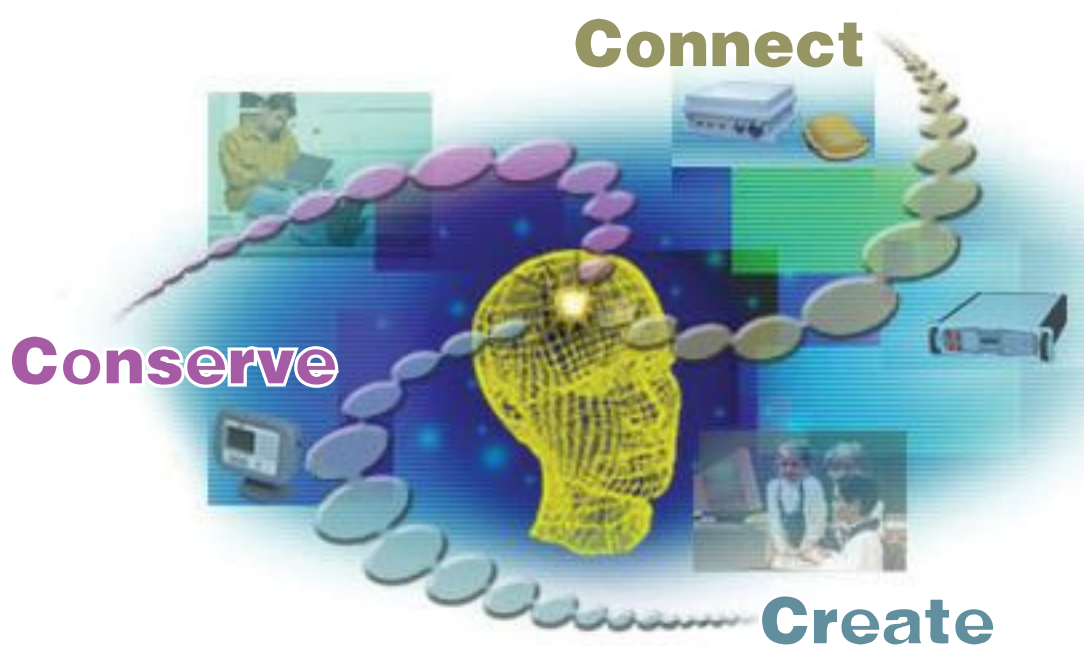


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Annual Report
2013 - 2014

BOARD OF DIRECTORS

Maj Gen. Dr. Rajinder Kumar Bagga, AVSM (Retd.)
Dr. A. Vidya Sagar
Mrs. A. Sarada
Shri N. Naveen
Shri Y. Kishore
Maj. Gen. Balakrishnan, VSM (Retd.)

Chairman
Managing Director
Director (Finance & Accounts)
Director
Director
Director

Statutory Auditors:

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

Cost Auditor:

Mr. N.V.S. Kapardhi
Cost Accountant
SRT 148, S.R. Nagar,
Hyderabad - 500 038

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

Registered Office:

CIN : L72200AP1990PLC011334

Sy. No. 141, Plot No 47/P, APIIC Industrial Park,
Gambheeram (V), Anandapuram (M),
Visakhapatnam-531 163, A.P.
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
Phones : +91 - 40 - 6630 5000
Fax : +91 - 40 - 6630 5004

Bankers:

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

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NOTICE

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the members of the Company will be held on Thursday, 25th September, 2014 at 11.00 A.M. at the Registered Office of the Company at Sy No. 141, Plot No. 47/P, APILC Industrial Park, Gambheeram(V), Anandapuram (M), Visakhapatnam, Andhra Pradesh - 531163 to transact the following business:

ORDINARY BUSINESS:

- 1) To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2014 and the Statement of Profit and Loss for the financial year ended on that date and the Report of Directors and the Auditors thereon;
- 2) To appoint a Director in place of Dr. A Vidya Sagar (DIN : 00026524) who retires by rotation and being eligible, offers himself for re-appointment;
- 3) To re-appoint auditors and fix their remuneration by passing the following resolution

“RESOLVED THAT, pursuant to the provisions of Section 139 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, and pursuant to the recommendations of the Audit Committee, M/s Ramanatham & Rao, Chartered Accountants (Firm registration No. 002934S), be and are hereby re-appointed as the statutory auditors of the Company, to hold office from the conclusion of this AGM to the conclusion of the 29th AGM (subject to ratification of the appointment by the members at every AGM held after this AGM) at such remuneration as may be decided by the Board of Directors.”

SPECIAL BUSINESS :

- 4) TO APPROVE THE REMUNERATION PAYABLE TO THE COST AUDITORS OF THE COMPANY FOR THE FINANCIAL YEAR 2014-15.

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 Sec. 148 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Cost Records and

Audit) Rules, 2014, the consent of the members be and is here by accorded to pay a remuneration of ₹20,000/- per annum plus out of pocket expenses to Mr. N.V.S. Kapardhi Cost Accountant, the Cost Auditor of the Company for conducting the audit of the cost records of the Company for the financial year 2014-15.”

- 5) TO CONSIDER AND APPROVE THE APPOINTMENT OF MAJ GEN S BALAKRISHNAN, VSM (RETD.) (DIN: 00026612) AS 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 Maj. Gen S. Balakrishnan VSM, (Retd) (DIN: 00026612) who was appointed as an Additional Director at the meeting of the Board of Directors held on 31st October, 2013 and who holds office as such upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

- 6) TO CONSIDER AND APPROVE THE APPOINTMENT OF MRS. A. SARADA (DIN: 00026543) AS 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 Mrs. A. Sarada, (DIN: 00026543) who was appointed as an Additional Director at the meeting of the Board of Directors held on 14th May, 2014 and who holds office as such upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under section 160 of the Companies Act, 2013 proposing her candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

- 7) TO CONSIDER AND APPROVE THE APPOINTMENT OF MRS. A. SARADA (DIN: 00026543) AS WHOLE-TIME DIRECTOR OF THE COMPANY

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

“RESOLVED THAT pursuant to the provisions of Section 196, 197 and 203 read with Schedule V and other applicable provisions of Companies Act, 2013, and the rules made thereunder, the approval of the members of the Company be and is hereby accorded for the appointment of Mrs. A. Sarada (DIN: 00026543) as the Director (Finance & Accounts) of the Company for a period of 3 (three) years w.e.f. 14th May, 2014 and the said Director shall be paid a remuneration of Rs 75,000 per month as approved by the Nomination and Remuneration Committee which shall also be the minimum remuneration payable in the event of loss or any inadequacy of profits in any particular financial year during her tenure.”

- 8) TO CONSIDER AND APPROVE THE APPOINTMENT OF MAJ GEN DR. R K BAGGA, AVSM (RETD) (DIN: 03505430) AS 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 Sections 149 and 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013, and the Rules made thereunder Maj Gen Dr. R K Bagga, AVSM, (Retd), (DIN: 03505430) an Independent Director and in respect of whom the Company has received a notice under Section 160 of the Companies Act, 2013 proposing his candidature for the office of director of the Company, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 5 years up to the conclusion of 29th Annual General Meeting.”

- 9) TO CONSIDER AND APPROVE THE APPOINTMENT OF SHRI NAVEEN NANDIGAM (DIN: 02726620) AS 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 Sections 149 and 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013, and the Rules made thereunder Shri Naveen Nandigam (DIN: 02726620) an Independent Director and in respect of whom the Company has received a notice under Section 160 of the Companies Act, 2013 proposing his candidature for the office of director of the Company, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 5 years up to the conclusion of 29th Annual General Meeting.”

- 10) TO CONSIDER AND APPROVE THE APPOINTMENT OF SHRI YALAMANCHILI KISHORE (DIN: 01633048) AS 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 Sections 149 and 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013, and the Rules made thereunder Shri Yalamanchili Kishore (DIN: 01633048) an Independent Director and in respect of whom the Company has received a notice under Section 160 of the Companies Act, 2013 proposing his candidature for the office of director of the Company, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 5 years up to the conclusion of 29th Annual General Meeting.”

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. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 20th September, 2014 to Thursday, 25th September, 2014, (both days inclusive) for the purpose of Annual General Meeting.
4. 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.
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. The annual report for the financial year 2013-14 has been sent through email to those members who have opted to receive electronic communication or who have registered their email addresses with the Company/depository participants. The annual report is also available on our website, i.e. www.avantel.in. The physical copy of the annual report has been sent

to those members who have either opted for the same or have not registered their email addresses with the Company/depository participant. The members will be entitled to a physical copy of the annual report for the financial year 2013-14, free of cost, upon sending a request to the Company Secretary at Plot No. 16, Sector III, HUDA Techno Park, Opp. Raheja IT Park, Madhapur, Hyderabad – 500081.

8. In accordance with the provisions of section 205C of the Companies Act, 1956, the un-claimed dividends pertaining to the financial years 2012-13, 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	01.10.2018
2011-12	28.07.2019
2012-13	01.09.2020

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.

9. The Companies Act, 2013 and amended Clause 35B of the Listing Agreement requires a listed Company to provide e-voting facility to its shareholders, in respect of all shareholders' resolutions, to be passed at General Meetings. The Company is pleased to offer e-voting facility as an alternate, for all its Members to enable them to cast their vote electronically.

In case a Member desires to exercise his vote by using e-voting facility then he has to carefully follow the instructions as given for E-Voting. He can use the facility and log in any number of times till he has voted on the resolution or till the end of the voting period whichever is earlier.

10. Mr. Karra SVS Sastry, Practicing Company Secretary (Membership No.A18995) has been appointed by the Board as Scrutinizer for the purpose of ascertaining the requisite majority for all the businesses in a fair and transparent manner.
11. The results declared along with the scrutinizer's report will be placed on the website of the company.
12. Pursuant to Clause 49 of the Listing Agreement, brief profiles of Directors including those proposed to be appointed or re-appointed is annexed to this notice.

By Order of the Board

Place : Hyderabad
Date : 31.07.2014

Sona Rajora
Company Secretary

STATEMENT TO BE ANNEXED TO THE NOTICE

(Pursuant to Section 102(1) of the Companies Act, 2013)

Item No.4:

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 the Company is required to get its cost accounts Audited by a cost accountant in practice. The Board has, on the recommendation of the Audit Committee, approved the appointment of Mr. N.V.S. Kapardhi, Cost Accountant as the Cost Auditor of the Company to conduct Cost Audit for the financial year 2014- 15, at a remuneration of ₹ 20,000/- per annum plus out-of-pocket expenses.

Mr. N.V.S. Kapardhi has vast experience in the field of cost audit and has been conducting the audit of the cost records of the Company since the past few years under the provisions of the erstwhile Companies Act, 1956.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, the consent of the members is sought for passing an Ordinary Resolution as set out in Item No. 4 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year 2014-15.

None of the Directors / Key Managerial Personnel /Managers of the Company / their relatives are in any way concerned or interested, financially or otherwise, in this resolution.

The Board recommends the resolution for your approval.

Item No. 5:

Pursuant to the provisions of Section 161 and other applicable provisions of the Companies Act, 2013 read with Article 97 of the Articles of Association of the Company, Maj. Gen S. Balakrishnan, VSM (Retd) was appointed as an Additional Director of the Company in the Board Meeting held on 31st October, 2013. He continues to hold office until the conclusion of the ensuing AGM.

The Company has also received notice from member along with the deposit of requisite amount under Section 160 of the Act proposing his candidature for the office of Director of the Company. Further, his office will be liable to retire by rotation.

Maj. Gen S. Balakrishnan, VSM (Retd) is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as a Director. He holds 8,930 equity shares of the Company.

Save and except Maj. Gen S. Balakrishnan, VSM (Retd) and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel/Managers of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

The Board recommends the resolution for your approval.

Item No. 6 & 7:

Pursuant to the provisions of Section 161 and other applicable provisions of the Companies Act, 2013 read with Article 97 of the Articles of Association of the Company, Mrs. A Sarada

was appointed as an Additional Director of the Company in the Board Meeting held on 14th May, 2014. She continues to hold office until the conclusion of the ensuing AGM.

The Company has also received notice from member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mrs. A. Sarada for the office of Directors of the Company.

As per Section 149 of the Companies Act 2013 read with Companies (Appointment and Qualification of Directors) Rules 2014 and Clause 49 of the Listing Agreement every listed company is required to appoint a woman director on the Board.

In compliance with the aforesaid provisions, Mrs A Sarada was appointed as Whole Time Director (Finance & Accounts) & CFO in the Board Meeting held on 14th May, 2014 subject to the approval of members for period of 3 years w.e.f 14th May, 2014.

The resolutions seeks the approval of the members in terms of Sections 196, 197 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013, and the Rules made thereunder for the appointment of Mrs A Sarada as a Whole Time Director for a period of 3 (three) Years commencing from 14th May, 2014. A brief profile of Mrs. A. Sarada is also provided in the Directors profile section.

It is proposed that Mrs. A Sarada will be liable to retire by rotation. She holds 2,45,396 equity shares of the Company.

Mrs. A. Sarada is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given her consent to act as a Director.

Mrs. A. Sarada shall be deemed to be concerned or interested, to the extent of the aforesaid shareholding and Dr. A. Vidya Sagar, Managing Director of the Company, who is her relative and their other relatives, to the extent of their shareholding interest in the Company, may be deemed to be concerned or interested in the said resolutions.

Save and except the above, none of the other Directors / Key Managerial Personnel / managers of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

The Board recommends the above said resolutions for your approval.

Item No. 8, 9 & 10:

The proposed Directors were appointed as the Independent Directors liable to retire by rotation under the erstwhile

Companies Act, 1956. However, as per Section 152 of the Companies Act, 2013, Independent Directors are not liable to retire by rotation and can be appointed by the Board for a term not exceeding 5 years.

As per Section 149 of the Companies Act, 2013, an Independent Director can hold office for a term up to 5 (five) consecutive years on the Board of a company and he shall not be included in the total number of directors for retirement by rotation. Hence, it is proposed that Maj Gen Dr. R K Bagga, AVSM, (Retd), Shri Naveen Nandigam and Shri Yalamanchili Kishore be appointed for a term of 5 (five) years respectively, not liable to retire by rotation.

The Company has also received notices from members along with the deposit of requisite amount under Section 160 of the Act proposing the candidatures of each of the aforesaid Directors for the office of Directors of the Company.

The Directors are not disqualified from being appointed as Directors in terms of Section 164 of the Companies Act, 2013 and they do not hold any shares of the Company. The proposed directors are independent of the management.

The Directors had declared their independency as per the provisions of Sec. 149(6) in the first meeting of the Board held on 14th May, 2014.

Maj Gen Dr. R K Bagga, AVSM, (Retd), Shri Naveen Nandigam and Shri Yalamanchili Kishore and their relatives shall be deemed to be interested in the resolutions set out respectively at Item Nos. 8, 9 & 10 of the Notice with regard to their respective appointments to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel / managers of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

The Board recommends the above said resolutions for your approval.

By Order of the Board

Place : Hyderabad
Date : 31.07.2014

Sona Rajora
Company Secretary

BRIEF PROFILE OF DIRECTORS IN PURSUANCE OF LISTING AGREEMENT

Dr. A. Vidya Sagar:

Dr. A Vidya Sagar is an Engineering Master Graduate. He did his B.Tech from JNTU, Kakinada, Andhra Pradesh from 1977 to 1981 and also 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. 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 is a dedicated and committed personality with rich experience of more than 25 years in the telecommunications, 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 Communications Equipment for Ground-to-Air and Air-to-Air Communications in Fighter Aircrafts.
- ◆ Project Appraisal for Techno-Economic feasibility of Technology driven SMEs in the areas of Electronics, Telecom, Information Technology and Medical Services, Software Development and Project Management.

Other Directorships : Nil

He does not hold any Chairmanship or Membership of any Committee in any other Company.

Mrs. A. Sarada

She has done Bachelor of Communication and Journalism from Padmavati University and Masters in Business Administration from Madhurai Kamraj University. Mrs A Sarada was associated with the Company from 1992 to 2000 as Director (Accounts). During these 8 years of her journey, she made significant contributions to the growth of the Company.

Mrs A Sarada was associated with the Company from 1992 to 2000 as Director (Accounts). During these 8 years of her journey, she made significant contributions to the growth of the Company.

Other Directorships : M/s. Wiki Kids Ltd. (Director)

She does not hold any Chairmanship or Membership of any Committee in any other Company.

Maj. Gen. S. Balakrishnan, VSM (Retd)

Maj Gen S Balakrishnan, VSM (Retd) has done engineering in 1959. Later, in 1977 he did his M.tech with distinction. He has also done Ptsc from IAT, Pune with honours. He had done PGDIE&M from JNTU, Hyderabad. He is also a fellow of the Indian Institute of Engineers (India).

Maj Gen S Balakrishnan, VSM (Retd) belongs to the Corps of Electrical and Mechanical Engineers (EME) of the Indian Army and was responsible to maintain all equipments/ systems like Wireless sets, Radars, Vehicles, Instruments and Armaments held by the Army.

For the good work done by him, he has received the Prestigious Awards, namely the Commendation of the Chief of Army Staff (Twice) and the distinguished Vasist Seva Medal (VSM) from the President of India in 1993.

He has rich experience in Project Management of Electronic Warfare System (EW). He was responsible for the Technical Co-ordination in Defence Electronic Research Laboratory prior to taking up the Project Management Work.

Other Directorships : Nil

He does not hold any Chairmanship or Membership of any Committee in any other Company.

BRIEF PROFILE OF INDEPENDENT DIRECTORS IN PURSUANCE OF SCHEDULE IV OF THE COMPANIES ACT, 2013

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

Maj. Gen. Dr. R.K. Bagga, AVSM (Retd.), 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 a 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. Dr. R.K. Bagga (Retd.) has received the prestigious ATI VISHISHT SEVA MEDAL (AVSM) on 26th January, 1987,