

ADVENT

**19th
Annual Report
2003-2004**

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

Mr. R. Mohanlal

Director

Mr. Ajay Mehta

Company Secretary

AUDITORS

M/s. Mohana sundaram & Narayanan
59, (Old No. 26), Sait Colony, Second Street,
Egmore, Chennai - 600 008.

BANKERS

Canara Bank
G. P. Road,
Chennai

REGD. OFFICE

59 , Sait Colony,
Second Street,
Egmore, Chennai - 600 008.

REGISTRAR & SHARE TRANSFER AGENT

BIGSHARE SERVICES PVT. LTD.

E-2&3, Ansa Industrial Estate, Sakivihar Road,
Sakinaka, Andheri (E),
Mumbai - 400 072

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NOTICE

Notice is hereby given that the Nineteenth Annual General Meeting of the members of Advent Computer Services Limited will be held on Thursday, the 30th September, 2004 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, 2004 and the Reports of Directors' and Auditors' thereon.
- 2 To appoint a Director in place of Mr.Dillip Coelho who retires by rotation and being eligible, offers himself for re-appointment.
- 3 To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

4. To consider and, and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Shri. R.Mohanlal, who was appointed as Additional Director and in respect of whom a notice with requisite deposit has been received by the company from a member, signifying his intention to propose Shri.R.Mohanlal as a Director of the company, in accordance with the section 257 of the Companies Act, 1956, be and is hereby appointed as Director liable to retire by rotation".

5. 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 other applicable provisions, if any, and in supersession of earlier decisions/resolutions 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.Big share Services Pvt. Ltd., E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai - 400 072, instead of being kept at the Registered Office of the Company".

For and on behalf of the Board of Directors

Place : Chennai
Date : 3rd July, 2004

AJAY MEHTA
COMPANY SECRETARY

ADVENT COMPUTER SERVICES LIMITED

NOTES :

1. 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.
2. 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.
3. The Register of Members and Transfer Books of the company will remain closed from 24th September, 2004 to 30th September, 2004 (both days inclusive) .
4. Members desiring any information regarding accounts are requested to write to the company at least seven days in advance of the Annual General Meeting so as to enable the Management to keep the information ready.
5. The Members are requested to bring their copies of the Annual Report to the meeting.
6. 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 .

7. Re-appointment of Director

Mr.Dilip Coelho retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

Mr.Dilip Coelho is aged 54 years. He has a Bachelor's degree in Engineering from the Massachusetts Institute of Technology (MIT) Boston, U.S.A and a Master's degree from New York University. He has over 29 years of experience in the field of Software and Computers. He has worked extensively with Multinationals like IBM, Mitsubishi etc., He also held a very senior position as Software Technology Consultant to the Government of Iran in Tehran. He is not on the Board of any other company. He is the Chairman of Audit Committee and Investor's Grievances committee and a member of Share transfer committee of Advent Computer Services Limited.

EXPLANATORY STATEMENT:

AS REQUIRED UNDER SECTION 173 OF THE COMPANIES ACT, 1956.

ITEM : 4

As a part of restructuring of the Board in accordance with Corporate Governance regulation, the Board at its meeting held on 24th September, 2003 appointed Shri.R.Mohanlal as Additional Director of the Company. The Board felt that it would be in the beneficial interest of the company to avail experience of Mr.R.Mohanlal.

- The company has received from a member notice with deposit proposing the candidature of Shri.R.Mohanlal.
- Except Shri.R.Mohanlal, none of the Directors is concerned or interested in the resolution.
- The Directors recommend passing of the resolution.

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ITEM NO: 5

The Company has appointed M/s. Bigshare Services Pvt. Ltd., E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai - 400 072, as Common Registrars of the Company for both Physical and Demat shares in place of earlier Transfer Agents M/s. R & D Consultants Limited. 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. Bigshare Services Pvt. Ltd. The approval of the share holders is required to keep the said records at a place other than the Registered Office of the Company. The Registers and Indexes shall open remain for inspection on all working days except Saturday from 11.00 A.M. to 5.00 P.M.

Your Directors recommend passing of this 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 : 3rd July, 2004

AJAY MEHTA
COMPANY SECRETARY

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DIRECTORS' REPORT

Your Directors are pleased to present the 19th Annual Report on the business and operations of your company together with the Audited Accounts for the year ended 31st March 2004.

FINANCIAL RESULTS

	2003-2004 Rs. in Lacs	2002-03 Rs. in Lacs
Sales of software & products	35.50	32.87
Other Income	0.22	2.04
Total Income	35.72	34.91
Total Expenditure	244.77	336.54
Prof it (Loss) for the period	(209.05)	(301.63)
Balance transferred to Balance sheet	(209.05)	(301.63)
Reserves and Surplus	1605.28	1814.33

DIVIDEND

In view of losses for the year your Directors do not recommend any dividend on the equity shares for the financial year 2003 - 2004 .

BUSINESS OUTLOOK OF THE COMPANY

Like previous year the year under review has also been a difficult one. The Company's software ADS/400 (Supply Chain Management) remained dormant during the year, as it is not possible to exploit the same commercially due to various reasons including paucity of funds. The Management of the company has been continuously evaluating new business avenues and new business models. However, non availability of funds has been the main obstacle.

As stated in the last year's report, the company had signed agreements with CCG Global Ltd., and Tuxia GmbH, Germany to implement the project of Set Top Boxes in the Conditional Access System (CAS) Regime. However, as is well known the CAS was shelved by the Government of India for various reasons. The company was hopeful of turn around with this project. Since then your Board Of Directors has not been able to decide on any new business model in spite of its continuous and sincere efforts.

In view of the above, the situation at present remains gloomy for the company. The Board Of Directors is contemplating restructuring of the share capital and reserves of the company including write-off of ADS/400 either partially or fully, considering the fact that the said software could not be commercially exploited in spite of best efforts by the Management of the company. The Board would place appropriate proposal before the Members of the Company for their approval in due course of time. The Board would like to assure the Members of the Company that despite critical situation faced by the company it would continue to evaluate various business options to overcome the present situation. The Board is confident that the Members of the company would support the Management in its critical situation as in the past.

DELISTING OF EQUITY SHARES OF THE COMPANY FROM THE STOCK EXCHANGES AT AHMEDABAD AND CHENNAI

The members of the Company have approved de-listing of the equity shares of the company from the Stock Exchanges at Ahmedabad and Chennai at the 18th Annual General Meeting of the company. The Management would take necessary steps to implement the same during the current year.

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CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION ANALYSIS

A separate report on the Corporate Governance and Management Discussion Analysis for the year under review, as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges has been attached as part of this annual report. The relevant Auditors Certificate has also been annexed.

DIRECTORS

Mr. Dilip Coelho and Mr. R. Mohanlal retire by rotation and being eligible offer themselves for reappointment at the ensuing Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- 1) That in the preparation of the accounts for the financial year ended 31st March 2004, the applicable accounting standards have been followed along with proper explanation relating to material departures ;
- 2) That 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 affairs of the Company at the end of the financial year and of the losses of the Company for the year under review;
- 3) That the Directors have taken proper and sufficient care 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 fraud and other irregularities ;
- 4) That the Directors have prepared the accounts for the financial year ended 31st March 2004 on a going concern basis.

AUDITORS

Members are requested to appoint Auditors for the current year and to fix their remuneration. M/s. Mohana Sundaram & Narayanan, Chartered Accountants retire at the conclusion of ensuing Annual General Meeting and being eligible offer themselves for reappointment.

AUDITORS REMARKS

As regards the observations of the Statutory Auditors in their report, the Board wishes to state as under:

1. As regards confirmation of parties account balances the Board of Directors state that the company had made sincere attempts and take all reasonable steps to obtain confirmation statements and all other required details from the concerned parties. However they regret that despite all their efforts no response was forthcoming. The matter was beyond the control of the company. The company is making vigorous attempts to follow up with the concerned parties.
2. The Company's product ADS-400 for supply chain management has not been exploited to its fullest commercial potential over the last two years and consequently in the opinion of the management if the same were to be amortized at the rate of 20% every year, there would be a gross mismatch between the values written off in the profit and loss account and the corresponding revenue against such write off. The management is exploring for sale of the entire Intellectual Property Rights and on such sale the corresponding costs would be written off.
3. As regards non Provision for interest on Unsecured Loans it is clarified that the matter is

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subjudice and is pending before Honourable High Court at Chennai. The company is confident of arriving at a settlement which may involve write back of a substantial portion of the existing liability, consequently in the opinion of the management no provision for interest is warranted.

4. There are no dues outstanding towards Provident Fund and Employees State Insurance.

5. DEPOSITS

During the year under review the Company has not accepted any fixed deposits from the public.

PERSONNEL

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

ACKNOWLEDGEMENTS

Your Directors would like to take this opportunity to express their sincere gratitude for the assistance and cooperation received from the employees, Bankers, Customers, Vendors and Shareholders during the year under review.

For and on behalf of the Board of Directors

Place : Chennai
Date : 3rd July, 2004

MICHAEL ARUL
Chairman & Managing Director

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ANNEXURE TO DIRECTORS REPORT

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

The activities of the company requires minimal consumption of energy and every effort has been made to ensure the optimal use of energy. All possible measures have been taken to conserve energy.

B. TECHNOLOGY ABSORPTION

The company's efforts to commercially exploit ADS/400 (supply chain management software) did not yield results, inspite of lot efforts put in by the management. The management is weighing various options in this regard. ADS/400 does not involve imported technology.

c. Details of Power and Fuel Consumption:

Not applicable due to nature of business.

d. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange earnings	NIL
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Foreign Exchange outgo	NIL
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For and on behalf of the Board of Directors

Place : Chennai
Date : 3rd July, 2004

MICHAEL ARUL
Chairman & Managing Director