

AVTEC LIMITED

Regd. Office: Pithampur Industrial Area, Sector-III, P.O Sagore – 454774, Distt. Dhar (M.P).

NOTICE

NOTICE is hereby given that the Tenth Annual General Meeting of the Company will be held on 21st July, 2015 at 11.00 a.m. at the registered office of the Company at Pithampur Industrial Area, Sector-III, P.O. Sagore - 454774, Distt. Dhar (M.P.) to transact the following business:

AS ORDINARY BUSINESS

- (1) To receive, consider and adopt the audited financial statements (Standalone and Consolidated) of the Company for the financial year ended on March 31, 2015, the reports of the Board of Directors and Auditors thereon.
- (2) To appoint a Director in place of Mr. Viraj Sawhney (DIN 02227110), who retires by rotation at this Annual General Meeting and being eligible has offered himself for re-appointment.
- (3) To appoint a Director in place of Mr. A. Sankaranarayanan (DIN 00385632), who retires by rotation at this Annual General Meeting and being eligible has offered himself for re-appointment.
- (4) To ratify the appointment of M/s S.R. Batliboi & Co. LLP, Chartered Accountants (ICAI Firm Registration No.: 301003E), who hold office until the conclusion of Annual General Meeting to be held in 2017 as Auditors of the Company as required under Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, for the financial year 2015-16 at a remuneration and other terms and conditions to be decided by the Board of Directors.

AS SPECIAL BUSINESS

- (5) To appoint Ms. Manjira Khurana (DIN 00260969) as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:-

RESOLVED THAT Ms. Manjira Khurana ((DIN – 00260969) who was appointed as an Additional Director of the Company under Section 161 of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 ("the Rules") (including any statutory modification(s) or re-enactment thereof for the time being in force), holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Act proposing her candidature for the office of Director, be and is hereby appointed as Director of the Company.

RESOLVED FURTHER THAT pursuant to provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Act and the Rules, consent of the Shareholders be and is hereby accorded to the appointment of Ms. Manjira Khurana (DIN 00260969) as a woman Independent Director of the



Company for a period of five years w.e.f. 27.03.2015 to 26.03.2020 (both days inclusive).

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary or expedient to give effect to this resolution."

- (6) To appoint Mr. T.E.S. Varadhan (DIN 00263942) as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:-

"RESOLVED THAT Mr. T.E.S. Varadhan (DIN 00263942) who was appointed as an Additional Director of the Company by the Board of Directors under Section 161 of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 ("the Rules") (including any statutory modification(s) or re-enactment thereof for the time being in force), who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, liable to retire by rotation."

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary or expedient to give effect to this resolution."

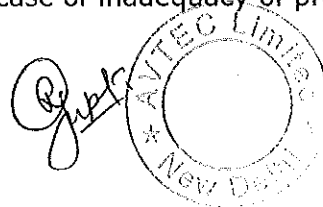
- (7) To change the terms of appointment of Mr. A. Sankaranarayanan (DIN 00385632) as a rotational Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:-

"RESOLVED THAT pursuant to provisions of Section 152 and all other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. A. Sankaranarayanan (DIN 00385632), appointed as Director not liable to retire by rotation, be and is hereby appointed as Director liable to retire by rotation w.e.f. 08.05.2015.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary or expedient to give effect to this resolution."

- (8) To approve the managerial remuneration in case of inadequacy of profits and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:-

"RESOLVED THAT pursuant to Section 197 & 198 and any other applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), consent be and is hereby accorded to pay Fixed Pay of Rs. 239 lacs p.a. and Variable Performance Pay upto Rs. 59 lacs p.a. to Mr. Prabhakar Kadapa, Managing Director (DIN 00059374), w.e.f. 01.04.2015 in case of inadequacy of profit.



RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company or any Committee thereof be and is hereby authorised to do all such acts, deeds, matters or things as may be required or considered necessary or incidental thereto."

Date: 08.05.2015
Place: New Delhi

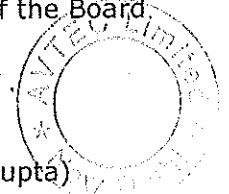
By Order of the Board



(Ruchika Gupta)

Company Secretary

PAN - AHBPG5420E



NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY IN ORDER TO BE EFFECTIVE SHOULD BE DULY STAMPED, COMPLETED AND SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING.**
2. Corporate members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board resolution authorising their representative to attend and vote on their behalf at the meeting.
3. The explanatory statement pursuant to section 102 of the Companies Act, 2013 relating to the Special Business to be transacted at the meeting is attached.
4. Members/Proxies should bring the enclosed attendance slip duly filled in for attending the meeting.
5. Relevant documents referred in the accompanying Notice will be tabled at the meeting for inspection.



EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 5

Pursuant to Section 149 of the Companies Act, 2013 ("the Act"), the Board, in its meeting held on 27.03.2015, has appointed Ms. Manjira Khurana, Country Head, Advocacy & Communications, HelpAge India, as an Additional Director in the category of Independent Director for a period of five years. The Nomination and Remuneration Committee has reviewed the detailed profile of Ms. Khurana and recommended her appointment as a woman Independent Director of the Company. The brief description of the profile of Ms. Khurana is as under.

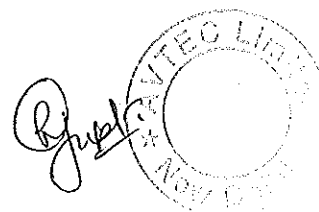
Ms. Khurana is an Economics graduate from Delhi University and also holds MBA degree from Indian Institute of Management, Kolkata.

Ms. Khurana holds 32 years of rich experience with Air India in straddling aviation strategy and the entire gamut of commercial airline operations. Her last assignment was ED (Customer Services), Air India. Since 2011, she is associated with HelpAge India as Country Head, Advocacy & Communications.

In the opinion of the Board, Ms. Khurana is an independent professional and possesses appropriate balance of skills, experience and knowledge in management, corporate governance, industrial laws and other disciplines related to the Company's business.

The Company has received a declaration from Ms. Khurana that she meets with the criteria of independence as prescribed under Section 149(6) of the Act.

- a. Ms. Khurana, in the opinion of the Board, is a person of integrity and possess relevant expertise and experience;
- b. (i) Ms. Khurana is or was not a promoter of the Company or its holding, subsidiary or associate company;
(ii) Ms. Khurana is not related to promoters or directors in the Company, its holding, subsidiary or associate company
- c. Ms. Khurana has or had no pecuniary relationship with the Company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- d. None of Ms. Khurana's relatives has or had pecuniary relationship or transaction with the Company, its holding, subsidiary or associate company, or their promoters or directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately financial years or during the current financial year;
- e. Ms. Khurana, neither himself nor any of his relatives—
 - (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the 3 financial years immediately preceding the financial year in which he is proposed to be appointed;
 - (ii) is or has been an employee or proprietor or a partner, in any of the 3 financial years immediately preceding the financial year in which he is proposed to be appointed, of—



- (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
- (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to 10% or more of the gross turnover of such firm;
- (iii) holds together with his relatives 2% or more of the total voting power of the company; or
- (iv) is a Chief Executive or Director, by whatever name called, of any non profit organisation that receives twenty-five per cent. or more of its receipts from the Company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent. or more of the total voting power of the company.

The Company has also received a notice in writing from Ms. Khurana, under Section 160 of the Act, proposing her candidature for the office of Director of the Company.

The Board recommends the resolution accompanying notice for your approval.

Except Ms. Manjira Khurana, none of the Directors and Key Managerial Personnel and their relatives is concerned or interested, financial or otherwise, in this resolution.

Item No. 6

Pursuant to clause 3.1.1 of Shareholders Agreement, dated 23rd March, 2013, between Highdell Investment Ltd and other promoter companies, National Engineering Industries Ltd, a promoter company, has nominated Mr. T.E.S. Varadhan as Nominee Director on the Board of the Company on behalf of all promoter companies. Nomination and Remuneration Committee in its meeting held on 08.05.2015 has also reviewed the profile of Mr. Varadhan and recommended his appointment to the Board as director liable to retire by rotation. Pursuant to Section 161 of the Companies Act, 2013, he will hold office till the conclusion of forthcoming Annual General Meeting.

Mr. Varadhan is professionally qualified CA and CMA. He has 35 years of extensive experience in handling corporate finance, merger, acquisition, strategic planning and reconstruction. Mr. Varadhan is a Group Chief Financial Officer of the C.K. Birla Group since 2006 and associated with Group from last 32 years.

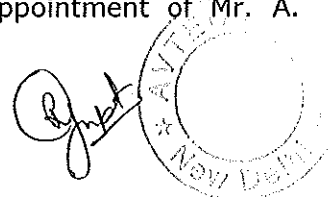
The Board recommends the resolution accompanying notice for your approval.

Except Mr. T.E.S. Varadhan, none of the Directors and Key Managerial Personnel and their relatives is concerned or interested, financial or otherwise, in this resolution.

Item No. 7

Mr. A. Sankaranarayanan, B.E (Hons.), was appointed as a promoter-nominee Director of the Company on 28.06.2005, not liable to retire by rotation.

Due to the change in board composition during the year in compliance with the Companies Act, 2013 ("the Act"), the Company is required to change the terms of appointment of Mr. A. Sankaranarayanan, from non-retiring director to retiring director under Section 152 of the Act. The Board in its meeting held on 08.05.2015 has proposed to its shareholders to change the terms of appointment of Mr. A.



The block contains a handwritten signature in black ink, which appears to be 'Sankar'. To the right of the signature is a circular stamp. The stamp has a double-line border. Inside the inner circle, the text 'AVT' is visible at the top, and 'New Delhi' is visible at the bottom. There is also a small star symbol in the center of the stamp.

Sankaranarayanan from the director not liable to retire by rotation to the director liable to retire by rotation w.e.f. 08.05.2015.

The Board recommends the resolution accompanying notice for your approval.

Except Mr. A. Sankaranarayanan, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in this resolution.

Item No. 8

In terms of the agreement for appointment of Mr. Prabhakar Kadapa, Managing Director of the Company, dated 07.11.2013, the Board of Directors ("the Board") on the recommendation of the Nomination and Remuneration Committee, will review the remuneration of Mr. Prabhakar Kadapa every year. The Board in their meeting held on 08.05.2015, on the recommendation of Nomination and Remuneration Committee, has revised the remuneration of Mr. Prabhakar Kadapa for the F.Y. 2015-16.

In the opinion of the Board, due to the slowdown in business and depressed market conditions in the automobile industry, the Company may have inadequate profits during the F.Y 2015-16 to pay the managerial remuneration to Mr. Prabhakar Kadapa. Therefore, pursuant to Section 197 read with Schedule V, Part II, Section II and any other applicable provisions of the Companies Act, 2013 ("the Act") along with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company requires an approval of the Shareholders through special resolution.

The other required information is as under:

I. General Information


1. Nature of Industry

The Company is mainly in the business of manufacture and supply of engines, transmissions and components thereof for passenger vehicles, off- highway and on- highway vehicles and earthmoving equipments.

2. Year of commencement of commercial production – 2005

3. Financial performance based on given indicators

	Rs./crs.		
Particulars	2012-13	2013-14	2014-15
Gross Sales & Services	721.27	580.74	677.59
Net Sales & Services	629.54	494.30	580.87
Earnings before Interest, Depreciation and taxes (EBIDTA)	80.66	20.76	55.54
Interest (Net)	20.63	19.51	24.07



Depreciation/Amortization	37.12	31.75	32.00
Profit before Tax	22.91	(30.50)	(0.53)
Provision for Income Tax and Other Taxes	7.98	(10.62)	0.63
Profit after Taxation	14.93	(19.88)	(1.16)

4. Export performance and net foreign exchange collaborations

The Company has not entered into any net foreign exchange collaboration.

Export turnover during the last three years is as under:-

	Rs. /crs.		
	2012-13	2013-14	2014-15
	65.87	53.91	80.31

5. Foreign investments or collaborators, if any

Foreign Investor - Highdell Investments Ltd, a foreign Company holds 75,00,000 Equity Shares (30% of Share Capital) of the Company.

II. Information about the appointee

a. Background details, Job profile and his suitability, etc.

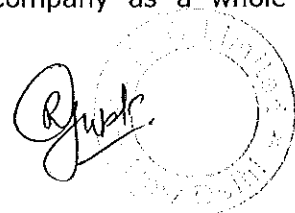
Mr. Prabhakar Kadapa is a professional with B.Tech in Mechanical Engineering and Post Graduate in Tool Engineering. He has a vast experience of automobile industry and associated with the Company as Managing Director since January, 2009.

He is responsible for day to day operations of the Company under superintendence, direction and control of the Board. The professional expertise of Mr. Prabhakar Kadapa has helped the Company in increasing its operational efficiency and earning good profits over the years despite having highly competitive market environment.

2. Past remuneration*

	Rs. /lacs		
	2012-13	2013-14	2014-15
	197.92	219.83	254.14

*Excludes contribution / provision for gratuity and leave encashment, the figures that are actuarially determined for the Company as a whole and therefore, are not separately available.



3. Proposed remuneration -

Rs. / Lacs	
Particulars	Amount (per annum)
Fixed Pay	239
Performance Variable Pay	59

4. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person.

Having regard to type of industry, size of the Company, the responsibilities, academic background and capabilities of Mr. Prabhakar Kadapa, the remuneration paid is at par with the remunerations paid to such senior executives in the Corporate Sector.

5. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.

Mr. Prabhakar Kadapa is neither having any pecuniary relationship with the Company nor is he related with any other managerial personnel of the Company.


As per Schedule V, Part II, Section II and other applicable provisions, if any of the Act and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Shareholders' approval by way of Special Resolution is required to pay the approved remuneration to Mr. Prabhakar Kadapa for the financial year 2015-16.

The Board recommends the resolution accompanying notice for your approval.

Except Mr. Prabhakar Kadapa, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in this resolution.

Date: 08.05.2015
Place: New Delhi

By Order of the Board


(Ruchika Gupta)
Company Secretary
PAN - AHBPG5420E

