



**ADVANCE
MULTITECH
LIMITED**

**27th
Annual
Report
2005-2006**

ADVANCE MULTITECH LIMITED

ADVANCE MULTITECH LIMITED
27th ANNUAL REPORT**BOARD OF DIRECTORS**

Arvind Goenka	Chairman & Managing Director
Ashok Goenka	Director
Dr.S.R. Dhruv	Director
Pravin Manilal Purohit	Director
Omprakash Jalan	Director

ANNUAL GENERAL MEETING

On Saturday, 30th September, 2006
Advance Synthetic Mills
Opp. Simla Hotel,
Narol Char Rasta,
Ahmedabad - 382 405.
At 11.30 A.M.

AUDITORS

Nahta Jain & Associates
Chartered Accountants,
211, New Cloth Market,
Ahmedabad - 380 002.

BANKERS

Union Bank of India
Relief Road,
Ahmedabad.

Shareholders are requested to bring their copy of the Annual Report along with them at the Meeting, as the copies of the Report will not be distributed at the meeting.

REGISTERED OFFICE

36, Kothari Market,
Ahmedabad - 380 022.

PLANT

Plot No.167, Pirana Approach
Village Piplej, Ahmedabad.

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NOTICE

NOTICE is hereby given that 27th Annual General Meeting of the Members of Advance Multitech Limited will be held on Saturday, the 30th day of September, 2006 at the Advance Synthetic Mills, Opp. Simla Hotel, Narol Char Rasta, Ahmedabad - 380 405 at 11.30 A.M. to transact the following business.:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2006 and Profit & Loss Account for the financial year ended on that date together with the Report of the Board of Director and Auditors thereon.
2. To appoint a Director in place of Shri. Ashok Goenka, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditor's and fix their remuneration and in this connection to pass with or without modification, the following resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT M/s. Nahta Jain & Associate, Chartered Accountant, Ahmedabad be and is hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company on a remuneration as may be decided mutually by the Board of Directors of the Company in conclusion with the aforesaid firm of Auditors."

Registered office
36, Kothari Market
Ahmedabad - 380 022

By order of the Board
For ADVANCE MULTITECH LTD.

(Arvind Goenka)
Managing Director

Date : 28.08.2006

NOTES :

1. Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of the business under item Nos. 4 to 5 set out above is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. A PROXY IN ORDER TO BE VALID NEED NOT BE A MEMBER OF THE COMPANY. A PROXY FORM DULY FILLED IN AND SIGNED SHOULD BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE START OF THE MEETING.
3. The Register of Members and the Share Transfer Book of the Company will remain closed from Monday, the 25th day of September, 2006 to Saturday, the 30th day of

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September,2006.(Both days inclusive).

4. All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered office of the company on all working days except Saturdays between 11.00 A.M. and 1.00 P.M. upto the date of the Annual General Meeting.
5. Members/proxies should bring their attendance slips duly filled in for attending the meeting.
6. Members who have not encashed their dividend warrants pertaining to earlier years may approach the share department of the company for revalidating the warrants and for obtaining the duplicate warrants.
7. In accordance with the provisions of the Companies Act,1956 and the Articles of Association of the Company, Shri. Ashok Goenka retire by rotation at this Annual General Meeting.

Shri.Ashok Goenka is serving since his appointment as Additional Director on the Board of your company and has expressed his desire to be re-appointment this vast and varied experience is needed to manage the affairs of the Company.

8. Members are requested to intimate the change in their address, if any, to the Registered office of the Company writing their folio no.
9. Members holding shares in more than one folio in identical order of name are requested to write to the Registered office of the company enclosing their share certificate to enable us to consolidate their holdings in one folio, to facilitate better service.
10. Members who have not forwarded earlier the details of their bank account number and name and address of the bank are requested again to send the same.
11. Shareholders seeking any information on the account or operations are requested to write to the company at an early date so as to enable the management to keep the information ready.

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DIRECTOR'S REPORT

To,

The Members,

Your Directors have pleasure in presenting the 27th Annual Report and Audited Account of the Company for the period ended 31st March, 2006.

FINANCIAL RESULTS :

	2005-2006	2004-2005
Gross Income	620.26	563.84
Profit before interest, depreciation and tax	25.23	23.33
Profit before depreciation and tax	22.21	19.78
Depreciation	13.95	13.49
Profit before tax	8.26	6.23
Provision for tax	2.76	2.00
Profit after tax	8.49	4.85
Add : Surplus as per last account	80.82	75.96
Surplus available for appropriation	89.30	80.82

Appropriations :

Proposed Dividend	Nil	Nil
Transferred to General Reserve	Nil	Nil
Surplus carried to next year	89.30	80.82

DIVIDEND

Due to inadequacy of profit available for appropriation during the year under review, your Directors express their inability to recommend any dividend for the year ended 31st March, 2006

REVIEW OF OPERATION

During the year under review your company have registered a sales turn over of Rs.620.26 lacks in comparison to the figure of Rs.563.84 lacks of the previous year thus growing by Approx 10%. Net profit after tax has increased from 4.85 lacks to 8.49 lacks thus improving by almost 75% in comparison to the corresponding performance of the previous year. Increase in performance is partially due to the increased revenue generated from the new products.

PROSPECTS

Due to the buoyancy in the economy and favorable economic conditions, performance of the company will improve substantially in the years ahead.

PUBLIC DEPOSITS

The Company has not accepted any deposits from the public during the year review and therefore the provisions of the Companies Act, 1956 read with company's (acceptance of deposit) rules, 1975 are applicable to the Company.

INSURANCE

All the properties of your company have been adequately insured against fire, floods, riots, earthquake, malicious damage and explosion risks.

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AUDITOR'S REPORT

All the items on which comments have been made by the auditors in their Report to the shareholders are self explanatory as explained by way of Notes to the Accounts under Schedule R to the Balance Sheet and Profit & Loss Accounts.

AUDITORS

M/s.Nahta Jain & Associates, Chartered Accountants, Ahmedabad retire at the forthcoming Annual General Meeting and have conformed their eligibility and willingness to accept the office, if re-appointed. Company under the section 224(1B) of the Companies Act,1956 certified their eligibility.

DIRECTOR'S RESPONSIBILITY STATEMENT AS PER SECTION 217 (2AA) OF THE COMPANIES ACT,1956

Pursuant to section 217 (2AA) of the Companies Act,1956 your Directors, based on the representations received from the operating management, and after due inquiry, confirm that :

- i) In the preparation of the annual account, the applicable accounting standards have been followed, including Accounting Standard 22 in Accounting for taxes on Income, which has become effective 1st April,2001.
- ii) They have, in the selection of the accounting policies, consulted the Statutory Auditors and, read with paragraph (i) above, these have been applied consistently and reasonable and prudent judgements and estimates have been made also as give a true and fair view of the state of affairs of the company as at 31st March, 2006 and of the profit of the company for the year ended on that date.
- iii) Proper and sufficient care has been taken for the 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 gruan and other irregularities .
- iv) The annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

Your company has implemented best practice of corporate Governance in compliance with the requirements of amended Clause 49 of the listing agreement. A separate section on the Corporate Governance and the certificate from the Auditors of the company regarding compliance of the conditions of the corporate governance as stipulated under Clause 49 of the listing agreement with the Stock Exchange form part of the Annual Report.

EMPLOYEES

There are no employees drawing salary of Rs.2,00,000/-p.m. and/or Rs.24,00,000/- p.a. and therefore particulars u/s/217 (2A) of the companies Act,1956 read with companies (particulars of employees) amendment rules 1988 is not required.

DIRECTORS

As per the provisions of Section 256 of the Companies Act,1956 read with Article 144 of the Articles of Association of the company, Shri Ashok Goenka retire by rotation at the forthcoming Annual General Meeting and being eligible offers himself for reappointment. Shri Arvind Goenka, Chairman and Managing Director of the company has been we appointed

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in the same position at the meeting of the Board of Director of the company held on 25th July, 2006. The immense and varied experience if Shri Goenka, continued to be of immense beneficial for the over all business operation of the Company.

REMUNERATION COMMITTEE

Company has constituted a remuneration committee comprising of Mr.S.R.Dhruv, Shri Omprakash Jalan and Shri Pravin M Purohit as an independent non-executive Director. Shri Dhruv is appointed as a Chairman of the committee. One meeting of the same was held on 31.07.2006.

LISTING OF SHARES

The equity shares of the company are listed on the following Stock Exchange :

Name	Address
The Bombay Stock Exchange Limited	Phiroze JeeJee Bhoy Towers Dalal Street, Murnbai – 400 001.

Company has paid annual listing fees for the year 2006-2007 at the aforesaid Stock Exchange.

CONSERVATION OF ENERGY ,TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGOINGS.

	2005-2006	2004-2005
Electricity Purchase	246480	222470
Total amount (Rupees)	1343628	1245077
Rate per Unit(Rs.)	5.45	5.60

Our industry is not heavy consumer of energy, further during the year under review the company made efforts to conserve energy through reduction consumption, the company will continue to endeavor of conserve energy and use it more efficiently.

Company is having it's own research & development facilities. The process of development is a continuous process resulting in development of new & import substitute products.

Company is taking all appropriate measures to absolve the technology in its area of operation. There has been no foreign exchange inflow or outgo in the current year.

PERSONAL

Your Company has been maintaining a very cordial and satisfactory relationship with its employees and your Directors wise to place on record their deep sense of appreciation for the devoted services of the executives, staff and workers of the company.

APPRICIATION

The Board wishes to express its sincere appreciation to all the staff member for the contribution to the performance of the company and to our valued clients, bankers, financial institutions and shareholders for the continued support and the same is expected in years to come.

Registered Office :
36,Kothari Market,
Ahmedabad - 380 022

By order of the Board
For ADVANCE MULTITECH LTD.

(Arvind Goenka)
Managing Director

Date : 28.08.2006

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CORPORATE GOVERNANCE REPORT FOR THE YEAR 2005-2006

(as required under clause 49 of the listing agreements entered into with the Stock Exchanges)

1. Company's Philosophy on Corporate Governance:

The management of the company believes that corporate performance in the long run is co-related to corporate governance and that well governed companies mitigate non-business risks. It is therefore, committed to further improve the corporate governance practices in the company by lying emphasis on 'substance' of corporate governance over the 'form'. The company endeavors to adopt the best practices in corporate governance and thereby aims to increase the value for all its shareholders.

2. Board of Directors :

The company has a Executive Chairman and the number of Independent Directors is more than one half of the total number of Directors . The number of Non-Executive Directors (NEDs) is more than 50% of the total number of Directors.

None of the Directors on the Board of Member on more than 10 committees and Chairman of more than 5 committees (as specified in clause 49), across all the companies in which he is a Director. The necessary disclosures regarding committee positions have been made by the Directors.

The names and categories of the Directors on the Board, their attendance at Board meetings during the year and at the last Annual General Meeting, as also the number of Directorships and committee memberships held by them in other companies are given below:

Name	Category	No.of Board Meeting attended during 2005-06	Whether attended AGM held on 30th September, 2005	No.of Director ships in other public Compan- ies		No.of Committee positions held in other public Companies	
				Chai- rman	Mem- ber	Chai- rman	Mem- ber
Mr.Arvind Goenka	Promoter Not Independent Executive Chairman & Managing Director	06	yes	—	1	—	1
Mr.Ashok Goenka	Promoter Not Independent Non-Executive	06	yes	1	—	1	—

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Mr.Dr.S.R.Dhruv	Independent Non-Executive	—	yes	—	—	—	—
Mr.Pravin Purohit	Independent Non-Executive	06	yes	—	—	—	—
Omprakash Jalan	Independent Non-Executive	—	yes	—	1	—	1

* Represents Chairmanships/Memberships of Audit committee, shareholder's/Investor's Grievance Committee an Remuneration Committee.

Board Meetings were held during the year 2005-06 and the gap between two meeting did not exceed four months. The dates on which the Board Meetings were held were as follows: 30th April,2005, 25th July,2005, 30th July,2005, 31st August,2005, 30th October,2005 and 30th January,2006.

The company did not have any pecuniary relationship or transaction with Non-executive Directors during 2005-06.

3. Audit Committee :

The company had constituted an Audit Committee in the year 2003. The scope of the activities of the Audit Committee is asset out clause 49 of the listing agreements with the Stock Exchanges read with section 292A of the companies act,1956. The terms of reference of the audit committee broadly are as under :

- To hold periodic discussions with the Statutory Auditors and internal auditors of the company concerning the accounts of the company, internal control systems scopes of audit and observation of the Auditors/Internal Auditors;
- To review compliance with internal control systems.
- To review the quarterly, half-yearly and annual financial results of the company before submission of the Board;
- To make recommendations to the Board on any matter relating to the financial management of the company including the Audit Report;
- Recommending the appointment of statutory auditors and fixation of their remuneration.

The Chairman of the Audit Committee, Mr.Omprakash Jalan was present at the Annual General Meeting held on 30th September,2005.

The composition of the Audit Committee and the details of meetings attended by the Directors are given below:

Names of Members	Category	No.of Meetings attended during the year 2005-06
Mr.Ashok Goenka	Promoter Not Independent Non-Executive	5
Mr.Pravin M. Purohit	Independent Non-Executive	5
Mr.Omprakash Jalan	Independent Non-Executive	5

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Five audit committee meeting were held during 2005-06. The date on which the said meetings were held was 25.04.2005, 25.07.2005, 25.08.2005, 25.10.2005 and 25.01.2006. All the three members of the committee was present at the meeting.

4. Remuneration Committee :

The company had constituted a remuneration committee in the year 2002. The board terms of reference of the remuneration committee are to recommend to the board salary (including annual increments), perquisites and commission to be paid to the company's managing/ whole-time Directors (MD/WTDs), to finalise the perquisites package within the overall ceiling fixed by the Board.

The composition of the remuneration committee and the details of meetings attended by the Directors are given below :

Name of Members	Category	No. of Meetings attended during the year 2005-06
Mr.Omprakash Jalan	Independent Non-Executive	1
Mr.Pravin M.Purohit	Independent Non-Executive	1
Dr. S.R. Dhruv	Independent Non-Executive	1

One meeting of the remuneration committee was held during 2005-06 on 31.07.2005.

The chairman of the remuneration committee, Dr.S.R.Dhruv was present at the Annual General Meeting held on 30th September,2005.

The company has complied with non-mandatory requirement of clause 49 regarding the remuneration committee.

Remuneration Policy :

The company while deciding the remuneration package of the senior management members takes into consideration the following items :

- employment scenario
- remuneration package of the industry and
- remuneration package of the managerial talent of other industries

The company pays remuneration by way of salary, perquisites and allowance (fixed component) and commission (variable component) to MD and WTDs. Salary is paid within the range approved by the shareholders.

Details of Remuneration for 2005-06 :

Non-Wholetime Director :

Name of Director	Salary
Dr.S.R. Dhruv	Rs.10000/-per month
Pravin M. Purohit	Rs.10000/-per month