



Annual Report 2014 - 2015

COMPANY INFORMATION

BOARD OF DIRECTORS

Dr. Abburi Vidyasagar	-	Managing Director
Smt. Abburi Sarada	-	Whole-Time Director
Shri Subramanaiya Balakrishnan	-	Director
Shri Yalamanchili Kishore	-	Independent Director
Shri Naveen Nandigam	-	Independent Director
Shri Raghu Prasad Pidikiti	-	Additional Independent Director (w.e.f. 25.10.2014)
Dr. R. K. Bagga, AVSM (Retd.)	-	Chairman and Independent Director (upto 09.12.2014)

Chief Financial Officer

Smt. Abburi Sarada

Company Secretary & Compliance Officer

Lokesh Agarwal

Registered Office:**CIN : L72200AP1990PLC011334**

Sy. No. 141, Plot No 47/P, APIIC Industrial Park,
Gambheeram (V), Anandapuram (M),
Visakhapatnam - 531 163, Andhra Pradesh
Phone: +91 - 891 - 6698000
Fax: +91 - 891 - 6698004

Corporate Office:

Plot No. 16, Sector-III, HUDA Techno Enclave,
Opp. K. Raheja IT Park,
Madhapur, Hyderabad -500 081, Telangana.
Phone: +91 - 40 - 6630 5000,
Fax: +91 - 40 - 6630 5004

Registrars & Share Transfer Agents:

M/s. Karvy Computershare Pvt. Ltd,
Karvy Selenium Tower B, Plot 31-32,
Gachibowli, Financial District, Nanakramguda,
Hyderabad - 500 032, Telangana.
Phones: 040 - 6716 1565
Email: einward.ris@karvy.com

Statutory Auditors:

M/s. Ramanatham & Rao,
Chartered Accountants
P. B. No. 2102, Flat No. 302, Kala Mansion,
Sarojini Devi Road, Secunderabad-500003.

Internal Auditors:

M/s. Ramesh & Co.,
6-3-661/B/1, Plot No:78, Sangeeth Nagar,
Somajiguda, Hyderabad-500082.
Tel No:040-23311864/30686266.

Secretarial Auditors:

M /s. P. S. Rao & Associates,
Company Secretaries
Flat No.10, 4th Floor, D. No.6-3-347/22/2
Ishwarya Nilayam, Opp: Sai Baba Temple,
Dwarakapuri Colony, Punjagutta,
Hyderabad- 500 082, Telangana.,India.

Bankers:

Canara Bank
Industrial Finance Branch,
H. No. 3-5-874/19/1 to 3,
Beside Old MLA Quarters,
Hyderguda
Hyderabad – 500 029, Telangana.
Ph. No. 040 – 23436945

Board Committees

Audit Committee:

Shri N. Naveen	-	Chairman
Shri Y. Kishore	-	Member
Shri Raghu Prasad Pidikiti	-	Member

Nomination and Remuneration Committee:

Shri Y. Kishore	-	Chairman
Shri N. Naveen	-	Member
Shri Raghu Prasad Pidikiti	-	Member

Stakeholders Relationship Committee:

Shri Raghu Prasad Pidikiti	-	Chairman
Shri Y. Kishore	-	Member
Dr. A.Vidyasagar	-	Member

Corporate Social Responsibility Committee:

Smt. A. Sarada	-	Chairperson
Shri N. Naveen	-	Member
Shri Y. Kishore	-	Member
Shri B.V. K. Durga Prasad	-	Member

Contents

	Page No.
Notice	03
Directors' Report	10
Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certificate	57
Compliance Certificate on Corporate Governance	58
Independent Auditors' Report	59
Balance Sheet	62
Statement of Profit & Loss	63
Cash flow statement	64
Significant Accounting Policies	65
Notes on Accounts	69
Proxy form	85

NOTICE

Notice is hereby given that the 25th Annual General Meeting of the Members of the Company will be held on Friday, September 18, 2015, at 11:00 AM at Sy. No. 141, Plot No. 47/P, APIIC Industrial Park, Gambheeram (V), Anandapuram (M), Visakhapatnam, Andhra Pradesh – 531163 to transact the following items of business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Financial Statements of the Company for the year 2014- 2015 together with the Report of the Board of Directors and Auditors thereon.
2. To declare dividend of ₹ 1.50/- per Equity Share of ₹ 10/- each to the shareholders for the financial year 2014-15.
3. To appoint a Director in place of Mr. Subramaniya Balakrishnan (holding DIN 00026612), who retires by rotation and being eligible, offers himself for re-appointment as Director.
4. 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 139, 141 and 142 of the Companies Act, 2013, read with Companies (Audit and Auditors) Rules, 2014 and all other applicable provisions, if any, of the Companies Act, 2013, Consent of the Company be and is hereby accorded to ratify the appointment of M/s. Ramanatham & Rao, Chartered Accountants, (ICAI Registration No. 002934S), as statutory auditors of the Company to hold office till the conclusion of the 29th Annual General Meeting of the Company to be held in the year 2019

and the Board of Directors be and is hereby authorized to fix their remuneration, in accordance with the recommendation of the Audit Committee in consultation with the auditors.”

SPECIAL BUSINESS:

5. To consider and appoint Shri Raghu Prasad Pidikiti (DIN 01660157) as an Independent Director of the Company:

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 149, 150, 152, 160 and all other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri Raghu Prasad Pidikiti (DIN 01660157), who was appointed as an Additional Director of the Company by the Board of Directors as per Section 161(1) of the Companies Act, 2013 and who holds office only upto the date of this Annual General Meeting and in respect of whom the Company has received a Notice in writing from a member proposing his term as an Independent Director for a period of five years, be and is hereby appointed as an Independent Director of the Company, for a period of five consecutive years from the ensuing Annual General Meeting.”

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

Place : Hyderabad
Date : 29.07.2015

Lokesh Agarwal
Company Secretary

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on poll instead of himself/herself and such proxy need not be a member of the Company. Appointing a proxy does not prevent a member from attending the meeting in person if he/she so wishes.
2. Proxies in order to be effective must be received by the Company at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. (a) The Company has notified closure of Register of Members and Share Transfer Books from 12th September, 2015 to 18th September, 2015 (both days inclusive) for determining the names of members eligible for dividend on Equity Shares, if declared at the Meeting.
- (b) The dividend on Equity Shares, if declared at the Meeting, will be credited / dispatched within 15 days from the date of AGM to those members whose names shall appear on Companies Register of Members on 11th September, 2015, 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.
4. Statement as required under Section 102 of the Companies Act, 2013, in respect of special business is annexed hereto.
5. In case you are holding the Company's shares in dematerialized form, please contact your depository participant and give suitable instructions to update your bank details in your demat account and to notify any changes with respect to their addresses email id, ECS mandate.

In case you are holding Company's shares in physical form, please inform Company's STA viz. M/s. Karvy Computershare Pvt. Ltd., Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, by enclosing a photocopy of blank cancelled cheque of your bank account.
6. M/s. Karvy Computershare Pvt. Ltd., Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, Phones: 040 - 6716 1565 Email: einward.ris@karvy.com is the Registrar & Share Transfer Agent (STA) of the Company. All communications in respect of share transfers and change in the address of the members may be communicated to them.
7. Members holding shares in the same name under different Ledger Folios are requested to apply for consolidation of such Folios and send the relevant share certificates to the Share Transfer Agent/Company.
8. Corporate members intending to send their authorised representatives to attend the meeting are requested to send to the Company a certified copy of the Board resolution authorising their representative to attend and vote on their behalf at the meeting.
9. Members holding shares in physical form are informed to furnish their bank account details to the STA to have printed the same on the dividend warrants so as to avoid any possible fraudulent encashment / misuse of dividend warrants by others.
10. Members seeking any information or clarification on the accounts are requested to send queries in writing to the Registered Office of the Company, at least one week before the date of the meeting. Replies will be provided in respect of such written queries at the meeting.
11. Members/Proxies are requested to bring the attendance slip filled in for attending the Meeting.
12. Members who hold shares in physical form can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in single name are advised, in their own interest to avail of the nomination facility. Members holding shares in dematerialized form may contact their respective depository participant(s) for recording nomination in respect of their shares.
13. Pursuant to Section 124 of the Companies Act, 2013, the amount of dividend remaining unpaid or unclaimed

for a period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company is required to be transferred to the Investor Education and Protection Fund set up by the Government of India.

Members who haven't yet encashed their dividend warrants from the financial year 2007-08 onwards are requested to make their claims to the Company without any further delay.

14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / STA.

E-VOTING:

The business as set out in the Notice may be transacted through electronic voting system and the Company is providing facility for voting by electronic means. Pursuant to the provisions of Section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-voting facility as an alternate to its members to cast their votes electronically on all resolutions set forth in the Notice convening the 25th Annual General Meeting. The Company has engaged the services of M/s. Karvy Computershare Pvt. Ltd, to provide the e-voting facility.

The Members whose names appear in the Register of Members / List of Beneficial Owners as on 11th September, 2015 (Cut-off date), are entitled to vote on the resolutions set forth in this Notice.

The e-voting period will commence on Tuesday, 15th September, 2015 (09:00 hrs) and will end on Thursday, 17th September, 2015 (17:00 hrs). During this period, shareholders of the Company holding shares either in physical form or in dematerialized form, as on the Cut-off date may cast their vote electronically. The e-voting

module shall be disabled by M/s. Karvy Computershare Pvt. Ltd for voting thereafter. Members will not be able to cast their votes electronically beyond the date & time mentioned above.

The Company has appointed Mr. M B Suneel, Practising Company Secretary, to act as Scrutinizer and to conduct and scrutinize the electronic voting process and poll at the Annual General Meeting in a fair and transparent manner. The members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereunder.

PROCEDURE FOR E-VOTING:

Instructions and other information relating to remote e-voting are as under:

I. Please take note of the below:

- (A) In case a Member receiving an email from Karvy [for Members whose email IDs are registered with the Company/Depository Participant(s)]:
- (i) Launch internet browser by typing the URL: <https://evoting.karvy.com>.
 - (ii) Enter the login credentials (i.e. User ID and Password as mentioned in the Covering Letter). Your Folio No. / DP ID-Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
 - (iii) After entering these details appropriately, click on "LOGIN".
 - (iv) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any

- other person and that you take utmost care to keep your password confidential.
- (v) You need to login again with the new credentials.
 - (vi) On successful login, the system will prompt you to select the “EVENT” i.e., Avantel Limited.
 - (vii) On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off date under “FOR/AGAINST” or alternatively, you may partially enter any number in “FOR” and partially in “AGAINST” but the total number in “FOR/AGAINST” taken together should not exceed your total shareholding as mentioned in the Covering Letter. You may also choose the option “ABSTAIN”. If the shareholder does not indicate either “FOR” or “AGAINST” it will be treated as “ABSTAIN” and the shares held will not be counted under either head.
 - (viii) Shareholders holding multiple folios/demat accounts shall choose the voting process separately for each folios/demat accounts.
 - (ix) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
 - (x) You may then cast your vote by selecting an appropriate option and click on “Submit”.
 - (xi) A confirmation box will be displayed. Click “OK” to confirm else “CANCEL” to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on all the Resolution(s).
 - (xii) Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter, etc. together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer/Company at e-mail ID: cssunil1427@gmail.com/lokeshagarwal@avantel.in with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format “Corporate Name_ EVENT NO.” The documents should reach the Scrutinizer and such other person on or before 17th September, 2015, 17.00 hours.
- (B) In case of Members receiving physical copy of the AGM Notice by Courier [for Members whose email IDs are not registered with the Company/Depository Participant(s)]:
 - (i) User ID and initial password as provided in the Covering Letter.
 - (ii) Please follow all steps from Sr. No. (i) to (xii) as mentioned in (A) above, to cast your vote.
 - (C) In case a person has become the Member of the Company after the dispatch of AGM Notice but on or before the Cut-off date i.e. 11th September, 2015, may write to the Karvy on the email ID: varghese@karvy.com (or) contact Mr. P. A. Varghese on 040-33215424, at Karvy Computershare Private Limited, Unit – Avantel Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032, requesting for the User ID and Password. After receipt of the above credentials, please follow all the steps from Sr. No. (i) to (xii) as mentioned in (A) above, to cast the vote.
2. The remote e-voting period commences on 15th September, 2015 at 9.00 hours and ends on 17th September, 2015 at 17.00 hours. During this period, the Members of the Company holding shares in physical form or in dematerialized form, as on the Cut-off date, being 11th September, 2015, may cast their vote by electronic means in the manner and process set out herein above. The e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently. Further, the Members who have cast their vote electronically shall not vote at the AGM.
 3. The members who have cast their vote by remote e-voting may also attend the AGM but shall not be entitled to cast their vote again.

4. The Company has engaged the services of Karvy Computershare Private Limited ("Karvy") as the Agency to provide e-voting facility to the members of the Company.
5. The Board of Directors of the Company has appointed Mr. M. B. Suneel, Practising Company Secretary as Scrutinizer to scrutinize the votes cast through remote e-voting process and votes cast at the 25th AGM in a fair and transparent manner and he has communicated his willingness to be appointed as such.
6. Voting rights shall be reckoned on the paid up value of shares registered in the name of the member / beneficial owner (in case of electronic shareholding) as on the Cut-off date i.e. 11th September, 2015.
7. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the Cut-off date, i.e. 11th September, 2015, only shall be entitled to avail the facility of remote e-voting/voting at 25th AGM.
8. The remote e-voting facility will be available during the following period: Commencement of remote e-voting: From 9.00 hours (IST) on 15th September, 2015. End of remote e-voting: Up to 17.00 hours (IST) on 17th September, 2015. The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by Karvy upon expiry of the aforesaid period.
9. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, will first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and will make, not later than 48 hours from the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairperson or a person authorised by him in writing who shall countersign the same. The Chairperson or a person authorised by him in writing will declare the result of voting forthwith.
10. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. 18th September, 2015.
11. The Results on resolutions shall be declared not later than 48 hours from the conclusion of the AGM of the Company and the resolutions will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favour of the Resolutions.
12. The results declared along with the scrutinizer's report(s) will be available on the website of the Company (www.avantel.in) and on service provider's website (<https://evoting.karvy.com>) and will be communicated to the BSE Limited within 48 hours from the conclusion of the AGM.

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No.5:

In accordance with the provisions of Section 149 read with schedule IV to the Companies Act, 2013, appointment of an Independent Director requires approval of members. Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors have proposed that Shri Raghu Prasad Pidikiti be appointed as Non-Executive Independent Director on the Board, whose office is not liable to retire by rotation.

The appointment of Shri Raghu Prasad Pidikiti shall be effective upon approval by the members in the Meeting.

The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Shri Raghu Prasad Pidikiti for the office of Director of the Company. The Company has received a declaration from Shri Raghu Prasad Pidikiti that he meets the criteria of independence as prescribed under sub-section(6) of Section 149 of the Act, and prescribed under Clause 49 of the listing agreement. Shri Raghu Prasad Pidikiti is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as Director.

Brief Resume of Shri Raghu Prasad Pidikiti:

Shri Raghu Prasad Pidikiti is a B. Tech (Civil Engg) from JNTU College of engineering, Kakinada in the year 1979. He was a Managing Partner of M/s. Westcoast Construction Company from 1980 to 1994. During this period the Partnership firm executed various civil engineering projects like dams, pre-stressed concrete structures in Goa, water supply schemes for Coimbatore and Madurai and Railway gauge conversion works between Bangalore and Mysore. He then promoted a limited Company M/s. Delta Construction Systems Limited in 1994 (name changed to D C S Limited in 2013) with his brothers and friends and undertook various projects mostly in the hydro-electric and irrigation sectors like tunnels shafts power houses and lift irrigation projects in various states in India, industrial projects like captive power plant and sub-station works, urban infrastructure projects like metro works in Delhi metro and Chennai Metro underground works.

Diversified during this period into mining related works and the Company was instrumental in introducing various innovative and leading methods in mining like:

- Introduction of eco-friendly mining methods in coal and limestone using surface miners and mega rock breakers
- Blind pumping of concrete for construction of underground water dams to depths of 200m and lengths of more than 700m in Singareni Collieries
- Promoting, introducing and transferring technology for highwall mining of coal to extract locked up coal for which the Company was awarded "TECHNOLOGY AWARD FOR PHYSICAL SCIENCES INCLUDING ENGINEERING – 2011" by Council of Scientific & Industrial Research for implementing the technology for Extraction Design of Locked-Up Coal by Highwall Mining in India

He has promoted DCS Limited (formerly Delta construction system Limited) in the year 1994 which is involved in construction of heavy civil and underground mining infrastructure works. Currently he is the Managing Director of DCS Limited.

He also promoted, with industry professionals, a trading Company M/s. DCS Trading & Services Pvt. Ltd (name changed to DCS TECHNO SERVICES PVT LTD in 2013) which is the distributor for KENNAMETAL USA for their construction and mining tools for the entire sub-continent apart from representing promoting and marketing various construction and mining related attachments, consumables spares and building construction related equipment like tower cranes, hoists, etc.

CURRENT POSITIONS:

1. Managing Director in D C S Limited
2. Director in DCS Techno Services Limited

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri Raghu Prasad Pidikiti as a Non-Executive Independent Director. Accordingly, the Board recommends the resolution in relation to