

ADVENT COMPUTER SERVICES LIMITED



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ADVENT COMPUTER SERVICES LIMITED

John P. N.

AUTHORISED SIGNATURE

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SEVENTEENTH ANNUAL REPORT

2001-2002

ADVENT COMPUTER SERVICES LIMITED

BOARD OF DIRECTORS

MICHAEL ARUL	-	Managing Director
DILIP COELHO	-	Director
Dr. SUSANNE GERL	-	Director
Mr. HORST NASKO	-	Director

AUDITORS

ANIL NAIR & ASSOCIATES

Chartered Accountants

Casa Blanca, I Floor, No. 6, Casa Major Road,
Egmore, Chennai - 600 008.

BANKERS

CANARA BANK

G.P. ROAD, CHENNAI.

DEUTSCHE BANK
MUMBAI

REGISTERED OFFICE

No. 15, Montieth Lane, Egmore, Chennai - 600 008.

NOTICE

Notice is hereby given that the ***Seventeenth Annual General Meeting*** of the Members of **ADVENT COMPUTER SERVICES LIMITED** will be held on Thursday, 12th September, 2002 at **Selva Rajeswari Hall, D.K.Complex, 2, First Main Road, Srinivasa Colony, Villivakkam, Chennai - 99** at 10.00 a.m. to transact the following business as :

ORDINARY BUSINESS

1. To receive, consider and adopt the Annual accounts for 12 months period ended 31st March, 2002 together with the report of Directors and Auditors thereon.
2. To re-appoint **Mr. Dilip Coelho** as Director of the company who retires by rotation at this Annual General meeting and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

DATE : 29th June, 2002.

By order of the board

PLACE : Registered Office, 15, Montieth Lane,
Egmore, Chennai - 600 008.

MICHAEL ARUL
Managing Director

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NOTES

member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company.

The proxy in order to be effective shall be lodged with the company at its Registered Office of the Company at least 48 hours before commencement of the meeting.

The Register of Members and Share Transfer Books of the Company will remain closed from 6.9.2002 to 12.9.2002 (both days inclusive) in terms of Section 154 of the Companies Act, 1956.

Members are requested to notify immediately any change in their address to the Registered office of the Company.

Shareholders desiring any information or seeking any clarification as regards the accounts of the Company are requested to send their queries in writing to the Company at the Registered Office at least 7 days in advance of the meeting, so that the required information can be available at the meeting.

The equity shares of the company are listed on the following stock exchanges:

- i. Madras Stock Exchange, Chennai.
- ii. The Stock Exchange, Mumbai.
- iii. The Stock Exchange, Ahmedabad.

The listing fees towards Madras Stock Exchange and The Stock Exchange, Mumbai have been up to date and the listing fees for The Stock Exchange, Ahmedabad for the year 2002-2003 is being paid in due course.

The member or proxy is requested to bring the copy of the Annual Report sent to the members, as extra copies will not be supplied due to high cost of paper and printing.

DIRECTORS' REPORT TO THE SHAREHOLDERS
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To

**The Shareholders of
Advent Computer Services Limited**

Your Directors have great pleasure in presenting the Seventeenth Report for the year ended 31st March, 2002.

FINANCIAL RESULTS

PARTICULARS	YEAR ENDED 31.3.2002 (12 MONTHS)	PERIOD ENDED 31.3.2001 (15 MONTHS)
	(RUPEES IN LAKHS)	
SALES OF SOFTWARE & PRODUCTS	52.20	463.32
OTHER INCOME	5.00	6.35
TOTAL INCOME	57.20	469.67
TOTAL EXPENDITURE	68.04	422.10
PROFIT/LOSS FOR THE PERIOD	(-)10.84	47.57
BALANCE TRANSFERRED TO BALANCE SHEET	(-)10.84	46.57
RESERVES AND SURPLUS	2115.96	1559.28

DIVIDEND:-

The Board of Directors of the Company does not recommend any dividend to the Equity Shareholders of the Company in view of losses sustained in operations during the year.

DIRECTORS' RESPONSIBILITY STATEMENT:-

The Board of Directors state that:

1. While preparing the annual accounts, the applicable accounting standard have been followed along with proper explanation relating to material departures.
2. The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year and of the profit/loss of the Company for that period.
3. The Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Directors have prepared the annual accounts on a going concern basis.

PAST, CURRENT AND FUTURE OUTLOOK OF THE COMPANY:-

PAST: The last 12 months have been difficult ones for not just the software industry due to events like September, 11, the war in Afghanistan and the overall economic meltdown in the international market especially in the USA. As a result of adverse market conditions, most customers have deferred their buying decisions of software products and services for better times resulting in a serious downturn in business for your company. No software company has escaped the adverse consequences of these tough market conditions and we are no exception.

CURRENT: The economic recovery of global markets has still not occurred. There are still signs that such recovery is nowhere in sight given the various market uncertainties that are continuing to plague the US market. Given this uncertain market conditions, it is no longer possible to plan realistically for the future without looking at alternate markets and strategies for your company. All these changes in the market place require restructuring of your company to meet these challenges.

FUTURE: The future for Supply Chain Management is still very bright. There are still huge gaps in the market for Supply Chain solutions, which are not being addressed by any vendor. Our Company's products are ideal for meeting this requirement provided it is positioned differently in the market and some key functional and technological changes

are made in our software products and a completely new marketing structure is put in place to address new markets.

The Company is now looking to restructure itself to attract additional investment to put these plans in place as well as make the changes required to make it suitable for meeting the challenges of the market place. The Company still enjoys strong competitive advantage in the market provided these changes are effected for which additional investments will have to come in to the company.

During the year, the Company converted the pending warrants in to equity shares in the month of June, 2001 after seeking the shareholders approval to refix the conversion price at Rs. 30/- per equity share (including a premium of Rs. 20/- per equity share). The Company had applied for listing of these equity shares in all the three stock exchanges viz., Chennai (Regional stock exchange), Ahmedabad and Mumbai. The listing permission "in principle" has been received from Madras Stock Exchange, Chennai and Ahmedabad in November 2001. Listing application filed with The Stock Exchange, Mumbai is still pending since 29th October, 2001.

DISCLOSURE OF INFORMATION AS PROVIDED UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975.

None of the employees of the company were in receipt of remuneration in excess of the limits laid under the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (particulars of Employees) Rules, 1975.

INFORMATION AS REQUIRED UNDER SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

A. CONSERVATION OF ENERGY

Since the company is engaged in Computer Software operations, the details, as intended under Section 217 (1) (e) does not arise.

B. TECHNOLOGY ABSORPTION

The Company is engaged in computer software operations and as such technology absorption intended under Section 217 (1) (e) does not arise.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange earnings	:	NIL
Foreign Exchange outgo	:	NIL

As to the qualification made by the Statutory Auditors of the Company, the Company is in the process of establishing an adequate internal audit system commensurate with the size of the organisation and the respective confirmation of the balances will be dealt with accordingly.

DIRECTORS

Mr. Dilip Coelho, Director, retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.

AUDITORS

M/S. Anil Nair & Associates, the existing Auditors have furnished a certificate regarding their eligibility for re-appointment. The Directors recommend that they be re-appointed as Auditors for the company for the year 2002-2003.

ACKNOWLEDGMENT

The Board of Directors expresses their deep and sincere appreciation for the support extended by the Bankers, Statutory Auditors and shareholders and the employees of the Company for the faith reposed in the Company.

DATE : 29TH June, 2002.

By order of the board

PLACE : Registered Office, 15, Montieth Lane,
Egmore, Chennai - 600 008.

MICHAEL ARUL
Managing Director

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MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

CORE BUSINESS OUTLOOK

Your Company is positioned at the highest end of the value chain since it is a product Company, unlike most Indian software companies. This gives your company a strategic advantage in its core business positioning. Once the market uncertainties are gone the prospects for a software product company is much better in terms of profitability and return on investment than any services company.

OPPORTUNITIES AND THREATS

There are still millions of potential customers in the global market that require a cost effective supply chain solution that your company is in a position to supply. The market opportunities are therefore very large for the foreseeable future.

The major threat to the company is the economic downturn of global markets which requires the company to have resources to be able to sustain itself during this adverse period of time and no one is able to forecast accurately when this downturn is likely to turn around. The company should therefore be able to restructure itself into an entity that is capable of meeting these new set of adverse circumstances without which it cannot exploit its competitive advantage in the markets.

OUTLOOK

The future for Supply Chain Management is still very bright. There are still huge gaps in the market for supply chain solutions, which are not being addressed by any vendor. The company is now looking to restructure itself to attract additional investment to put these plans in place as well as make changes required to make it suitable for meeting the challenges of the market place.

INTERNAL CONTROL SYSTEM

The Company has downsized its operation considerably to be able to sustain its operations during these difficult times. It has established a whole set of controls to ensure that financial controls as well as other controls to protect its software products have been put in place.

FINANCIAL PERFORMANCE

The economic meltdown in the international market especially in the USA has led to adverse market conditions. Most customers have deferred their buying decisions of software products and services for better times resulting in a serious down turn in business. Considering these adverse conditions, the performance of the company has been in keeping with overall market trends.