

ADVENT

**CERTIFIED TRUE COPY
FOR ADVENT COMPUTER SERVICES LTD.**

John P.M.

**SR. MANAGER
CORPORATE AFFAIRS**

**18th
Annual Report
2002-2003**

ADVENT COMPUTER SERVICES LIMITED

BOARD OF DIRECTORS

Shri Michael Arul

Chairman & Managing Director

Shri Dillip Coelho

Director

Dr. Sussanne Gerl

Director

Mr. Horst Nasko

Director

Ajay Mehta

Company Secretary

AUDITORS

M/s. Mohanasundaram & Narayanan

**59, (Old No. 26), Sait Colony, Second Street,
Egmore, Chennai - 600 008.**

BANKERS

Canara Bank

**G. P. Road,
Chennai**

REGD. OFFICE & WORKS

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

REGISTRAR & SHARE TRANSFER AGENT

R & D CONSULTANTS LIMITED

**610, Dalamal Towers,
211, Nariman Point,
Mumbai - 400 021.**

18th ANNUAL REPORT 2002-2003**NOTICE**

Notice is hereby given that the Eighteenth Annual General Meeting of the members of Advent Computer Services Limited will be held on Tuesday, the 30th September, 2003 at 10.00 a.m. at Selva Rajeswari Hall, D.K. Complex, Villivakkam, Chennai - 600 099 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 2003 and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Dr. Sussanne Gerl who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

4. To consider Delisting of Equity Shares of the company from the stock exchanges at Ahmedabad and Chennai

To consider and, if thought fit, to pass with or without modification, the following resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT, subject to the provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted thereafter), the Securities and Exchange Board Of India (Delisting of Securities) Guidelines, 2003 and subject to such approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to, by the Board Of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution), consent is hereby accorded to the Board to delist the Company's Equity Shares from The Stock Exchange, Ahmedabad and Madras Stock Exchange Limited, Chennai.

RESOLVED FURTHER THAT authority be and is hereby accorded to the Board or any Committee/person(s) authorized by the Board, to settle all questions, difficulties or doubts that may arise in this regard and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this Resolution."

5. To consider issue of Equity Shares on preferential basis

To consider and if thought fit to pass with or without modification the following Resolution as Special Resolution.

"RESOLVED THAT pursuant to the provisions of Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements entered in to by the Company with the Stock Exchanges, The Securities and Exchange Board Of India (Substantial Acquisition and Takeovers) Regulations, 1997, The Securities and Exchange Board of India Guidelines for issue of shares on preferential basis in terms of the Disclosure & Investors Protection Guidelines, 2000 and any reenactment or modification(s) for the time being in force and subject to any necessary approvals, consent, guidelines, permissions and /or sanction of the Central Government, The Foreign Investment Promotion Board (FIPB), The Secretariat for Industrial Approvals (SIA), The Reserve Bank Of India (RBI), The Securities and Exchange Board Of India (SEBI) and other appropriate authorities and subject also to such conditions, alterations and modifications as may be prescribed by them or any of them and accepted by the Board Of Directors of the company (hereinafter referred to as the "Board"), the Board or any committee of the Board for the time being be and is hereby authorized to offer, allot, and issue up to 23, 00, 000 Equity Shares at Rupees 10/- per share (face value of Rupees 10/- per share) to the following entities for acquiring exclusive marketing rights of Technology and Software Products relating to Television Industry including Conditional Access System for Indian Territory and for Technical support and Upgradation from time to time of the said Technologies and

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Software Products:

- a. Upto 18,40,000 equity shares to CCG Global Ltd, Mauritius at Rupees 10/- per share
- b. Upto 4,60,000 equity shares to Tuxia GmbH, Germany at Rupees 10/- per share

with a condition that the shares to be issued in terms this Resolution shall be subject to lock-in period as may be prescribed under the SEBI guidelines/Stock Exchanges requirements, the price of the shares being subject to guidelines of SEBI and certification by the Statutory Auditors of the company the relevant date for the purpose being 30th August, 2003 and such certifications by the statutory auditors of the company as to pricing issue and conforming that the issue is being made in accordance with the requirements contained in SEBI guideline as placed before the meeting and taken note by the members."

"RESOLVED FURTHER THAT such new equity shares shall rank pari-passu with the existing equity shares of the company, except that they shall not rank for dividend, if any, declared or paid in respect of any financial year of the company prior to the financial year in which they are allotted and shall rank for full year's dividend in the financial year in which they are allotted."

"RESOLVED FURTHER THAT the Board be and is hereby authorized on behalf of the company to do all such acts, deeds, matters and things as it may, at its discretion deem necessary or desirable in respect of the aforesaid issue of shares on preferential basis."

6. To consider Increase in Authorised Capital of the Company.

To consider and if thought fit to pass with or without modifications the following Resolution as SPECIAL RESOLUTION.

"RESOLVED THAT pursuant to the provisions of Section 94 (1)(a) of the Companies Act, 1956, and other applicable provisions, if any, the Authorised Share Capital of the company be and is hereby increased from Rupees 15,00,00,000 (Rupees Fifteen Crores) divided in to 1,50,00,000 (One Crore fifty lakhs) equity shares of Rupees 10/- each to Rupees 18,00,00,000 (Rupees Eighteen Crores) divided in to 1,80,00,000 (One Crore eighty lakhs) equity shares of Rupees 10/- each.

RESOLVED FURTHER THAT the existing clause V of the Memorandum of Association of the company as to share capital be and is hereby deleted and in its place the following Clause V be substituted:

"The Authorised Share Capital of the Company is Rupees 18,00,00,000 (Rupees Eighteen crores only) divided into 1,80,00,000 (One Crore eighty lakhs only) equity shares of Rupees 10/- (Rupees Ten only) each."

RESOLVED FURTHER THAT the existing clause IV of the Articles of Association of the company as to share capital be and is hereby deleted and in its place the following Clause IV be substituted:

"The Authorised Share Capital of the Company is Rupees 18,00,00,000 (Rupees Eighteen crores only) divided into 1,80,00,000 (One Crore eighty lakhs only) equity shares of Rupees 10/- (Rupees Ten only) each."

7. To keep the Register of Members etc., at a place other than Registered Office of the company.

To consider and if thought fit, to pass with or without modifications, the following Resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to Section 163 of the Companies Act, 1956 and is any other provisions as may be applicable, and in supersession of earlier decisions in this regard, consent of the members be and is hereby given to keep the Register of Members, Indexes, Share Transfer Forms and Registers and other relevant records, at the office of the Company's Share Transfer Agents, M/s. R & D Consultants Limited, 610 Dalamal Towers, 211, Nariman Point, Mumbai - 400 021 instead of being kept at the

For and on behalf of the Board of Directors

Place : Mumbai
Date : 30th August, 2003

AJAY MEHTA
Company Secretary

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NOTES:

1. An explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of special businesses under item numbers 4, 5, 6 and 7 set out above is annexed hereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint proxy to attend and vote instead of himself and proxy need not be a member of the company.
3. The instrument appointing proxy should be deposited at the Registered Office of the company not less than forty eight hours before the commencement of the meeting.
4. The Register of Members and Transfer Books of the company will remain closed from 24th September, 2003 to 30th September, 2003 (both days inclusive).
5. Members desiring any information regarding accounts are requested to write to the company at least seven days in advance of the Annual General Meeting.
6. The Members are requested to bring their copies of the Annual Report to the meeting.
7. The equity shares of the company are listed on the following stock exchanges:
 - a. The Stock Exchange, Mumbai, P.J.Towers, Dalal Street, Mumbai – 400 001
 - b. Madras Stock Exchange Ltd., 11, Second Line Beach, Chennai – 600 001
 - c. The Stock Exchange, Ahmedabad, Kamdhenu Complex, Panjarapole, Ahmedabad – 380 015.

The Listing fee is paid upto date to The Stock Exchange, Mumbai and in respect of Chennai and Ahmedabad Stock Exchanges, the listing fees is paid upto 31st March, 2003.

8. Re-appointment of Director

Dr. Sussanne Gerl retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

Dr. Sussanne Gerl is a Ph.D. in Computer Science with specialisation in Image Processing. Her age is 39 years. She is on the Board of the company since 1999. She is the Managing Director of CCG Global Ltd., Mauritius.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

Item No. 4 of the Notice:

Presently the company's equity shares are listed on the Stock Exchanges at Mumbai (BSE), Chennai and Ahmedabad. With the wide and extensive net-working of BSE, the investors have access to on-line dealing in the company's shares across the country.

The equity shares of the company are not traded on the stock exchanges at Chennai and Ahmedabad, whereas the shares are traded very actively with good volumes on BSE. The Annual listing fees paid to the stock exchanges other than BSE do not offer commensurate benefits to the company and its investors in the changed scenario of the nation wide trading terminals set up by BSE. The continued listing on the stock exchanges at Chennai and Ahmedabad is, therefore, not considered necessary. Delisting of the company's shares from the said stock exchanges would result in administrative convenience and saving in costs on account of listing fees etc., In view of this, the Board of Directors of the company at its meeting held on 30th August, 2003 has decided to apply for voluntary delisting of the company's equity shares from the stock exchanges at Chennai and Ahmedabad.

The proposed voluntary delisting of the company's equity shares from the said stock exchanges will not adversely affect any of the investors including the members located in the regions where the said stock exchanges are situated. Pursuant to the SEBI (Delisting of Securities) Guidelines, 2003 it is now

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proposed to seek the members' approval by way of a SPECIAL RESOLUTION for the voluntary delisting of the company's equity shares from the said two stock exchanges as set out in the Resolution at item No. 4. In terms of the said guidelines, no exit option is required to be offered to the shareholders as the company's equity shares shall continue to remain listed on BSE.

The proposed delisting is in the interest of the company and the Board recommends the Resolution for acceptance by the Members. None of the Directors of the company is concerned or interested in the Resolution at Item No. 4.

Item No. 5 of the Notice

The Board of Directors of the company at its meeting held on 30th August, 2003 considered and approved further issue of 18,40,000 equity shares at a price of Rupees 10/- per share to CCG Global Ltd., Mauritius and 4,60,000 equity shares to Tuxia, GmbH, Germany for acquiring Tuxia's Technology and Software Products for exclusive marketing rights in India. The price of Rupees 10/- per share is subject to the necessary guidelines of SEBI and certification by the Statutory Auditors of the company. The relevant date for pricing of shares in terms of SEBI guidelines is 30th August, 2003.

The Company's efforts to commercially exploit its Supply chain Management software ie., ADS/400 did not yield the desired results. The Management of the company is seeking to re-structure the business model of the company. Towards this the company has decided to diversify its activities by entering into the business of providing products, technologies and solutions for the Cable/Satellite Television Industry and Information Application in India and Abroad. In this direction, your company has signed agreement with CCG Global Ltd., Mauritius for exclusive marketing rights in India of all products and technologies of M/s.Tuxia, GmbH, Germany. CCG Global Ltd., Mauritius has acquired the Intellectual Property Rights of Products and Technologies developed by Tuxia, GmbH, Germany. The company has also signed agreement with M/s.Tuxia, GmbH, Germany along with CCG Global Ltd., Mauritius (tripartite agreement) for on-going support of Tuxia, GmbH, Germany for all the Products and Technologies proposed to be acquired and also for getting new Products and upgrades from them over the period of next five years.

These Technologies developed by Tuxia, GmbH, Germany are based on Linux operating system and MPEG 4 standards for Digital Video Broadcast, thereby making the Technology developed by them as a state of art and ahead of the competition. Advent proposes to provide these Products and Technologies to the Indian market to provide customers value added services that can be delivered to the subscribers via Set Top Box. Such value added services include but are not limited to Internet access, E-mail, Chat, Video-on-demand (VOD), Home learning, Home Banking, T-Commerce etc.,

CCG Global Ltd., is a company specialized in high end Technologies and as a result of these agreements with CCG and Tuxia, Advent has the exclusive rights in India to market a very unique and cost effective range of Products and Technologies which will give it a competitive advantage not only related to Set Top Boxes but also other client application using different platforms such as Bank ATMs, Pay Phones, Terminals etc., in India. The company envisages a market potential of Rupees 100 crores over the next 5 years. The company now sees a good future since many large players in the Cable Television Industry are in discussion with the company. It would be beneficial for the company to acquire the marketing rights of the said Products and Technologies. In lieu of acquiring marketing rights for Indian Territory it is proposed to issue 23,00,000 equity shares (18,40,000 equity shares to CCG Global Ltd., Mauritius and 4,60,000 equity shares to Tuxia, GmbH, Germany). Considering the huge potential for the said Products and Technologies in India, the Board of Directors is of the opinion that 23,00,000 equity shares amounting to Rupees 2.30 crores proposed to be allotted for acquiring the marketing rights is very reasonable.

The proposed allotment of equity shares pursuant to this Resolution will be completed within three months from the date of passing of this Resolution.

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The above allotment will not result in any change in the composition of the Board or control over the company.

We give below the disclosures which are required to be given in the notice of the General Meeting in accordance with the SEBI Guidelines:

1. Proposed Allottees:

- a. M/s. CCG Global Ltd., Mauritius : Upto 18,40,000 equity shares at Rupees 10/- per share (face value Rupees 10/- per share).
- b. M/s. Tuxia GmbH, Germany : upto 4,60,000 equity share at Rupees 10/- per share (face value Rupees 10/- per share)

2. Acquisition Details

- a. **Number and Percentage of shares to be allotted pursuant to Special Resolution under Section 81 (1A) – preferential allotment (with reference to expanded capital) :**

CCG Global Ltd., is holding 3,75,000 equity shares at present in the company. It is proposed to allot upto 18,40,000 equity shares to them, after which their holding in the company would be 22,15,000 equity shares which works out to 13.39% of the expanded capital after the proposed preferential issue.

Tuxia GmbH, Germany is not holding any shares in the company. It is proposed to allot upto 4,60,000 equity shares to them which works out to 2.78% of the expanded capital after the proposed preferential issue.

- b. **Price at which allotment is proposed:**

Allotment is proposed at Rupees 10/- per share with face value of Rupees 10/- per share. This is calculated on the basis of the relevant date, which is 30th August, 2003 in terms of guidelines on preferential issue of SEBI as in force on the date of this notice.

- c. **Terms of Payment and purpose of the said allotment:**

The equity shares shall be allotted in one or more tranches within three months from the date of passing of the Resolution. The equity shares are being allotted for consideration other than cash and in lieu of acquiring exclusive marketing rights in India of Technologies and Products relating to Satellite and Cable Television Industry in India.

- d. **Consequential changes in the voting rights :**

Voting rights will change in tandem with the share holding pattern given below:

Class of Shareholders	Pre Allotment		Post Allotment	
	No. of shares	%	No. of shares	%
Promoters, Directors, their Associates and relatives	8,34,757	5.86	8,34,757	5.05
Others like Corporate Bodies Public, NRIs, OCBs etc.,	130,35,968	91.51	130,35,968	78.78
CCG Global Ltd., Mauritius	3,75,000	2.63	22,15,000	13.39
Tuxia GmbH, Germany	-	-	4,60,000	2.78
TOTAL	142,45,725	100.00	165,45,725	100.00

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f. Consequential changes in the control over the company:

There will be no consequential changes in the control over the company.

Pursuant to Section 81 (1A) of the Companies Act, 1956, the proposal for further issue of capital is required to be approved by the shareholders at the General Meeting of the company.

Yours Directors recommend the passing of the Resolution.

None of the Directors is deemed to be interested in this Resolution except as shareholders of the company.

Item No. 6 of the Notice:

The present Authorised Capital of the company is Rupees 15 Crores divided into 1,50,00,000 equity shares. It is proposed to increase the Authorised Capital to Rupees 18 Crores divided into 1,80,00,000 equity shares to accommodate the proposed issue of equity shares on preferential basis. It is proposed to amend Clause V of the Memorandum of Association of the company. And Clause 4 of the Article of Association of the company

Your Directors recommend the passing of the Resolution.

None of the Directors is deemed to be interested in this Resolution except as shareholders of the company.

Item No. 7 of the Notice:

M/s.R & D Consultants Limited, 610, Dalamal Towers, Nariman Point, Mumbai – 400 021 are Common Registrars of the company for both physical and demat shares. The statutory registers and documents like Register of Members, Indexes, Share Transfer Forms, Registers and related documents are to be kept in the premises of M/s. R & D Consultants Ltd., The approval of the shareholders is required to keep the said records at a place other than the Registered Office of the company. The Registers and indexes shall remain open for inspection on all working days except Saturday from 11.00 a.m. to 5.00 p.m.

Your Directors recommend the passing of the Resolution.

None of the Directors is deemed to be interested in this Resolution.

For and on behalf of the Board of Directors

Place : Chennai
Date : 30th August, 2003

AJAY MEHTA
COMPANY SECRETARY

18th ANNUAL REPORT 2002-2003**DIRECTORS' REPORT**

Your Directors are pleased to present the 18th Annual Report on the business and operations of your company together with the Audited Accounts for the year ended 31st March 2003.

FINANCIAL RESULTS

	2002-2003 Rs. In Lacs	2001-2002 Rs. In Lacs
Sales of software & products	32.87	52.20
Other Income	2.04	5.00
Total Income	34.91	57.20
Total Expenditure	336.54	68.04
Profit(Loss) for the period	(301.63)	(10.84)
Balance transferred to Balance sheet	(301.63)	(10.84)
Reserves and Surplus	1814.33	2115.96

DIVIDEND

In view of losses for the year your Directors do not recommend any dividend on the equity shares for the financial year 2002 - 2003.

BUSINESS OUTLOOK OF THE COMPANY

The year under review has been a difficult one. The Company's efforts to commercially exploit ADS-400 (Supply Chain Management Software) did not yield the desired results. The Management of the Company is seeking to restructure the business model of the Company. Towards this the Company has decided to broad base and diversify its activities and is entering into the business of providing products, technologies and solutions for the cable/ satellite Television Industry and Information Appliances in India and abroad.

These products and technologies will enable the Company to provide customers with value added services that can be delivered to subscribers via Set Top Boxes that is likely to proliferate significantly in the Conditional Access Regime now under implementation in India.

In this direction your Company has signed agreements with CCG Global Ltd. (CCG) (who had earlier acquired the Intellectual Property Rights of Tuxia's Products and Technologies for India and other territories and is the current owner of this IPR) for exclusive marketing rights in India of all Tuxia Products and Technologies. The company has also signed a tripartite support agreement with Tuxia GmbH of Germany and CCG Global LTD for on-going support of all these products by Tuxia GmbH and also to provide new products and upgrades over the next five years.

This technology has been developed by Tuxia GmbH, Germany and is based on Linux operating system and MPEG 4 standards for digital video broadcast.. Most platforms available in the World are still MPEG2 standards thereby making the technology developed by Tuxia GmbH as a state of art and ahead of the competition. Advent proposes to provide these products and technologies to the Indian Market to provide customers value added services that can be delivered to subscribers via Set Top Box. Such value added services include but are not limited to internet access, e-mail, chat, video on demand (VOD), home learning, home banking, T-commerce etc.

CCG Global LTD is a Company specialized in high end technologies and as a result of this agreement with CCG, Advent now has the exclusive rights in India to market a very unique and cost effective range of products and technologies which will give it a competitive advantage not only related to Set Top Boxes but also other client applications using different platforms such as bank ATMS, pay phones, terminals etc. in India.

Advent is also in discussion with CCG for similar tie-ups in the area of head end hardware and software which would be complementary to the Set Top Box platform technology. These tie-ups would make Advent a full end to end solution provider in the Indian Market.