

# **ADVENT**

## **21st ANNUAL REPORT 2006**

**ADVENT COMPUTER SERVICES LIMITED**

## BOARD OF DIRECTORS

<b>Shri Michael Arul</b>	Chairman & Managing Director
<b>Shri Dilip Coelho</b>	Director
<b>Shri R.Mohanlal</b>	Director
<b>Shri Shaji John Abraham</b>	Director (upto 30.06.2006)
<b>Shri Suvash Bishwas</b>	Director (upto 30.06.2006)
<b>Shri V. N. Seshagiri Rao</b>	Director (upto 30.06.2006)

### AUDITORS

**K.Srinivasan, B.Com, FCA**

**Chartered Accountants**

Plot No.18, Kaaviya Garden,

Phase III, Porur,

Chennai-600116

### BANKERS

**Canara Bank**, G.P. Road, Chennai

**HSBC Ltd.**, Adyar, Chennai.

### REGD. OFFICE & WORKS

No.5, 1st Cross Street, R. K. Nagar,

Mandaveli, Chennai-600028

### 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 Twenty First Annual General Meeting of the members of Advent Computer Services Limited will be held on Wednesday, the 31st January, 2007 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 period ended 30th June, 2006 and the Reports of Directors' and Auditors' thereon.
2. To appoint a Director in place of Shri R.Mohanlal 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 if thought fit, to pass with or without modification the following Resolution as an Ordinary Resolution.

“RESOLVED THAT Shri Shaji John Abraham in respect of whom a notice of requisite deposit has been received by the Company from a member, signifying his intention to propose Shri Shaji John Abraham as 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 modification the following Resolution as an Ordinary Resolution.

“RESOLVED THAT Shri V.N. Seshagiri Rao in respect of whom a notice of requisite deposit has been received by the Company from a member, signifying his intention to propose Shri V.N. Seshagiri Rao as 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.”

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

“RESOLVED THAT Shri Suvash Biswas in respect of whom a notice of requisite deposit has been received by the Company from a member, signifying his intention to propose Shri Suvash Biswas as 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.”

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

“RESOLVED THAT Shri N.C. Amarnath in respect of whom a notice of requisite deposit has been received by the Company from a member, signifying his intention to propose Shri N.C. Amarnath as 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.”

Place: Chennai

For and on behalf of the Board of Directors

Date: 23rd December, 2006

**MICHAEL ARUL**  
Chairman & Managing Director

**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 NEEDNOT 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 January, 2007 to 31st January, 2007 (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 Bombay Stock Exchange Ltd., P. J. Towers, Dalal Street, Mumbai - 400 001.
  - b. Madras Stock Exchange Ltd. 11, Second Line Beach, Chennai - 600 001.
  - c. The Ahmedabad Stock Exchange, Kamdhenu Complex Panjarapole, Ahmedabad-380015

The Listing fee is paid upto date to The Stock Exchanges, Mumbai, Chennai and Ahmedabad

7. Re-appointment of Director:

At this Annual General Meeting Shri R.Mohanlal retires by rotation and being eligible, offer himself for re appointment. It is also proposed to appoint Shri Shaji John Abraham, Shri V. N. Seshagiri Rao and Shri Suvash Biswas and Shri N. C. Amarnath as Directors of the Company. The Company has received notices from shareholders for their appointments alongwith a deposit of Rs. 500/- for appointment of each of them. The brief background of the Directors proposed for reappointment are given below:

Shri R.Mohanlal is aged 63 years. He is a Diploma holder in Automobile Engineering. He has got 25 years experience in Sales & Administration. He is not on the Board of any other Company. He is a member of Audit Committee, Remuneration committee, Share/Investor Grievance committee and Share Transfer Committee of Advent Computer Services Limited. He is holding 120 equity shares of the Company.

Shri Shaji John Abraham is aged 52 years. He is B.E. He is highly experience and carrying his own business. He is not on the Board of any other company. He was a chairman of Share / Investors Grievances Committee of Advent Computer Services Limited. He is not holding any shares of the company.

Shri V. N. Seshagiri Rao is aged 54 years. He is Chartered Accountant and expertise in accounts, Company Laws and Legal matters. He is on the Board of many Private Limited Companies. He was a member of Audit Committee of Advent Computer Services Limited. He is holding 300 shares of the company.

Shri Suvash Biswas is aged 42 years. He is IT General Manager / Programme Director with 20 years IT experience including 14 years in Telecommunication Programming. He is not on the Board of any other Company. He is not holding any shares of the Company.

Shri N.C.Amarnath is aged 61 years. He is B.E.(Mechanical). He has got 40 years experience in various enterprises as a General Manager. He is not on the Board of any other Company. He is not holding any shares of the Company.

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### EXPLANATORY STATEMENT:

As required u/s 173 of the Companies Act, 1956.

#### Item No. 4 to 7

The Company has received notices alongwith requisite Deposits signifying appointments of Shri Shaji John Abraham, Shri V. N. Seshagiri Rao, Shri Suvash Biswas and Shri N.C.Amarnath as Directors of the Company. As a part of restructuring of the Board in accordance with the Corporate Governance requirement, the Board of Directors recommends these appointments. The Board is of the opinion that it would be in the beneficial interest of the Company to avail their varied experience.

Shri Shaji John Abraham is aged 52 years. He is B.E. He is highly experience and carrying his own business. He is not on the Board of any other company. He is a chairman of Share / Investors Grievances Committee of Advent Computer Services Limited. He is not holding any shares of the company.

Shri V. N. Seshagiri Rao is aged 54 years. He is Chartered Accountant and expertise in accounts, Company Laws and Legal matters. He is on the Board of many Private Limited Companies. He is a member of Audit Committee of Advent Computer Services Limited. He is holding 300 shares of the company.

Shri Suvash Biswas is aged 42 years. He is IT General Manager / Programme Director with 20 years IT experience including 14 years in Telecommunication Programming. He is not on the Board of any other Company. He is not holding any shares of the Company.

Shri N.C.Amarnath is aged 61 years. He is B.E.(Mechanical). He has got 40 years experience in various enterprises as a General Manager. He is not on the Board of any other Company. He is not holding any shares of the Company.

The Board of Directors of the Company commends the passing of the Resolution as set out in the Item no. 4 to 7 of the accompanied Notice.

None of the Directors are concerned or interested in the Resolution.

Place: Chennai

For and on behalf of the Board of Directors

Date: 23rd December, 2006

**MICHAEL ARUL**

**Chairman & Managing Director**

**ADVENT COMPUTER SERVICES LIMITED****DIRECTORS' REPORT**

Your Directors are pleased to present the 21st Annual Report on the business and operations of your company together with the Audited Accounts for the period ended 30th June, 2006.

**FINANCIAL RESULTS :**

	<b>CURRENT PERIOD</b> <b>2006</b> <b>18 Months</b> <b>(Rs. In Lacs)</b>	<b>PREVIOUS PERIOD</b> <b>2004</b> <b>9 Months</b> <b>(Rs. In Lacs)</b>
Sales of Software & Products	945.07	22.76
Other Income	9.97	2.78
Total Income	95.04	25.54
Total Expenditure	547.04	2695.43
Profit/(Loss) for the period	408.00	(2669.89)
Balance Carried Forward	408.00	(2669.89)

**DIVIDEND**

In order to conserve resources for the operations of the company your Directors do not recommend any dividend for the period ended 30th June, 2006.

**BUSINESS OUTLOOK OF THE COMPANY**

The Company has been through a major restructuring and is now ready for significant growth in the coming years. The growth strategy of the company will be based on inorganic growth. This would mean that the company would acquire/merge with existing profitable companies both in India and overseas.

The Management is in the process of identifying suitable companies that have synergy with the goals of our company for acquisition / merger of their operations.

The acquisition / merger of these companies will not only significantly improve the top line and bottom line of the company but also bring management talent that will allow the company to become a global player.

The Management, foresee bright future for the company.

**AMALGAMATION AND SCHEME OF ARRANGEMENT:**

In terms of the order posed by Hon'ble High Court at Chennai, the share capital of the company has been reduced from 14245725 equity shares to 4273718 equity shares. Further iTBFIPL has been amalgamated with your company and the 12000000 equity shares have been allotted to the shareholders of erstwhile iTBFIPL.

**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.R.Mohanlal retires by rotation and being eligible offer themselves for reappointment at the ensuing Annual General Meeting. Mr. Dilip Coelho has ceased to be a Director of the company as he has expressed his unwillingness to be re-appointed. The company has received notices alongwith requisite deposits under section 257 of the Companies Act, 1956, for appointment of Shri. Shaji John Abraham, Shri. V.N. Seshagiri Rao, Shri. Suvash Biswas

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and Shri. N.C. Amarnath as Directors of the Company. The requisite resolutions are being placed for shareholders approval.

### 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 period ended 30th June, 2006 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 judgments 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 period and of the profit of the Company for the period 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 period ended 30th June, 2006 on a going concern basis.

### AUDITORS

The members are requested to appoint Auditors for the period from conclusion of the ensuing Annual General Meeting till the conclusion of next Annual General Meeting. A Certificate of Eligibility is required u/s 224 (1) of the Companies Act, 1956, is awaited from Shri. K. Srinivasan, Chartered Accountants, the retiring Auditors.

### DEPOSITS

During the period 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 period under review.

Place: Chennai

For and on behalf of the Board of Directors

Date: 23rd December, 2006

**MICHAEL ARUL**  
Chairman & Managing Director

**ADVENT COMPUTER SERVICES LIMITED****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 require 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 has developed expertise for technology required for its business and the same has been fully absorbed.

**C. DETAILS OF POWER AND FUEL CONSUMPTION:**

Not applicable due to nature of business.

**D. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Foreign Exchange earnings	NIL
Foreign Exchange outgo	NIL

Place: Chennai

For and on behalf of the Board of Directors

Date: 23rd December, 2006

**MICHAEL ARUL**  
Chairman & Managing Director





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### MANAGEMENT DISCUSSION AND ANALYSIS

The Company has restructured its business strategy with amalgamation and scheme of arrangement as approved by the Hon'ble High Court at Chennai. The Company is now ready to explore new business opportunities based on inorganic growth. The Management is taking various steps as stated in the Directors' Report to improve Business situation of the Company.

### OPPORTUNITIES AND THREATS

There are ample opportunities for the Company in Software Business of various segments. However there is always a risk of fast obsolescence and competition.

### OUTLOOK

The future outlook of the company would largely depend on inorganic growth which the Management has planned.

### INTERNAL CONTROL SYSTEM

The company has in place adequate internal control systems commensurate with the size and nature of operations of the company.

### FINANCIAL PERFORMANCE

#### 1. Financial Statements

The financial statement have been prepared in compliance with the requirements of the Companies Act, 1956 and generally accepted accounting principles in India.

#### 2. Fixed Assets

During the period company has not incurred any capital expenditure.

#### 3. Inventories:

Not applicable

#### 4. Sundry Debtors:

The sundry debtors as on 30th June, 2006 were Rs.441.61 lakhs as against sale of Rs. 955.04 lakhs for the period ended 30th June, 2006.

#### 5. Financial Performance:

The net profit for the period was Rs. 4.08 crores as compared to net loss of Rs.26.70 crores in the previous period, mainly on account of write-off of ADS/400 software, Sundry Debtors and Loans & Advances.

#### 6. Risks and concern:

As stated elsewhere, the company is not able to exploit commercially its product ADS/400 and the business outlook looks bleak on this account. However, the company is exploring other lines of business subject to availability of funds & implementation of proposed scheme of reduction in capital & possible merger cum restructuring scheme.

#### 7. Human Resources:

The company is outsourcing required manpower and hence the employees strength is negligible. The company is not facing any human relationship problem.

### CAUTIONARY STATEMENT

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates or expectations may be "forward looking" within the meaning of the applicable securities, laws and regulations. Actual results could differ substantially or materially from those expressed or implied. Important factors that would make a difference to the Company's operations include a downtrend in the global markets, changes in government policies and regulations, tax regimes, litigation and significant changes in the political and economic environment and such other factors.