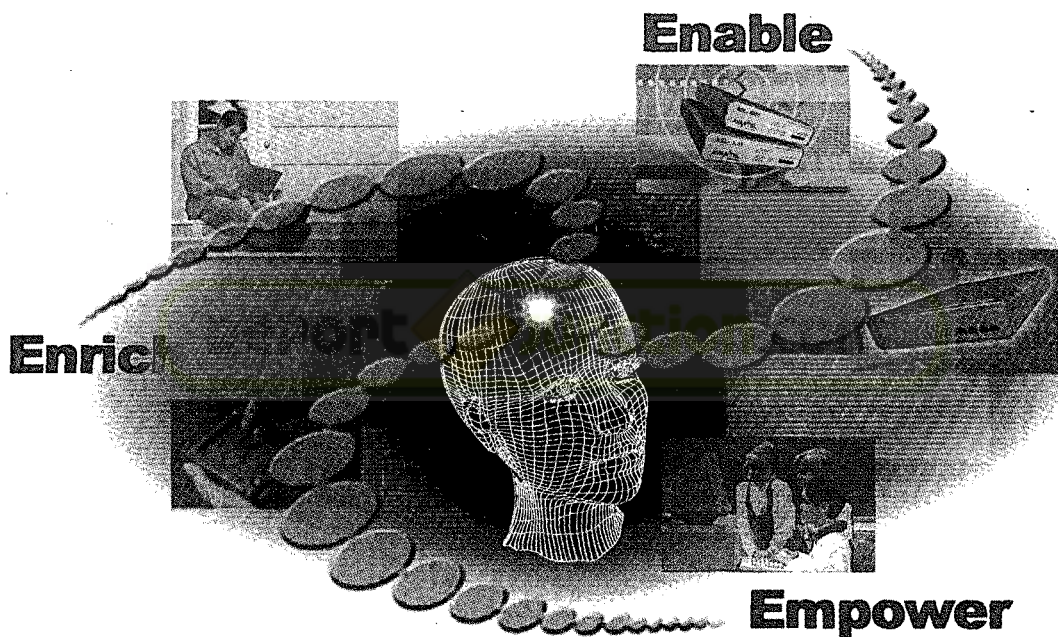




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**Annual Report  
2006 - 2007**



## AVANTEL SOFTECH LIMITED

### Board of Directors

Sri A. Venkateswara Rao : Chairman  
 Sri A. Vidyasagar : Managing Director  
 Sri K. B. K Moorthi : Director  
 Maj Gen (Retd) S Balakrishnan, VSM : Director  
 Smt. A. Sarada : Director (Accounts)  
 Sri M. Venkata Rao : Director  
 Sri N. Divakar : Director (Technical)

### Dy. General Manager - F & A

Sri D. V. Chowdary

### Company Secretary

Sri P. Satish

### Auditors

M/s. A.Madhusudana & Co.,  
 Chartered Accountants  
 8-3-319/11, 101, Doyen Chambers,  
 Yellareddy Guda, Hyderabad – 500 073.

### Bankers

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

### Registered Office & Works

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

### Registrars & Share Transfer Agents

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

### Senior Management

Sri K. Ramesh – Vice President (Operations)  
 Sri P. Bala Bhaskara Rao – General Manager (R&D)  
 Col (Retd) J S Rajpal – General Manager (QA)  
 Sri G.R. Shinde – Chief Designer (R&D)  
 Sri P. S. Somayajulu - General Manager (Materails).

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## NOTICE

Notice is hereby given that the **Seventeenth Annual General Meeting** of the members of the Company will be held on **Friday, 21<sup>st</sup> September, 2007** at **11.00 A.M.** at the Registered office of the Company at Plot No: 16, Sector III, Huda Techno Enclave, Opp. VSNL, 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 31<sup>st</sup> March, 2007 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 2006-2007.
3. To appoint a Director in place of Sri A.Venkateswara Rao, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Maj Gen (Retd) S Balakrishnan, VSM, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration by passing the following Resolution:

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

### SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 as amended from time to time consent of the members of the Company be and is hereby accorded for the re-appointment of Sri. A. Vidyasagar as Managing Director of the Company for another term of three years at a remuneration of Rs.1,00,000/- (Rupees One lakh only) per month and perquisite of rent free accommodation as approved by the Remuneration Committee of the Company with effect from 1<sup>st</sup> April, 2007."

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 as amended from time to time and subject to the approval of the Central Government consent of the members of the Company be and is hereby accorded for the appointment of Sri. N. Divakar, as Director (Technical) for a period of 3 years with effect from 1<sup>st</sup> November, 2006 on a remuneration as detailed below as approved by the Remuneration Committee of the Company:

Per Month	Rs
Basic Salary	40,000/-
Dearness Allowance	30,000/-
House Rent Allowance	12,500/-
Conveyance Allowance	800/-
Special Allowance	16,700/-



8. To consider and if, thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
- “RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 311 and read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 as amended from time to time consent of the members of the Company be and is hereby accorded for the re-appointment of Smt. A. Sarada as Director (Accounts) of the Company for another term of three years at a remuneration of Rs.50,000/- (Rupees Fifty thousand only) per month as approved by the Remuneration Committee of the Company with effect from 27<sup>th</sup> July, 2007.”
9. 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 309 and other applicable provisions, if any, of the Companies Act, 1956, consent of the members of the Company be and is hereby accorded to the Board of Directors to remunerate a sum not exceeding 1% per annum of the net profits of the Company calculated in accordance with the provisions of Sections 198, 349 and 350 of the Companies Act, 1956, be paid to and distributed amongst the Directors of the Company or some or any of them (other than the Managing Director and the Executive Directors) in such amounts or proportions and in such manner and in all respects as may be directed by the Board of Directors and such payments shall be made out of the profits of the Company for each corresponding year.”
- \*10. **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 17 and all other applicable provisions, if any, of Companies Act, 1956 Clause III (A) of the Memorandum of Association of the Company be and is hereby amended by inserting Clause III (A) 11 and 12 which shall read as follows :
- Clause III (A)**
11. To provide in India or abroad E-learning, computer based training (CBT), on-line education, turn key solutions and business of consultancy services and technology development in e-learning business and solutions, evaluation and strategy development services, outsourcing services, training centers and develop educational portals and be an information and knowledge service provider.
12. To carry on the business of transmission, distribution and broadcasting of various channels including entertainment in India and outside India including satellite earth station for uplink facilities and the related business thereof.

BY ORDER OF THE BOARD

Sd/-

Place : Hyderabad  
Date : 08.08.2007

A.Vidyasagar  
Managing Director

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND TO VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxy forms in order to be effective must be received by the company not less than 48 hours before the meeting.
2. In accordance with Section 173 of the Companies Act, 1956, Explanatory statement in respect of items of Special Business is annexed to the Notice of the Meeting.
3. The Register of Members and Share Transfer Books will remain closed from 14<sup>th</sup> September, 2007 to 21<sup>st</sup> September, 2007 (both days inclusive) for the Annual General Meeting.
4. Members seeking any information with regard to accounts of the company are requested to send their queries so as to reach at least 7 days before the meeting, to enable the management to keep the information ready.
5. Dividend on Equity shares as recommended by the Directors for the accounting year ended 31<sup>st</sup> March, 2007 when declared at the meeting will be paid to the members whose names appear on the Register of Members of the Company as on 14<sup>th</sup> September, 2007.
6. Members are requested to notify immediately changes, if any, in their addresses to the company, quoting their folio number.
7. Members holding shares in dematerialized form are requested to bring their Client ID and DPID numbers for easy identification of members at the meeting.
8. Members are requested to bring their copy of the Annual report to the meeting.
9. Payment of Dividend through ECS:
  - a) Members holding shares in physical form are advised to submit their bank account details viz. bank name, branch address, 9 digit MICR Code of the branch, type of account and account number to the Registrars of the Company so as to reach them latest by 7<sup>th</sup> September, 2007 at Karvy Computer Share Private Limited, 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad – 50 034.
  - b) Members holding shares in demat form are advised to inform/update their bank account particulars to their respective depository participant(s).
10. Members are hereby informed that Item No. 10 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.
11. A brief profile of the rotational Directors 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**

The tenure of Sri. A. Vidyasagar as Managing Director of the company will expire on 23rd August, 2008 and taking into consideration his rich experience and the valuable services rendered by him to the company as Managing Director, the Board of Directors at their meeting held on 27th April, 2007, subject to the approval of the members, re-appointed him for another term of 3 years at a remuneration as approved by the remuneration committee of the Company w.e.f. 1st April, 2007.

Sri A. Vidyasagar is an Engineering Master Graduate. He did his B.Tech from JNTU, Kakinada, Andhra Pradesh in the years 1977 to 1981 and did his Master of Engineering from IIT, Kharagpur from 1981 to 1983. He also did Master of Business Administration from Osmania University, Hyderabad in the year 1989-1991. He started his career as a Design Engineer in Hindustan Aeronautics Limited, Hyderabad and latter on worked as General Manager for two reputed organizations.

In the year 1993 he promoted Avantel with a team of three people and made a turnover of Rs. 30 lakhs in the first year. With his vision and continuous strive with hard work, now the Company has a strength of 220 people with a turn over of Rs. 26 crores. Now the Company has world-class infrastructure for design, manufacture and development of Wireless products for defence, Satellite Communications and Export Markets.

He has rich work experience for more than 24 years in the Telecom, Software and Satellite Communication sectors. Following are few of his career achievements:

- Designed Circuits and Micro Electronic Modules for Fighter Aircrafts and Electronic Warfare Systems.
- Designed Communication Equipment for Ground-to-Air and Air-to-Air Communication in Fighter Aircrafts.
- Project Appraisal and Techno-Economic feasibility of Technology driven SMEs in the areas of Electronics, Telecom, information Technology and Medical Services.
- Established a Software Development Centre in Chennai for Software Export through Dedicated High Speed Data Communication Link to U.S.A.

Considering the above facts, Board of Directors of the Company in their meeting held on 27th April, 2007 approved his re-appointment with revised remuneration of Rs. 1,00,000/- per month. Further, he is provided with the perquisite of Rent free accommodation and other perquisites as per Service Rules of the Company.

As per the provisions of Section 269 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII of the said Act, requires appointment / re-appointment of the managerial personnel to be ratified by the members in the General Meeting. Hence the above resolution is commended for your approval.



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None of the Directors, except Smt. A. Sarada, Sri A. Venkateswara Rao and Sri A. Vidyasagar is interested in the resolution.

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

Members are aware that Sri N. Divakar was regularized as Director of the Company in the Sixteenth Annual General Meeting and also occupied office of place or profit. However, considering his rich experience and contributions in the field of electronics to the Company, the Board of Directors at their meeting held on 27<sup>th</sup> October, 2006 appointed Sri. N. Divakar as Director (Technical) of the Company for a period of 3 years w.e.f. 1<sup>st</sup> November, 2006 at a remuneration as approved by the Remuneration Committee of the Company, subject to the approval of members and Central Government.

As per the provisions of Section 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 as amended from time to time, the above appointment requires approval of the members in their General Meeting and hence the resolution is commended for your approval.

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

#### **Item No. 8**

The Board of Directors re-appointed Smt. A. Sarada as Director (Accounts) in their meeting held on 27<sup>th</sup> July, 2007 at a remuneration of Rs. 50,000/- as approved by the remuneration committee of the Company w.e.f. 27<sup>th</sup> July, 2007.

As per the provisions of Section 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 as amended from time to time, the above re-appointment requires approval of the members in their General Meeting and hence the resolution is commended for your approval.

None of the Directors, except Sri A. Venkateswara Rao, Sri A. Vidyasagar and Smt. A. Sarada is interested in the resolution.

#### **Item No. 9**

Section 309 of the Companies Act, 1956 provides that a Director who is neither in the whole-time employment of the Company nor a Managing Director may be paid remuneration by way of commission, if the Company by Special Resolution, authorises such payment.

The proposed resolution would allow the Company to make payment by way of commission to the non-executive directors in accordance with Section 309.

All the directors other than Managing / Executive Directors of the Company are deemed to be interested in the resolution to the extent of the commission payable to them in accordance with the proposed resolution.

#### **Item No. 10**

Your company is planning to enter into the business of E-learning and Satellite Broadcasting services by adding specific objects in the main Objects clause of the Memorandum of Association as a





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part of expansion plans devised by the Board of Directors. Hence the resolution is commended for your approval.

As per the provisions of Section 17 of the Companies Act, 1956, to alter Objects Clause of the Memorandum of Association, the members need to approve such a proposal by passing a Special Resolution in their General Meeting.

Hence the resolution is commended for your approval.

None of the directors is interested or concerned in the above proposed resolution.

**As per Section 192A of the Companies Act, 1956 read along with the Companies (Passing of the Resolution by Postal Ballot) (Amendment) Rules 2001, amendment to Objects Clause of the Memorandum of Association of the Company is required to be carried out through Postal Ballot. A copy of the Postal Ballot is sent separately.**

BY ORDER OF THE BOARD

Sd/-

A.Vidyasagar

Managing Director

Place : Hyderabad

Date : 08.08.2007

Report Junction.com



**ADDITIONAL INFORMATION OF DIRECTORS RETIRING BY ROTATION AND SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING (PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT)**

**Sri A.Venkateswara Rao:**

He is a graduate and is having rich experience of 34 years in business development and administration of LIC of India. He was Divisional Manager of LIC before joining Avantel. He is the Chairman of your company and his experience in administration will definitely help the company.

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

He has done his Bachelor in Engineering in 1959 from Madras University, Coimbatore. He has done Ptsc in Electronics from IAT, Pune in 1973. In 1976 he did PGDIE&M from JNTU, Hyderabad. He has got fellowship from the institution of Engineers (India). He received awards namely Commendation Card, Distinguished Service Medal (Seva Medal). He has very rich experience in the field of Electrical, Electronics and Mechanical. He worked in the Indian Army in the Corps of Electrical, Mechanical Engineers, maintaining all equipment/systems like wireless set, radar, vehicles, instruments and armaments. He has experience in the areas of production commitment in DLRL, carrying technical co-ordination works of DLRL, Project co-ordinator of a Naval Project. In the years 1992-95 he generated proposal for a major project required by the Army costing Rs.500 crores and obtained

Government sanction. In the year 1995-98 he worked as a full time director of a Private Company involved in the manufacture of Power plants for DOT and BOS to the Solar Photovoltaic System. He has constant interaction with large PSUs like BEL, HAL, ECIL etc.

**Sri. N. Divakar**

Sri N. Divakar is an outstanding Scientist of Defence Research and Development Organization (DRDO). He has done his Bachelor in Engineering from REC, Warangal, Andhra Pradesh in 1965. He did his Master of Engineering with distinction from IISc, Bangalore in 1967 with specialization in Applied Electronics and Servo mechanisms and latter joined Defence Electronics Research Laboratory (DLRL). As a strategist he has developed a consortium of industries of both public and private sector to realize systems. He is instrumental in providing to the Armed Forces, EW systems worth a few thousand crores through Public Sector industries like Bharat Electronics and Electronics Corporation of India Ltd (ECIL). Considering his rich experience and contributions in the field of electronics to the Company, the Board of Directors at their meeting held on 27<sup>th</sup> October, 2006 appointed Sri. N. Divakar as Director (Technical) of the Company for a period of 3 years w.e.f. 1<sup>st</sup> November, 2006 at a remuneration as approved by the Remuneration Committee of the Company, subject to the approval of members and Central Government.