



**24th Annual Report  
2007-2008**

## AVANCE TECHNOLOGIES LIMITED

and also subject to all applicable Guidelines, Rules and Regulations of Central government, Reserve bank of India, Securities Exchange Control Board of India (SEBI) and Bombay Stock Exchange (BSE) and also subject to their all such conditions and approvals in this behalf, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which expression shall include any committee constituted for the purpose) to offer issue and allot to any one or more persons being eligible foreign as well as Indian Investors, Non-resident Individuals and/or body(ies) corporate, Association of Persons, Banks, Financial Institutions and Others (hereinafter referred to as "Investors" and which term shall mean and include persons/bodies corporate/Associations of Indian as well as foreign origin and persons being Indian as well as foreign citizens), and whether such investors are existing equity shareholders of the Company or not) by way of circulation of an Offering Circular or Prospectus or by way of Private Placement or Preferential allotment of Fully Convertible Debentures/Bonds/ Global Depository Receipts and/or other suitable instruments and Loans, in one or more currencies upto an aggregate principal amount equivalent upto US \$ 15,000,000 (United States Dollars Fifteen Million Only) (hereinafter referred to as "the Securities"), secured or unsecured, to be subscribed in Indian and/or one or more Foreign currencies, which at the option of the holders of the Securities and/or at the option of the Company, may be converted into equity shares of the Company, such Offer, issue and allotment of Securities and conversion of such securities into equity shares of the Company to be made in one or more tranches, at such prices and on such terms and conditions as may be decided at the time of offer, issue and allotment, by the Board in accordance with the Rules, Regulations, terms, conditions and guidelines prescribed by the Memorandum and Articles of Association of the Company, SEBI, BSE and the Companies Act, 1956.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion of any Securities referred to above or as may be necessary in accordance with the terms of Offering and such equity shares resulting from the said conversion of Securities, need not necessarily rank pari passu with the then existing equity shares of the Company but may carry such qualified rights with regard to voting rights and dividend, as may be decided by the Board of Directors at the time of conversion."

**RESOLVED FURTHER THAT** for the purpose of giving effect to any offer, issue and allotment of Securities or equity shares arising out of conversion of such Securities, as described hereinabove, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds and things as it may at its discretion deem necessary or desirable for such purpose and such authority to include authority to determine without any limitation or restriction, the terms, timings, the class of investors to whom the securities or shares are to be issued, the number of securities or shares to be issued in each trench, issue price, face value, premium amount on issue /conversion of securities, rate of interest, redemption period, etc, the utilization of issue proceeds and power on behalf of the Company to settle any questions, difficulties or doubts that may arise in regard to any such issue or allotment, as it may in absolute discretion deem fit.

## AVANCE TECHNOLOGIES LIMITED

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers conferred hereinabove to any Committee of Directors or Managing Director or any director or any other Officer or Officers of the Company to give effect to the foregoing resolutions."

By ORDER OF THE BOARD,

Place: Mumbai

Sd/-

Dated: 3<sup>rd</sup> September, 2008

(Director).

### Notes:

1. **ANY MEMBER ENTITLED TO ATTEND AND VOTE IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. PROXY FORM IS ENCLOSED.**
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 27<sup>th</sup> September, 2008 to 30<sup>th</sup> September, 2008 both days inclusive.
3. Explanatory Statements pursuant to Section 173 (2) of the Companies Act, 1956 setting out the material facts relating to items of Special Business, are attached hereto.

## AVANCE TECHNOLOGIES LIMITED

### EXPLANATORY STATEMENTS

(Pursuant Section 173 (2) of the Companies Act, 1956)

#### ITEM NO. 4

The Board of Directors appointed Mr. Anand Chaudhary as an Additional Director with effect from 15th May, 2008 and pursuant to Section 260 of the Companies Act, 1956, Mr. Anand Chaudhary holds office upto this Annual general Meeting. He is eligible for appointment as a Director at this Annual General Meeting and Notice in writing under Section 257 of the said Act has been received from a Member of the Company proposing his candidature to the Office of Director. In view of his vast industrial experience, your Directors recommend this resolution for your approval. Apart from the obvious interest of Mr. Anand Chaudhary, no other Director is interested in this item of business.

#### ITEM NO. 5

The Company is all set to undertake an expansion-cum-diversification programme concerning the segments of digital electronics, computer hardware/software development. The total cost of the project is estimated at Indian rupees equivalent to US \$ 15 million and in order to raise such means, it has been proposed to approach investors/lenders through Private Offers for External Commercial Borrowings, GDRs, Fully Convertible Debentures and/or other instruments as the Directors may find expedient. Such offer, issue and allotment of FCDs/GDRs/shares will be subject to the Memorandum and Articles of Association of the Company, the Companies Act, 1956, Rules, Regulations and guidelines formed by SEBI, Central Government, Reserve Bank of India and also the conditions of the Listing Agreement with the Bombay Stock Exchange limited.

As the shares resulting from the conversion of instruments may be issued and allotted to persons other than the existing equity shareholders, it is necessary to pass the resolution under this item, as compliance of Section 81 (1A) of the Companies Act, 1956. Your Directors, therefore, recommend this resolution for your approval by way of a Special resolution. None of the Directors are interested in this item of business.

By ORDER OF THE BOARD,

Place: Mumbai

Sd/-

Dated: 3<sup>rd</sup> September, 2008

(Director).

# AVANCE TECHNOLOGIES LIMITED

## DIRECTORS' REPORT

To,  
The Members,

Your Directors' have pleasure in presenting the Twenty Fourth Annual Report together with Audited Statement of Accounts for the year ended 31st March, 2008.

### 1. FINANCIAL RESULTS :

Sr.No	Particulars	Year ended	Year ended
		March 31	March 31
		2008	2007
a	Income from Sales	909,237,956	781,201,104
b	Other Income	1,307,482	2,500
d	Operating Expenditure	924,967,877	785,133,388
c	Profit before Depreciation & Taxes	922,971,612	780,573,200
f	Depreciation	1,996,265	4,560,188
g	Profit before taxes	(1,692,996)	(3,724,105)
h	Provision for taxes	12579	88776
i	Deferred Tax	(578,044)	(1,333,254)
j	Net Profit for the year	(1,127,530)	(2,479,627)
k	Balance from previous year	58,597,925	61,077,552
o	Balance carried to Balance Sheet	57,470,395	58,597,925

### 2. DIVIDEND

In order to conserve the resources in the form of Reserves the company has not recommended any dividend payout, the dividend can be distributed probable next year when the company makes required amount of profits, as the Industrial Review of the Operations of the Company seem attractive in this economy.

## **AVANCE TECHNOLOGIES LIMITED**

### **3. BUSINESS OPERATIONS**

Incorporated on 30th January, 1985 and listed with the Bombay Stock Exchange. Avance Technologies Limited has been providing e-business solutions in verticals; network services, system integration, I.T Reselling and multi vendor support coupled with the enterprise class server & related technologies.

### **4. INDUSTRIAL REVIEW**

The annual revenue projections for India's IT industry in 2008 are US \$ 87 billion and market openings are emerging across four broad sectors, IT services, software products, IT enabled services, and e-businesses thus creating a number of opportunities for Indian companies. In addition to the export market, all of these segments have a domestic market component as well. With the formation of a new ministry for IT, Government of India (GOI) has taken a major step towards promoting the domestic industry and achieving the full potential of the Indian IT entrepreneurs.

India's information technology and IT-enabled services industry will more than double in size by 2012, led by a fast-expanding domestic market, according to a report.

India's expanding economy, growing annually by nearly nine per cent, is spurring domestic IT spending as companies upgrade technologies to stay competitive and consumers log onto the Internet on personal computers and mobile devices.

### **5. DEPOSITS**

The Company did not accept any deposits during the year under review.

### **6. PERSONNEL**

None of the employees of the company come under the provision of Section 217(2A) of the Companies Act, 1956, read with companies (particulars of employees) Rules, 1975.

### **7. DIRECTORS**

Mr. Anand Chaudhary who was appointed as Additional Director under section 260 of the Companies Act, 1956 till the conclusion of this Annual General Meeting is hereby Appointed as a Director of Company, liable to retire by rotation and on other such terms and conditions as agreed between Board and Mr. Anand Chaudary

## AVANCE TECHNOLOGIES LIMITED

In accordance with the provision of the Companies Act, 1956 and the Articles of Association of the Company, Mr. ShriKrishna B, Director of company, retire by Rotation and, being eligible, offer themselves for re-appointment.

### **8. DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors responsibility Statement, it is hereby confirmed:

That in the preparation of the accounts for the financial year ended 31<sup>st</sup> March, 2008; the applicable accounting standards have been followed along with proper explanation relating to material departures

That the directors have selected such accounting policies and applied them consistently and made judgments and estimates that were responsible and prudent so as to give a true and fair value of the state of affairs of the Company at the end of the financial year and the profit of the company for the year under review;

That the directors have taken proper and sufficient care for the maintenance of the adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of the company and for preventing and detecting fraud and other irregularities;

That the directors have prepared the Accounts for the financial year ended 31<sup>st</sup> March, 2008 on a 'going concern' basis.

### **9. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO UNDER SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956 (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS), RULES, 1988.**

#### **♦ Conservation of Energy:**

The operations of the Company involve low energy consumption. There are no major areas where any energy conservation measures can be taken. However, efforts are being made to conserve and optimize the use of energy in regular operations.

#### **♦ Technology absorption:**

As the Company is yet to set up a regular Research & Development facility, there is no technology development or absorption during the year under review. Also, no technology has been imported under any foreign collaboration or otherwise.

## **AVANCE TECHNOLOGIES LIMITED**

### ♦ **Foreign Exchange Earnings & Outgo:**

The Company has no Foreign Exchange Earnings or Expenditure during the year under review.

### **10. AUDITORS**

The Board of Directors have appointed M/s RAMESH BATHAM & CO. Chartered Accountants as statutory auditors of the company, who are liable to be retired in the ensuing Annual General Meeting. The Company has decided to re-appoint them as the Statutory Auditors in the ensuing General Meeting. The Company has received a certificate from them stating that the appointment is within the prescribed limits under section 224(1B) of the Companies Act, 1956. Members are requested to appoint Auditors & fix their remuneration.

### **11. ACKNOWLEDGEMENTS**

Your directors wish to place on records their appreciation of the employees, banks R&T agents, Stock Exchange authorities for their able guidance & support. Your directors thank all your customers for the confidence they have reposed in your company.

By ORDER OF THE BOARD,

Place: Mumbai

Sd/-

Dated: 30<sup>th</sup> June, 2008

(Director).



## **AVANCE TECHNOLOGIES LIMITED**

### **REPORT ON CORPORATE GOVERNANCE PHILOSOPHY OF CORPORATE GOVERNANCE**

Companies stand to gain immensely in the long run by adopting systems that increase accountability, transparency and fairness.

Your Company is committed to upholding the highest standards of Corporate Governance in its operations. The policies and practices are not only in line with the statutory requirement, but also reflect your Company's commitment to operate in the best interest of its stake holders. The responsibility for maintaining high standards of governance lies with your Company's Board of Directors and various Committee of the Board, which are empowered to monitor implementation of the best Corporate Governance practices including making necessary disclosures within the framework of legal and regulatory provisions and Company conventions besides its employees.

In this direction, your Company is committed to ensure that the Company's Board of Directors continued to be constituted as per the prescribed norms, meets regularly as per the prescribed frequency, provides effective leadership, exercises control over the management, monitors executive performance and makes appropriate disclosures. In addition, establishment of a framework of strategic control and continuous reviewing of its efficacy and establishment of clearly documented and transparent management processes for policy development, implementation and review, decision making, monitoring control and reporting are the other policy directives. Your Company provides free access to the Board of all relevant information, advices and resources to enable it to carry out its role effectively.

Pursuant to Clause 49 of the Listing Agreement, your Company has complied fully with all the mandatory requirements of the Corporate Governance in all material aspects. As required by the Listing Agreement, a report on Corporate Governance is given below:

#### **1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:**

The Company believes in high degree of transparency and accountability in its business operations and business practices and continues to adopt all measures to increase its level. The Company respects the rights of all its stakeholders to information on the performance of the Company. The Company is committed to maintain high standard of corporate governance towards its shareholders, Government, clients, employees and society

#### **2. BOARD OF DIRECTORS:**

The Board is constituted in conformity with clause 49 of the Listing Agreement with the Stock Exchange that the 50% of the Board comprising of non-executive Directors and half of the Board comprise of Independent Directors. As on 31st March, 2008 the composition of the Board and other related information are as given below:

## AVANCE TECHNOLOGIES LIMITED

Name	Category	Attendance General at meetings	Directorships and Chairmanships/ Memberships in Other Companies*			Shareholding
			No. of Directorships	Committee Positions		
				Member	Chairman	
Mr. Deepak Goyal	Executive Managing Director	Yes	0	0	0	0.00
Mr. Srikrishna B	Executive Director	Yes	0	0	0	0.00
Mr. Rajeev Anand	Independent & Non-Executive Director and	Yes	0	0	0	5.39% (2,00,000)
Mr. Randhir Marwa	Independent & Non-Executive Director-Chairman	No	0	0	0	0.00

None of the Directors hold directorship in more than 15 companies, membership in committees of Board in more than 10 companies and chairmanship of committee of Board of more than 5 committees.

Sr. No.	Name of Director	Number of Board meetings held during the period when the director was on the Board	Number of Board meeting attended	Whether present at previous AGM
1	Mr. Deepak Goyal	6	6	Yes
2	Mr. Rajeev Anand	6	5	Yes
3	Mr. Srikrishna B	6	5	Yes
4	Mr Randhir Marwa	6	6	No

### Number of Board Meeting held and dates of Board Meeting

The time gap between two meetings was less than four months

### Board Procedures

The Agenda is circulated well in advance for the Board members. The items in the Agenda are backed by comprehensive background information to enable the Board to take appropriate decisions. In additions to the information required under Annexure IA to clause 49 of the Listing Agreement, the Board is also kept informed of major events/items and approvals taken wherever necessary. At the Board meetings, the Board is apprised of the overall performance of the Company.

## AVANCE TECHNOLOGIES LIMITED

### 3. AUDIT COMMITTEE:

#### (a) Terms of Reference:

The terms of reference and powers of the Audit Committee are as per Clause 49 of the Listing Agreement and also as per Section 292A of the Companies Act, 1956. The functions of the Audit Committee are as per provisions of Company Law and Listing Agreement with the Stock Exchange. These include review of accounting and financial policies and procedures, review of financial reporting system, internal control procedures and risk management policies. The Audit Committee discusses the Company's accounts before these are placed before the Board of Directors and also takes an overview of the company's financial reporting process. The Committee met three times during the year on 31<sup>st</sup> July, 2007, 17<sup>th</sup> August, 2007, 30<sup>th</sup> October, 2007 and 31<sup>st</sup> January, 2008.

#### (b) Composition:

The Audit Committee consists of the following Directors:

<i>Name of Director</i>	<i>Executive/Non-Executive/Independent</i>	<i>No. of meetings attended</i>
Randhir Marwa	Chairman of the Committee and Independent Director	4
Rajeev Anand	Independent Director	4
Deepak Goyal	Executive Director	4

### 4. REMUNERATION COMMITTEE:

The Company is under the Process of constituting the Committee.

### 5. GENERAL BODY MEETINGS:

The particulars of last three Annual General Meetings of the Company held are as under:

<i>Year</i>	<i>AGM/EGM</i>	<i>Location</i>	<i>Date</i>	<i>Time</i>
2005	AGM	Unit No.1 603, Centre Point, Andheri Kurla Rd, Andheri(W)- 400 059	30/09/2005	11:00AM
2006	AGM	Unit No.1 603, Centre Point, Andheri Kurla Rd, Andheri(W)- 400 059	12/12/2006	11:00AM
2007	AGM	C-4, 1 <sup>st</sup> floor Society No.67 Sankalp, CHS S.V.Nagar Andheri(w), Mumbai-400 053	27/09/2007	10:30AM
2007	EGM	32/115 Laxmi industrial Estate, New Link Rd, Andheri(W)-400 053	20/02/2007	10:A.M

## AVANCE TECHNOLOGIES LIMITED

### 8. CODE OF CONDUCT

The code of conduct for the Directors and the Employees of the Company has been laid down by the Board and it is internally circulated and necessary declaration has been obtained.

### 9. DISCLOSURES:

Regarding, related party transactions i.e. transactions of the Company with its Promoters, Directors or Management, their subsidiaries or relatives, not conflicting with Company's interest, the details of which have been shown in Schedule 19 Notes to Accounts to the Annual Accounts for the year ended 31<sup>st</sup> March 2008. No penalties, strictures have been imposed on the Company by Stock Exchanges or SEBI or any other Statutory Authority, on any matter related to capital market, during the last three years.

### 10. MEANS OF COMMUNICATION:

The Company publishes its quarterly, half yearly, financial results in national and regional newspapers. The Company also sends the financial results to the Stock Exchanges immediately after its approval by the Board. The Company has not sent half yearly report to the shareholders.

### GENERAL SHAREHOLDER'S INFORMATION:

#### 1. Annual General Meeting scheduled to be held:

Date : Tuesday, 30th September, 2008

Time : 9:30 A.M.

Venue : A/704, 7th floor, Prime Rose, Lokhandwala Complex,  
Andheri(W)- 400 053

#### 2. Book Closure:

Friday, 26th September, 2008 to Tuesday, 30th September, 2008  
(both days inclusive).

## AVANCE TECHNOLOGIES LIMITED

### 3. Financial Calendar (tentative):

Financial Reporting for the Financial Year 2008-09	Tentative month of reporting
Unaudited Financial Results for the quarter ending 30 <sup>th</sup> June, 2008	July, 2008
Unaudited Financial Results for the half year ending 30 <sup>th</sup> September, 2008	October, 2008
Unaudited Financial Results for the quarter ending 31 <sup>st</sup> December, 2008	January, 2009
Audited Financial Results for the year ending 31 <sup>st</sup> March, 2009 (Audited)	June, 2009

### 4. Listing of Equity Shares on Stock Exchanges :

Equity Shares of the Company are listed on Bombay Stock Exchange Limited, Mumbai (BSE). An annual listing fee for the year 2008-09 has been paid to the Bombay Stock Exchange Limited, Mumbai (BSE).

### 5. Stock Code:

- (i) Bombay Stock Exchange Limited, Mumbai (BSE): 512149
- (ii) ISIN INE758A01015

### 6. Stock Price Data:

Month wise high and low price of the Company's Shares at Bombay Stock Exchange Limited (BSE) from April, 2007 to March, 2008

Month	Bombay Stock Exchange Limited (BSE)	
	High (Rs.)	Low (Rs.)
April 2007	8.83	6.50
May 2007	9.20	7.52
June 2007	8.50	7.15
July 2007	9.24	7.20
August 2007	10.24	7.14
September 2007	12.03	9.24
October 2007	10.90	8.00
November 2007	9.26	7.33
December 2007	14.78	8.34
January 2008	12.56	9.32
February 2008	23.08	9.74
March 2008	20.85	10.95

## AVANCE TECHNOLOGIES LIMITED

### 7. Compliance Officer:

Mr. Deepak Goyal is the compliance officer of the Company.

### 8. Share Transfer System

Shares sent for transfer in physical form to R&T Agents, are registered and returned within a period of 30 days from the date of receipt, if the documents are in order. The Share Transfer Committee meets generally on a fortnightly basis to consider the transfer proposals. All requests for dematerialisation of shares are processed by R&T Agent within 15 days.

### 9. Dematerialization of Shares

Trading in Equity Shares of the Company is permitted only in dematerialized form with effect from 29th January 2001 as per notification issued by the Securities & Exchange Board of India (SEBI). As on 31st March 2008, out of total Equity Capital 3707750 Equity Shares, 2083188 Equity Shares representing 56.18% of the total Equity Shares are held in dematerialized form with NSDL and CDSL. Transfer cum demat facility is available to all Shareholders of the Company, who request for such facility.

### 10. Distribution of Shareholding as on 31st March, 2008

Range in rupees	Number of Shareholders	% of Total Holders
Upto 5000	4129	86.27
5001 to 10000	319	6.67
10001 to 20000	164	3.43
20001 to 30000	64	1.34
30001 to 40000	20	0.42
40001 to 50000	19	0.40
50001 to 100000	35	0.73
100001 and above	36	0.75
<b>TOTAL.....</b>	<b>4,786</b>	<b>100</b>

## AVANCE TECHNOLOGIES LIMITED

### 11. Shareholding Pattern as on 31st March, 2008

Cat. Code	Category of Shareholder	Total No. of Shares held	%Shareholding
A.	Shareholding of Promoter and Promoter Group		
1	Indian		
(a)	Individuals / Hindu Undivided Family	200000	5.39
(b)	Central Govt. / State Govts.	0	0
(c)	Bodies Corporate	0	0
(d)	Financial Institutions / Banks		0
(e)	Any other	0	0
	Sub Total - A(1)	200000	5.39
2	Foreign	0	0
(a)	Non Resident Indians (Individuals) / Foreign Individuals	0	0
(b)	Bodies Corporate	0	0
(c)	Institutions	0	0
(d)	Any other	0	0
	Sub Total A(2)	0	0
	Total Shareholding of Promoter Group	200000	5.39
(B)	Public Shareholding		
1	Institutions		
(a)	Mutual Funds / UTI	0	0
(b)	Financial Institutions / Banks	900	0.02
(c)	Central Govt. / State Govt.	0	0
(d)	Venture Capital Funds	0	0
(e)	Insurance Companies	0	0
(f)	Foreign Institutional Investors	0	0
(g)	Foreign Venture Capital Investors	0	0
(h)	Any other	0	0
(h1)	NRI Banks	0	0
	Sub Total B(1)	900	0.02
2	Non Institutions		
(a)	Bodies Corporate / Trust	377615	10.18
(b1)	Individuals-shareholders holding normal Share Capital up to Rs. 1 Lac	1539806	41.53
(b2)	Individuals-shareholders holding normal Share Capital in excess of Rs. 1 Lac	1505048	40.59
(c)	Any other	0	0
(c1)	Clearing Member	0	0
(c2)	NRI	84381	2.28
(c3)	OCB's	0	0
	Sub Total B(2)	3129235	84.40
	Total Public Shareholding B(1) + B(2)	3506850	94.58
	Total (A) + (B)	3707750	100.00
C	Shares held by Custodians and against which Depository receipts have been issued	0	0
	Grand Total	3707750	100.00

## **AVANCE TECHNOLOGIES LIMITED**

### **8. OTHER INFORMATION**

#### Code of conduct for Prevention of Insider Trading

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended (the Regulations), the Board of Directors of the Company adopted the Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices (the Code) to be followed by Directors, Officers and other Employees. The code is based on the principle that Directors, Officers and Employees of Avance Technologies Limited owe a fiduciary duty to, among others, the shareholders of the company to place the interest of the shareholders above their own and conduct their personal securities transactions in a manner that does not create any conflict of interest situation. The code also seeks to ensure timely and adequate disclosure of Price Sensitive Information to the investor community by the company to enable them to take informed investment decision with regard to the Company's Securities.

Declaration regarding affirmation and Compliance of Code of Conduct  
This is to confirm that the Company has adopted the code of conduct for its Board Members and for the Senior Management Personnel of the Company. The Company has obtained affirmation as to Compliance of the Code of Conduct from all the Board Members and all the Senior Management Personnel of the Company on an Annual basis. This is a declaration as required under clause 49 I(D)(ii) of the Listing Agreement entered with the Stock Exchange.

**FOR AVANCE TECHNOLOGIES LIMITED**

Sd/-

**(Randhir Marwa)**  
**CHAIRMAN**



## **AVANCE TECHNOLOGIES LIMITED**

### **AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

To the Members of Avance Technologies Limited

We have read the report of the Board of Directors on Corporate Governance and have examined the relevant records relating to the compliance of conditions of Corporate Governance by Avance Technologies Limited for the year ended on March 31, 2008 as stipulated with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was conducted in the manner described in the Guidance on certification of corporate guidance issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement. We state that in respect of investor grievances received during the year ended 31st March, 2008, no investor grievances are pending against the company as per the records maintained by the company and presented to the Investors / Shareholders Grievance Committee.

We further state that such compliance is neither an assurance as to the further viability of the company nor the efficiency or effectiveness with which the Management has conducted the affairs of the company.

Place: Mumbai

Dated: 30<sup>th</sup> June, 2008

For RAMESH BATAM & CO.  
Chartered Accountants

Sd/-

Ramesh Batham  
Membership No.114178

# AVANCE TECHNOLOGIES LIMITED

## AUDITOR'S REPORT

To,  
The Shareholders of

### AVANCE TECHNOLOGIES LIMITED

1. We have audited the attached Balance Sheet of AVANCE TECHNOLOGIES LIMITED as at 31st March 2008 and also the Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluation the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Audit Report) order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks of books and records of the Company as were considered appropriate and the information and explanations given to us during the course of our audit, we enclosed in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. **Further to our comments in the Annexure referred to above, we report that:**
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief necessary for the purposes of our audit.
  - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - iii. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts.
  - iv. In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

## AVANCE TECHNOLOGIES LIMITED

- v. On the basis of written representations received from the directors, as on 31st March 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with notes give the information required by the Companies Act, 1956, in the manner so required and subject to Note No.2, 4,7,8,9,10&12 read with Significant Accounting Policies included therein, give a true and fair view in conformity with the accounting principles generally accepted in India.
1. In case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2008
  2. In the case of the Profit and Loss Account, of the profit for the year ended on that date.
- And
3. In case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For RAMESH BATHAM AND CO.  
Chartered Accountants

Sd/-

Place: Mumbai

Dated: 30<sup>th</sup> June, 2008

RAMESH BATHAM  
Proprietor  
Member No 114178

## **AVANCE TECHNOLOGIES LIMITED**

### **ANNEXURE TO THE AUDITORS' REPORT**

**Re:- Avance Technologies Limited F.Y. 2007-08**  
**Referred to in paragraph 3 of our report of even date,**

#### **(i) FIXED ASSETS**

- (a) The Company is in process of maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Assets have been physically verified by the management during the year. According to the information and explanations given to us, there is regular programme of verification which, in our opinion is reasonable having regards to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) Based on our scrutiny of the records of the company and the information and explanation received by us, we report that there were no sale of fixed assets. Hence, the question of reporting whether the sale of any substantial part of fixed assets has affected the going concern of the company does not arise.

#### **(ii) INVENTORIES**

- (a) The Inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company has maintained proper records of Inventories and no material discrepancy noticed on physical verification.

#### **(iii) LOANS AND ADVANCES**

The company has neither taken nor granted any loans or advances in nature of loans to parties covered under register maintained under section 301 of the Companies Act, 1956. Hence, the question of reporting whether the terms and conditions of such loans are prejudicial to the interest of the Company, whether reasonable steps for the recovery / repayment of over dues of such loans are taken does not arise.

## AVANCE TECHNOLOGIES LIMITED

### (iv) INTERNAL CONTROL

In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control except as stated above.

### (v) TRANSACTIONS WITH RELATED PARTIES AS PER REGISTER OF CONTRACTS UNDER SECTION 301 OF THE COMPANIES ACT, 1956

- (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, there is no transaction made with related parties in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 aggregating the value of rupees five lakhs or more in respect of any party during the year.

### (vi) DEPOSITS FROM PUBLIC

In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. However, unsecured loan outstanding to the extent of Rs.20,00,000/- (Previous Year Rs.20,00,000/-).

### (vii) INTERNAL AUDIT SYSTEM

The Company does not have an internal audit system commensurate with size and nature of its business.

### (viii) COST RECORDS

As informed to us, The Company is not required to maintain cost records under section 209 (1) (d) of the Companies Act, 1956.

### (ix) STATUTORY DUES

- (a) According to the information and explanations given to us, no undisputed amounts payable in respect of sales tax, custom duty, excise duty and cess were in arrears, except professional tax of Rs.7740/- for the financial year 2005-2006 and Rs.6600 for the financial year 2006-07, as at 31st March 2008, for a period of more than six months from the date they become payable.

## AVANCE TECHNOLOGIES LIMITED

(b) According to the information and explanation given to us, there are no dues of sale tax, income tax, custom duty, excise duty and cess, which have not been deposited on account of any dispute.

### (x) SICK INDUSTRY

The Company has no accumulated losses and has not incurred any cash losses during the financial year 2007-2008, covered by audit. Further, the Company has no cash losses in the immediately preceding financial year.

### (xi) DUES TO FINANCIAL INSTITUTIONS

Based on our audit procedures performed and on the information and explanation given by the management we are of the opinion that the Company has defaulted in making repayment of dues to Allahabad Bank amounting to Rs.2,22,97,612/- (Previous Year Rs. 2,85,78,512/-) for a period over 12 months.

Further, The Company has neither taken any loans from debenture holder hence no question of reporting arises to that extent.

### (xii) SECURED LOANS AND ADVANCES GRANTED

In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.

### (xiii) CHIT FUND, NIDHI OR MUTUAL BENEFIT COMPANY

In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of Clause 4 (xiii) of the Companies (Auditor Report) Order, 2003 are not applicable to the Company.

### (xiv) INVESTMENT COMPANY

In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investment. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor Report) Order, 2003 are not applicable to the Company.

### (xv) GUARANTEES GIVEN BY COMPANY

The Company has not given any guarantees for loans taken by other from banks or financial institutions. There is no guarantee given by the Company to third party.

## AVANCE TECHNOLOGIES LIMITED

### (xvi) TERM LOANS

In our opinion and according to the information and explanation given to us, the company has not taken any term loan during the year, hence no question of reporting arise to that extent.

### (xvii) SOURCE OF FUNDS AND ITS APPLICATION

According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.

### (xviii) PREFERENTIAL ISSUE

According to the information and explanations given to us, the Company has made preferential allotment of 2,00,000 Nos of shares of Rs.10/- each at a premium of Rs.2/- per share to one of its Director Mr. Rajeev Anand, he is covered in the register maintained under section 301 of the Act.

### (xix) DEBENTURES

According to the information and explanations given to us, during the period covered by our audit report, the Company has not issued any debentures.

### (xx) PUBLIC ISSUE

The Company has not raised any money by the public issue during the year covered by our audit report.

### (xxi) FRAUD

Based upon our audit procedures performed and on the information and explanations given by the management we are of the opinion that no fraud on or by the Company has been noticed or reported during the course of our audit.

For RAMESH BATHAM AND CO.  
Chartered Accountants

Sd/-

Place: Mumbai

Dated: 30<sup>th</sup> June, 2008

RAMESH BATHAM  
Proprietor  
Member No 114178

# AVANCE TECHNOLOGIES LIMITED

## BALANCE SHEET AS AT 31ST MARCH,2008

	Schedule	As at 31 March, 08	As at 31 March, 07
<b><u>SOURCES OF FUNDS</u></b>			
<b><u>SHAREHOLDERS' FUND</u></b>			
Share Capital	A	37,077,500	21,823,500
Reserve & Surplus	B	188,883,145	186,960,675
Share Application Money (Ref. Note 12)		7,241,800	4,700,000
<b><u>LOAN FUNDS</u></b>			
Secured Loans	C	22,297,612	23,137,785
Unsecured Loans	D	2,000,000	2,000,000
<b>TOTAL</b>		<b>257,500,057</b>	<b>238,621,960</b>
<b><u>APPLICATION OF FUNDS</u></b>			
<b><u>FIXED ASSETS</u></b>			
Gross Block	E	29,955,959	29,955,959
Less:-Depreciation till date		28,750,998	26,754,733
Net Block		<b>1,204,961</b>	<b>3,201,226</b>
<b><u>INVESTMENT</u></b>			
	F	<b>181,119,578</b>	<b>173,329,578</b>
<b><u>CURRENT ASSETS LOANS &amp; ADVANCES</u></b>			
Cash & Bank Balance	G	1,223,925	4,503,862
Loans & advances	G	46,642,167	32,898,766
Sundry Debtors	G	508,489,676	394,744,752
Inventories	K	82,467,078	70,520,109
<b>TOTAL (A)</b>		<b>638,822,846</b>	<b>502,667,488</b>
Less: Current Liabilities & Provisions	H		
Current Liabilities		562,883,581	439,249,618
Provisions		763,748	1,326,714
<b>TOTAL (B)</b>		<b>563,647,329</b>	<b>440,576,332</b>
<b>Net Current Assets (A-B)</b>		<b>75,175,517</b>	<b>62,091,156</b>
<b><u>MISC. EXPENDITURE</u></b>			
Preliminary Expenses		-	-
(Deferred Revenue Expenses)			
<b>TOTAL</b>		<b>257,500,057</b>	<b>238,621,960</b>

Notes forming part of balance sheet O

As per our Report of even date attached.  
For RAMESH BATHAM AND CO.  
CHARTERED ACCOUNTANTS

For & on behalf of the Board of  
AVANCE TECHNOLOGIES LIMITED

RAMESH BATHAM  
PROPRIETOR  
Membership No:- 114178

Deepak Goyal  
Managing Director

Srikrishna . B  
Director

Place: MUMBAI  
Dated: 28th June, 2008



# AVANCE TECHNOLOGIES LIMITED

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

	Schedule	As at 31 March, 08	As at 31 March, 07
<b><u>INCOME</u></b>			
Sales	I	909,957,956	781,201,104
Other Income	J	1,369,956	2,500
Increase/Decrease In Stock	K	11,946,969	205,679
<b>Total</b>		<b>923,274,881</b>	<b>781,409,283</b>
<b><u>EXPENDITURE</u></b>			
Purchases		921,103,941	778,901,593
Employees Remuneration		480,200	580,500
Administrative Exp.	L	1,275,384	378,272
Bad debts		-	338,755
Selling Expenses	M	79,643	364,797
Financial Expenses	N	32,465	9,283
Depreciation	E	1,996,265	4,560,188
		<b>924,967,877</b>	<b>785,133,388</b>
Profit/ (loss)		(1,692,996)	(3,724,105)
<b>Total</b>		<b>923,274,881</b>	<b>781,409,284</b>
<b>Profit/(Loss) before Tax</b>		(1,692,996)	(3,724,105)
Provision for FBT		8,787	12,197
Provision for income Tax		3,792	76,579
Provision for Differed Tax Assets/ Lib.		(578,044)	(1,333,254)
<b>Profit/ (Loss) after Tax</b>		(1,127,530)	(2,479,627)
Balance B/F from Previous Year		58,597,925	61077552
<b>Balance carried to Balance Sheet</b>		<b>57,470,395</b>	<b>58,597,925</b>
Profit Considered for arriving at EPS		(1,127,530.19)	(2,479,627.09)
Basic and diluted earning per Share		(0.30)	(1.14)
Number of Sahares used in computing Basic and Diluted Earning Per Share		3,707,750	2,182,750

Read with Accounting Policies and Notes on Accounts.  
As per our Report of even date attached.  
For RAMESH BATHAM AND CO.  
CHARTERED ACCOUNTANTS

For & on behalf of the Board of  
AVANCE TECHNOLOGIES LIMITED

RAMESH BATHAM  
PROPRIETOR  
Membership No:- 114178

Deepak Goyal  
Managing Director

Srikrishna . B  
Director

Place: MUMBAI  
Dated: 30th June, 2008

## AVANCE TECHNOLOGIES LIMITED

	As at 31 March, 08	As at 31 March, 07
<b>SCHEDULE - A</b>		
<b><u>SHARE CAPITAL</u></b>		
<b><u>AUTHORISED SHARE CAPITAL</u></b>		
4500000 Equity Shares of Rs.10/- each. (Previous Year 4500000 Equity Shares of Rs.10/- each)	<b>45,000,000</b>	<b>45,000,000</b>
<b><u>ISSUED, SUBSCRIBED &amp; PAID UP</u></b>		
3707750 Equity Shares of Rs.10/-each.fully paid up	37,077,500	21,827,500
Less : Calls In Arrears	-	4,000
	<b>37,077,500</b>	<b>21,823,500</b>
<b>SCHEDULE - B</b>		
<b><u>RESERVE &amp; SURPLUS</u></b>		
Share Premium (Ref. Note 12)	101,400,750	98,350,750
General Reserve	30,012,000	30,012,000
Brought from P & L A/c	57,470,395	58,597,925
	<b>188,883,145</b>	<b>186,960,675</b>
<b>SCHEDULE - C :</b>		
<b><u>SECURED LOANS</u></b>		
Allahabad Bank, C C Account (Secured against Hypothecation of charges on entire stocks/ book debts and other current assets of the company both current and future along with colletral security of the equitable mortgage of plot of lan with building situated at belapur, navi mumbai and personal guarantee of all directors)	22,297,612	23,137,785
	<b>22,297,612</b>	<b>23,137,785</b>
<b>SCHEDULE - D :</b>		
<b><u>UNSECURED LOANS</u></b>		
From Companies	2,000,000	2,000,000
	<b>2,000,000</b>	<b>2,000,000</b>

SCHEDULE 5 SHOWING THE DETAILS OF FIXED ASSETS & DEPRECIATION CLAIMED THEREON UNDER  
COMPANIES ACT, ON S.L.M. BASIS

ACCOUNTING YAER 2007-2008

Schdule - E

Sl. NO.	DESCRIPTION OF ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK		
		AS ON			AS ON	RATE	AS ON	FOR	Def	AS ON	AS ON	AS ON
		1/4/2007	ADD	DED	31/3/2008	(%)	1/4/2007	THE YEAR	-	31/3/08	31/3/08	31/3/07
1	AIR CONDITIONER	90,000	-	-	90,000	4.75	33,615	4,275	-	37,890	52,110	56,385
2	FURNITURE & FIXTURE	1,221,601	-	-	1,221,601	6.33	1,048,372	77,327	-	1,125,699	95,902	173,229
3	COMPUTER	27,394,711	-	-	27,394,711	16	25,517,952	1,876,759	-	27,394,711	-	1,876,759
4	VEHICLES	373,283	-	-	373,283	9.50	145,637	35,462	-	181,099	192,184	227,646
5	OFFICE EQUIPMENT	51,397	-	-	51,397	4.75	9,157	2,441	-	11,598	39,799	42,240
6	KODAK CAMERA	505,378	-	-	505,378	7.07	-	-	-	-	505,378	505,378
7	COMPUTER EQUIPT	291,939	-	-	291,939	-	-	-	-	-	291,939	291,939
8	LAMINATION MACHINE	27,650	-	-	27,650	7.07	-	-	-	-	27,650	27,650
	TOTAL RS.	29,955,959	-	-	29,955,959		26,754,733	1,986,265	-	28,750,998	1,204,961	3,201,226
	PREVIOUS YEAR RS.	29,955,959	-	-	29,955,959		17,634,356	4,568,188	-	22,194,544	7,781,415	12,321,603

## AVANCE TECHNOLOGIES LIMITED

PARTICULAR	CURRENT YEAR 2007-08		PREVIOUS YEAR 2006-07	
	NOS. OF SHARES	AMOUNT RUPEES	NOS. OF SHARES	AMOUNT RUPEES
<b>SCHEDULE : "F"</b>				
<b>INVESTMENTS (AT COST)</b>				
<b>LONG TERM INVESTMENTS :</b>				
<b>(A) In Shares (Quoted)</b>				
BSEL Information Systems Ltd.	1,100,420	20,151,074	1100420	20151074
Hitech Entertainment Ltd.	195,515	3,783,993	195515	3783993
Yogi Sung Won (India) Ltd.	135,024	328,511	135024	328511
Madhya Pradesh Glychem Inds. Ltd.	800,000	8,000,000	800000	8000000
Available Finance Ltd.	250,000	2,500,000	250000	2500000
Sanket International Ltd.	-	-	250000	11250000
(Market Value As on 31.03.2007 Rs. (lacs)				
<b>Total 'A'</b>	<b>2,480,959</b>	<b>34,763,578</b>	<b>2,730,959</b>	<b>46,013,578</b>
<b>(B) In Shares (Unquoted)</b>				
Esque Finmark Pvt. Ltd.	50,000	10,000,000	50,000	10,000,000
Mac Financial & Management Consultants Pvt. Ltd.	100,000	17,500,000	100,000	17,500,000
Sanjay Chemical (I) Pvt. Ltd.	150,000	15,000,000	150,000	15,000,000
Shree Agrawal Coal of India	150,000	1,500,000	150,000	1,500,000
SKM Steel Ltd.	400,000	20,000,000	400,000	20,000,000
S.S. Crop Care Ltd.	800,000	40,000,000	800,000	40,000,000
Sure Lock Plastics Pvt. Ltd.	40,000	4,000,000	40,000	4,000,000
Prestige Feed Mills Limited	150,000	15,000,000	-	-
Standard Alloys	3,000	3,000,000	-	-
Sterling Hydraulics Private Limited		1,040,000		
Network Technology Sol. Inc., (10000 Equity Shares of one U.S.Dollar each fully paidup) (Wholly owned subsidiary)	10,000	420,000	10,000	420,000
Zenit Global Consultant Limited	284,800	5,696,000	284,800	5,696,000
Genius Corporate Services Pvt. Ltd.	20,000	2,500,000	20,000	2,500,000
Avas Capital Market	107,000	10,700,000	107,000	10,700,000
<b>Total 'B'</b>	<b>2,264,800</b>	<b>146,356,000</b>	<b>2,111,800</b>	<b>127,316,000</b>
<b>Total 'A' + 'B'</b>	<b>4,745,759</b>	<b>181,119,578</b>	<b>4,842,759</b>	<b>173,329,578</b>

## AVANCE TECHNOLOGIES LIMITED

	Current Year 2007-08	Previous Year 2006-07
<b>SCHEDULE - G :</b>		
<b>Debtors</b>		
<b>(Unsecured and Consided Good, Unless otherwise Stated)</b>		
Over Six Month (Considered Good )	83,425,864	10,987,633
Other (Consided Good )	425,063,812	383,757,119
	<b>508,489,676</b>	<b>394,744,752</b>
<b><u>CASH &amp; BANK BALANCES</u></b>		
Cash in Hand	748,853	54,414
<b>Balance With Banks</b>	..	..
In Current Account	475,072	1,841,648
Margin Money(F.D with Allahabad Bank)	..	1,750,000
In Margin Deposit for Bank Guarantee	..	857,800
	<b>1,223,925</b>	<b>4,503,862</b>
<b>SCHEDULE -G :</b>		
<b><u>Loans &amp; Advances :</u></b>		
For MSEB	109,140	109,140
	<b>109,140</b>	<b>109,140</b>
<b><u>OTHER CURRENT ASSETS - :</u></b>		
Advance income Tax & TDS	301,739	301,739
Advance For Investment	43,982,918	30,681,200
VAT Credit Available	748,369	306,687
Share Application (Utsav Polymers Ltd.)	1,500,000	1,500,000
	<b>46,533,027</b>	<b>32,789,626</b>
	<b>46,642,167</b>	<b>32,898,766</b>
	As at	As at
	<b>31st March,08</b>	<b>31st March,07</b>
<b>SCHEDULE - H :</b>		
<b><u>CURRENT LIABILITIES AND PROVISION</u></b>		
<b><u>Provision</u></b>		
Differred Tax Liability	142,018	720,062
Provision for Taxation Ass Yr 2003-04	227,406	227,406
Provision for Taxation Ass Yr 2004-05	259,924	259,924
Provision for FBT - Ass Yr 2006-07	12,054	12,054
Provision for FBT - Ass Yr 2007-08	12,197	12,197
Provision for FBT - Ass Yr 2008-09	8,787	..
Provison for Income Tax Ass Yr.2006-07	4452	4,452
Provison for Income Tax Ass Yr.2007-08	76,579	76,579
Provison for Income Tax Ass Yr.2008-09	3,792	..
Professional Tax Payable	16,540	14,040
	<b>763,748</b>	<b>1,326,714</b>
<b><u>Current Liabilities:</u></b>		
Advance Received from cutomers	38,374,486	38374485.5
Sundry Creditors (Ref Note No14)	521,714,095	398080132.8
Preferencial FCD - Application Money	2,795,000	2,795,000.00
	<b>562,883,581</b>	<b>439,249,618</b>
	<b>563,647,329</b>	<b>440,576,332</b>

## AVANCE TECHNOLOGIES LIMITED

Schedules annexed to and forming part of Profit & Loss Account for the year ended 31.3.2008

	For the Year 31.3.2008	For the Year 31.3.2007
<b>SCHEDULE - I:</b>		
<b>Sales</b>		
Software Sales	909,957,956	781,201,104
	<b>909,957,956</b>	<b>781,201,104</b>
<b>SCHEDULE - J:</b>		
<b><u>Other Income:</u></b>		
Service Charges Received	62,474	-
Sundry Balance Written Back	999,091	-
Other Income:	308,391	2,500
	<b>1,369,956</b>	<b>2,500</b>

**SCHEDULE - K  
INVENTORIES**

PARTICULERS	CURRENT YEAR 2007-2008		PREVIOUS YEAR 2006-2007	
	QUANTITY (Unit)	AMOUNT RUPEES	QUANTITY (Unit)	AMOUNT RUPEES
<b><u>Stock of Software</u></b>				
Opening Stock	1,206	69,935,281	1,330	70,306,525
Add : Purchases	11,052	920,999,740	9,750	778,324,670
Service Charges	-	-	-	-
Less : Sale	11,217	909,957,956	9,874	781,201,104
<b>Closing Stock</b>	<b>1,041</b>	<b>81,882,250</b>	<b>1,206</b>	<b>69,935,281</b>
<b><u>Stock of Hardware</u></b>				
Opening Stock	77	584,828	27	7,905
Add : Purchases	-	-	50	576,923.00
Less : Sale	-	-	-	-
<b>Closing Stock</b>	<b>77</b>	<b>584,828</b>	<b>77</b>	<b>584,828</b>
<b>Grand Total</b>		<b>82,467,078</b>		<b>70,520,109</b>

## AVANCE TECHNOLOGIES LIMITED

	31.3.2008 (Rupees)	31.3.2007 (Rupees)
<b>SCHEDULE - L:</b>		
<b><u>Administrative &amp; Selling Expenses :-</u></b>		
Auditors Remuneration	19,000	19,000
Books & Periodicals	-	7,541
Communication Expenses	29,719	15,800
Courier Charges	8,564	7,432
Commission & Brokrage Paid	16,123	14,632
Electricity Charges	31,253	40,178
Miscellaneous Expenses	-	33,394
Listing Fees	60,500	10,500
Printing & Stationery	11,873	12,560
Professional Fees & Legal Charges	72,752	34,000
Professional Tax Company	2,500	-
Repair Maintenance	4,015	4,532
Rent, Rates and Taxes	113,600	113,000
Share Transfer Fees	10,000	15,510
Vehical Expenses	26,335	21,387
Sundry Balances W/o	869,130	28,806
	<b>1,275,364</b>	<b>378,272</b>
<b>SCHEDULE - M:</b>		
Advertisement	4,990	2,080
Travelling & Conveyance	47,525	338,917
Meeting & Conference Expenses	27,128	23,800
	<b>79,643</b>	<b>364,797</b>
<b>SCHEDULE -N:</b>		
Bank Charges	32,465	9,283
	<b>32,465</b>	<b>9,283</b>

## **AVANCE TECHNOLOGIES LIMITED**

### **SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2008 & PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING 31AT MARCH 2008.**

#### **SCHEDULE: "O "**

Notes to the Accounts

#### **1. Significant Accounting Policies**

##### **a) Basis for Preparation of Financial Statements**

The financial statements have been prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles, Accounting Standards issued by The Institute of Chartered Accountants of India and the provisions of The Companies Act 1956, as adopted consistently by the Company. All income and expenditure having a material bearing on the financial statements are recognized on accrual basis.

##### **b) Revenue Recognition**

Revenue from the sale of software products is recognized as and when the bill has been raised. Sale of Trading items are recognized as and when delivery made and rising of invoice to the parties.

##### **c) Expenditure**

Expenses are accounted on accrual basis and provision is made for all known losses and liabilities.

##### **d) Inventory**

Inventories are valued at cost or estimated net realizable value whichever is lower, computed on a FIFO basis, after providing for cost of obsolescence and other anticipate losses, wherever considered necessary. Finished goods and work in Progress include costs of conversion and other costs incurred in bringing the inventories to their present location and condition as certified by the management.

##### **e) Fixed Assets**

Fixed assets are stated at cost of acquisition for assets installed and put to use less accumulated Depreciation.



## AVANCE TECHNOLOGIES LIMITED

### f) Depreciation

Depreciation on fixed assets has been provided using the straight-line method as per the Companies Act, 1956. Depreciation is charged on pro-rata basis for assets purchased/sold during the year.

### g) Research And Development

Expenses incurred on research and developments are charges to revenue in the same year. Fixed assets purchased for research and development purpose are capitalized and depreciated as per Company's policy.

### h) Investments

Investments are classified into Current investments and long-term investments. Current Investments are carried at lower of cost or market value and provision is made to recognize any decline in the carrying value. Long-term investments are carried at cost and provision is made to recognize any decline, other than temporary, in the value of such investment. The investment in the subsidiary is accounted on the cost method, where by, the investment is carried at cost. Provisions are recorded to recognize any decline other than temporary in the carrying value of the investment.

### i) Retirement Benefits

Contribution to defined contribution schemes such as Provident Fund are charged to profit and loss account as incurred. The Company does not provide for any post retirement benefits.

### j) Taxation

Income-tax expense comprises current tax expense, fringe benefit tax and deferred tax expense or credit.

#### **Current tax**

Provision for current tax is recognised in accordance with the provisions of the Indian Income Tax Act, 1961 and is made annually based on the tax liability after taking credit for tax allowances and exemptions.

#### **Fringe benefits tax**

Provision for fringe benefits tax ('FBT') has been recognised on the basis of the harmonious contextual interpretation of the provisions of the Income Tax Act, 1961.

## AVANCE TECHNOLOGIES LIMITED

### Deferred tax

Deferred tax liability or asset is recognized for timing differences between the profits/losses offered for income taxes and profits/losses as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain to be realized.

### k) Earnings per share ('EPS')

Basic EPS is computed using the weighted average number of equity shares outstanding during the year. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the period except where the results would be anti-dilutive.

### 1) Provisions and Contingent Liabilities

The Company recognizes a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for contingent liabilities made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure as specified in Accounting Standard 29-'Provisions, Contingent Liabilities and Contingent Assets' is made.

### 2) Contingent Liability on account of dues payable to Bank

- a) The outstanding amount due to Allahbad Bank is Rs.2,22,97,612/- (Previous Year Rs. 2,85,78,512/- including interest Rs NIL ( Previous Year Rs. Nil) up to 31st March 2008. The loss has been under stated to that extent. After several negotiations with the bank the Company has proposed for one time settlement to clear the outstanding dues to the bank. In view of these no interest provision made in the current year. During the current year lien on fixed deposit margin money of Rs17,50,000/- and margin deposit for bank guarantee of Rs.8,57,800/- has been adjusted against the outstanding dues to the bank and the net balance has been shown as outstanding.

## AVANCE TECHNOLOGIES LIMITED

### 3 Previous year's figures

The Previous year's figures have been recast/restated, wherever necessary to confirm to current year classification.

### 4 Loans & Advances

Advances recoverable in cash, kind or value to be received are primarily towards prepayments for value to be received and same has been confirmed by the management.

5	2007-08	2006-07
Earnings and Expenditure in Foreign Currency.		
Earning in foreign currency	NIL	NIL
Expenditure in foreign currency	NIL	NIL

### 6 Auditors Remuneration

Audit Fees	9,000	9,000
Tax Audit Fees	7,500	7,500
Other Services	2,500	2,500

### 7 Related Party Disclosure

As per Accounting Standard-18 "Related party Disclosures" comes into effect in respect of accounting periods commencing on or after 01.04.2002, According to the information and explanations given to us, there is no transaction made during the year with related parties into the Company.

8 Sundry Debtors, Creditors, Loans & Advances and bank balances are stated as appear in the books of accounts in the ordinary course of business. The balances are un-confirmed and are subject to confirmation from the party/Bank.

9 Investments in quoted or unquoted shares are subject to physical verification. The market value of unquoted shares are not ascertainable.

10 As per Accounting Standard 17 issued by the Institute of Chartered Accountants of India regarding Segmental Reporting, we state that the same is not significant compared to the turnover of main activity. Hence same is not reported.

## AVANCE TECHNOLOGIES LIMITED

- 12 During the financial year 2006-07, the Company had issued 26, 25,000Nos. Warrants each of Rs.12/- to the promoters and others paying 10% of the issue price, carry right to subscribe for equal number of fully paid up equity shares of Rs.10/- each. Out of which 15,25, 000Nos. warrant holders who has paid full amount have subscribed for the fully paid up equity shares of Rs. 10/- each and they have been allotted 1525000 Nos. of equity shares as fully paid-up. The balance amount of Rs.2/- per share have been transferred to share premium account amounting Rs.30,50,000/- The amount Rs.42,85,000/- in the share application represents application money towards outstanding warrants.
- 13 Unsecured Loan Rs.20, 00,000/- (Previous Year Rs.20, 00,000/-) is interest free loan.

As per our Report of Even Date Attached

For RAMESH BATHAM AND CO.

For AVANCE TECHNOLOGIES LIMITED

CHARTERED ACCOUNTANTS

RAMESH BATHAM

DEEPAK GOYAL

SRI KRISHNA B.

PROPRIETOR

MANAGING DIRECTOR

DIRECTOR

PLACE : MUMBAI

DATE : 30th June, 2008

## AVANCE TECHNOLOGIES LIMITED

PARTICULARS	As At 3/31/2008 Rupees	As At 3/31/2007 Rupees
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
1 Net Profit (including cap.reserves)	(1,127,530)	(2,479,627)
Profit & Loss on sale of Investment	-	-
Dividend received	-	-
Other Income-Interest	-	-
Deferred Revenue expenses	-	-
Depreciation	1,996,265	4,560,188
Operating Profits before working capital changes A	868,734	2,080,561
<b>Adjustments for:-</b>		
Loans & Advances	(13,743,402)	(1,519,692)
Current liabilities and provisions	123,070,996	342,393,797
Sundry Debtors	(113,744,924)	(347,975,209)
Inventories	(11,946,969)	(205,679)
Change in Working Capital B	(16,364,298)	(7,306,783)
<b>Cash Generated</b>		
2 From Operating: B+A	(15,495,564)	(5,226,222)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Sale/(Purchase)of investment	(7,790,000)	2,150,000
Dividend	-	-
Profit & Loss on sale of Investment	-	-
Other Income-Interest	-	-
Sale/(Purchase)of Fixed assets	-	-
Net cash from investing activities: C	(7,790,000)	2,150,000
<b>3 CASH FLOW FROM FINANCING ACTIVITIES</b>		
Share allotment+Premium+Share Application Money)	20,845,800	4,700,000
Secured Loan received	(840,173)	-
Unsecured Loan repaid	-	-
cash flow from financial Activities D D	20,005,627	4,700,000
Net increase in cash & cash equivalent: C+(D+B+A)	(3,279,937)	1,623,778
Opening cash & cash equivalent	4,503,862	2,880,083
Closing cash & cash equivalent	1,223,925	4,503,862

FOR AVANCE TECHNOLOGIES LIMITED

DEEPAK GOYAL  
MANAGING DIRECTOR

SRIKRISHNA B.  
DIRECTOR

### AUDITORS CERTIFICATE

We have examined the attached Cash Flow statement of M/S. Avance Technologies Limited (Formerly VMC Software Limited) for the year ended 31st March, 2008. The statement has been prepared by the company in accordance with the requirements of Clause 32 of listing agreement with the Stock Exchange, Mumbai and is based on and in agreement with the corresponding Balance Sheet of the company covered by our report of even date to the Members of the Company.

For RAMESH BATHAM AND CO.  
CHARTERED ACCOUNTANTS

PLACE : MUMBAI  
Dated : 28th June, 2008

RAMESH BATHAM  
PROPRIETOR  
Membership No:- 114178