



Annual Report
2012 - 2013

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 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 Kavya 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.

- I. 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 |
|--|---------------------------|------------------------------------|
| I. Promoters | | |
| 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 |
| Total of Promoters & Promoter Group | 1593515 | 38.10 |

- (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 |
|---|---|-------------------|--------------------|-------------------|--------------------|
| Promoters | | | | | |
| 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;