



## **19th Annual Report 2002-2003**

**For AVANCE TECHNOLOGIES LTD.**

**Director / Authorised Signatory**

## **AVANCE TECHNOLOGIES LIMITED**

**Regd. Off. Unit No. 603, Centre Point, Andheri-Kurla Road,  
Andheri (E), Mumbai – 400 059.**

### **NOTICE**

Notice is hereby given that the **Nineteenth Annual General Meeting** of the Members of Avance Technologies Limited (formerly known as VMC Software Limited), will be held at Bungalow No. 3, Brighton Towers, 2nd Cross Road, Lokhandwala Complex, Andheri (West), Mumbai 400 053 on **November 29, 2003 at 3.30 pm** to transact the following business :-

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March 2003 and the Profit & Loss Account for the financial year ended on 31<sup>st</sup> March 2003.

### **SPECIAL BUSINESS**

2. To consider and if thought fit to pass with or without modifications the following resolution as an ordinary resolution.

“RESOLVED THAT M/s Shah & Udeshi, Chartered Accountants be and are hereby appointed as Auditors of the Company in place of the retiring Auditors M/s Raju & Prasad, Chartered Accountants, to hold office from the conclusion of ensuing Annual General Meeting until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Board of Directors of the Company.”

3. To consider and if thought fit to pass with or without modifications the following resolution as a Special resolution.

“RESOLVED THAT in accordance with the provisions of Section 260 read with Article 82 (1) of the Articles of Association of the Company, Mr. Deepak Goyal in respect of whom a notice Under Section 257 of the Companies Act, 1956, has been received, be and is hereby appointed as a Director of the Company, who shall be liable to retire by rotation.”

4. To consider and if thought fit to pass with or without modifications the following resolution as a Special resolution.

“RESOLVED THAT in accordance with the provisions of Section 260 read with Article 82 (1) of the Articles of Association of the Company, Mr. Rajeev Anand in respect of whom a notice Under Section 257 of the Companies Act, 1956, has been received, be and is hereby appointed as a Director of the Company, who shall be 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: -

For AVANCE TECHNOLOGIES LTD.



Director /Authorised Signatory

**RESOLVED THAT** consequent to the adoption of resolutions 3 and 4 whereby Mr. Deepak Goyal and Mr. Rajeev Anand are appointed as Directors subject to retirement by rotation in lieu of Mr. Kirit Kanakia and Mr. Shailesh Parekh, and, the resulting change in the control management of the Company be and is hereby approved."

**RESOLVED FURTHER THAT** as a measure of abundant precaution this resolution for approval of change in management be and is hereby deemed to be passed under the proviso of regulations 12 of SEBI (SAST) Regulation, 1997

6. **To consider and if thought fit to pass with or without modifications the following resolution as an Ordinary Resolution.**

**"RESOLVED THAT** Mr. Deepak Goyal be and is hereby appointed as Managing Director for a period of five years with effect from February 26, 2003 on a maximum remuneration of Rs. 2,00,000/- (Rupees Two lacs only), by way of salary, commission and perquisites as per the proviso's of section I of Part II of the of Schedule XIII of the Companies Act;

**FURTHER RESOLVED THAT** the remuneration aforesaid as far as salary and perquisites are concerned, shall not exceed Rs. 2,00,000/- (Rupees Two lacs only) per month as per the proviso's of section I of Part II of the of Schedule XIII of the Companies Act, in the loss or inadequacy of profits during the tenure of his appointment;

**FURTHER RESOLVED THAT** any excess salary drawn by or paid to him in any year of loss or inadequacy of profits shall be refunded by him and for this purpose, the Company shall effect recovery month by month and every month commencing from the month following the month in which the annual accounts disclosing the loss or inadequacy or profits are approved by the Board of Directors in their meeting held pursuant to section 217 of the Act;

**FURTHER RESOLVED THAT** any excess remuneration drawn or paid to him as aforesaid shall be forthwith refunded to the Company in the event the appointment comes to an end by any reason whatsoever prematurely before the tenure of appointment is over and also in the event his appointment is not renewed for a further period beyond the period of five years for which he is appointed;

**FURTHER RESOLVED THAT** the draft Agreement, incorporating the terms of appointment and remuneration placed at this meeting and initialed by the Chairman thereof for the purposes of identification, be and is hereby approved and Mr. Rajeev Anand, a Director of the Company be and is hereby authorized to sign the agreement on behalf of the Company;

**FURTHER RESOLVED THAT,** pursuant to sub-section (2) of section 269, read with the Part III of Schedule XIII to the Act a return be filed with the Registrar of Companies and the said return be certified by Auditors of the Company/Secretary of the Company/ Company Secretary in whole-time practice.

7. **To consider and if thought fit to pass with or without modifications the following resolution as an Ordinary Resolution: -**

**“RESOLVED THAT** Mr. Srikrishna Bamidipathi be and is hereby appointed as Joint Managing Director for a period of five years with effect from February 26, 2003 on a maximum remuneration of Rs. 2,00,000/- (Rupees Two lacs only), by way of salary, commission and perquisites as per the proviso's of section I of Part II of the of Schedule XIII of the Companies Act;

**FURTHER RESOLVED THAT** the remuneration aforesaid as far as salary and perquisites are concerned, shall not exceed Rs. 2,00,000/- (Rupees Two lacs only) per month as per the proviso's of section I of Part II of the of Schedule XIII of the Companies Act, in the loss or inadequacy of profits during the tenure of his appointment;

**FURTHER RESOLVED THAT** any excess salary drawn by or paid to him in any year of loss or inadequacy of profits shall be refunded by him and for this purpose, the Company shall effect recovery month by month and every month commencing from the month following the month in which the annual accounts disclosing the loss or inadequacy or profits are approved by the Board of Directors in their meeting held pursuant to section 217 of the Act;

**FURTHER RESOLVED THAT** any excess remuneration drawn or paid to him as aforesaid shall be forthwith refunded to the Company in the event the appointment comes to an end by any reason whatsoever prematurely before the tenure of appointment is over and also in the event his appointment is not renewed for a further period beyond the period of five years for which he is appointed;

**FURTHER RESOLVED THAT** the draft Agreement, incorporating the terms of appointment and remuneration placed at this meeting and initialed by the Chairman thereof for the purposes of identification, be and is hereby approved and Mr. Rajeev Anand, a Director of the Company be and is hereby authorized to sign the agreement on behalf of the Company;

**FURTHER RESOLVED THAT**, pursuant to sub-section (2) of section 269, read with the Part III of Schedule XIII to the Act a return be filed with the Registrar of Companies and the said return be certified by Auditors of the Company/Secretary of the Company/ Company Secretary in whole-time practice.

**8. To consider and if thought fit to pass with or without modifications the following resolution as a Special Resolution:-**

**“RESOLVED THAT** in accordance with the provisions of section 81(1A) and subject to the approval of the Shareholders of the Company and all other applicable provisions of the Companies Act, 1956 and enabling provisions in the Memorandum and Articles of Association of the Company, and subject to any other approval of Shareholders in general meeting, Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI) and all other concerned authorities and departments, wherever applicable, the Board of Directors of the Company (hereinafter referred to as “the Board”) (which term shall be deemed to include any duly authorized Committee thereof for the time being exercising the powers conferred on the Board by this Resolution) be and is hereby authorized, on behalf of the company to issue Equity Shares, at par and in such manner as the Board may decide to allot Equity shares not exceeding 18,00,000 (eighteen lacs) and to offer them to the shareholders of MIL, whosoever they may be in

the ratio of 1:3 i.e. for every 3 shares of MIL 1 share of Avance Technologies Ltd which has been arrived at on the basis of the valuation report and/or on such other terms and conditions and as may be prescribed in granting the approvals by the Appropriate Authorities which the Board may at its absolute discretion consider proper or expedient.

**RESOLVED FURTHER THAT** the aforesaid offer, issue and allotment of the equity shares shall be made at such time or times as the Board may in its absolute discretion decide, subject to guidelines, rules and regulations, as may be applicable and that such shares shall rank pari-passu with the existing equity shares of the Company, except that the shares to be issued shall qualify for the dividend in the financial year in which the shares are so allotted, if declared, on a pro-rata basis from the period from which the allotment is made."

**FURTHER THAT** for the purpose of giving effect to this Resolution, the Board be and is hereby authorized to agree and to make such modifications and alterations from time to time as it deems fit and to take all steps as it may deem necessary and desirable to expedient and to resolve all questions of doubt and to do all act, deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion shall deem fit without being required to seek any fresh approval of the Members of the Company and the decision of the Board shall be final and conclusive."

**9. To consider and if thought fit to pass with or without modifications the following resolution as a Special Resolution: -**

**"RESOLVED THAT** pursuant to provision of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 including any amendment thereto, the Memorandum and Articles of Association of the Company, the Securities & Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred to as "the Guidelines") and other applicable law and subject to such approvals, consents, permissions and sanctions as may be required from appropriate authorities or bodies from time to time, the Board of Directors (hereinafter referred to as "the Board" which term shall include a Committee of Directors), be and is hereby authorized to create, offer and grant from time to time, up to 10% of the paid up capital of the Company for the time being or any other SEBI Guidelines in force at that time, options in the aggregate to eligible management employees and Directors of the Company under the Employees Stock Option Scheme (the Scheme) of the Company; each option shall be exercisable for one Equity share of Rs.10 each fully paid-up on payment to the Company for such shares at price(s) to be determined from time to time in accordance with the Scheme."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to issue and allot Equity Shares upon exercise of options from time to time in accordance with the Scheme."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to modify or amend any of the terms and conditions of the Scheme as it may deem fit from time to time in its sole and absolute discretion in conformity with provisions of the Companies Act, 1956, the Memorandum and Articles of Association of the Company and the Guidelines."

**“RESOLVED FURTHER THAT** for the purpose of giving effect to the above Resolution, the Board be and is hereby authorized to do all such acts, deeds and things and to execute all such deeds, documents, instruments and writings as it may arise in regard thereto.”

**10. To consider and if thought fit to pass with or without modifications the following resolution as a Special Resolution:-**

**“RESOLVED THAT** pursuant to provisions of Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 including any amendment thereto and the memorandum and Articles of Association of the Company, the Securities & Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred to as “the Guidelines”) and other applicable laws and subjects to such approvals, consents, permission and sanctions as may be required from appropriate authorities or bodies from time to time, the Board of Directors (hereinafter referred to as “the Board” which term shall include a Committee of Directors), be and is hereby authorized to create, offer and grant options within the aggregate limit of up to 10% of the paid up capital of the Company for the time being or any other SEBI Guidelines in force at that time, options as referred to in Resolution at Serial Number 10 above to eligible management employees and Directors of subsidiary companies of the Company under the Employees Stock Option Scheme (the “scheme”) of the Company as referred to in Resolution at serial Number 10 above, each option shall be exercisable for one Equity Share of Rs.10 each fully paid-up on payment to the Company for such shares at price(s) to be determined from time to time in accordance with the Scheme.”

**“RESOLVED FURTHER THAT** the Board be and is hereby authorized to issue and allot equity shares upon exercise of options from time to time in accordance with the Scheme.”

**“RESOLVED FURTHER THAT** the Board be and is hereby authorized to modify or amend any of the terms and conditions of the Scheme as it may deem fit from time to time in its sole and absolute discretion in conformity with provisions of the Companies Act, 1956, the Memorandum and Articles of Association of the Company and the Guidelines.”

**“RESOLVED FURTHER THAT** for the purpose of giving effect to the above Resolution, the Board be and is hereby authorized to do all such acts, deeds and things and to execute all such deeds, documents, instruments and writings as it may in its sole and absolute discretion deem necessary or expedient and to settle any question, difficulty or doubt that may arise in regard thereto.”

Place : Mumbai

By the order of the board

Date: September 6, 2003

Director

**NOTES:-**

1. ANY MEMBER ENTITLED TO ATTEND AND VOTER IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND

THE PROXY NEED NOT BE AN MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2. The explanatory statement, pursuant to section 173 (2) of the Companies Act, 1956 in respect of item nos.2,3,4,5,6,7,8,9,&10 as set out above is annexed hereto. All the documents pertaining to these items are available for inspection by the Member at Registered Office of the Company between 10.00 A.M. and 12.00 Noon on all working days up to the date of Annual General Meeting.
3. Members/Proxies should bring the attendance slip sent herewith duly filled in for attending the meeting.

### **EXPLANATORY STATEMENTS UNDER SECTION 173 OF THE COMPANIES ACT, 1956.**

#### **Item No. 2.**

M/s Raju & Prasad, Chartered Accountants, Mumbai were the Auditors of the Company, they had written to the Company because of their pre-occupation, they will not be in a position to act as the Auditors of the Company. The Company decided to appoint M/s Shah & Udeshi, Chartered Accountants, Mumbai in place of M/s Raju & Prasad. So in terms of the provisions of Section 224, it will be imperative for the company to pass an ordinary resolution for obtaining consent of the members for the appointment of M/s Shah & Udeshi as Auditors of the Company to hold office till the next Annual General Meeting.

None of the Directors are concerned or interested in the subject matter of proposed resolution.

#### **Item No. 3 & 4**

Mr. Deepak Goyal and Mr. Rajeev Anand were appointed as Additional Directors on October 30, 2002, and February 28, 2003 respectively. Pursuant to section 260 of the Companies Act, 1956 read with the Articles 82(1) of the Articles of Association of the Company. They hold their office up to the date of forthcoming Annual general Meeting. Notices in writing has been received from the shareholders of the Company, pursuant to section 257 of the Companies Act, 1956 signifying their intentions to propose Mr. Deepak Goyal and Mr. Rajeev Anand as candidates for the office of Director along with deposit of Rs. 500 which shall be refunded to them if Mr. Deepak Goyal and Mr. Rajeev Anand are elected as Directors of the Company.

None of the Directors, except Mr. Deepak Goyal, and Mr. Rajeev Anand are interested in these resolutions respectively.

#### **Item No. 5.**

Mr. Deepak Goyal and Mr. Rajeev Anand were appointed as Additional Directors on October 30, 2002 and February 28, 2003 respectively and ratified at this Annual General Meeting. Since the appointment is only upto the ensuing AGM, they are being appointed as Director now in place of the retiring Directors Mr. Kirit Kanakia and Mr. Shailesh Parekh.

It is brought to the notice of the shareholders that Mr. Srikrishna B was appointed as the Director of the Company, subsequently his appointment was ratified at the Annual General meeting of the Company held August 14, 2002 and subsequent to the appointment of Mr. Deepak Goyal and Mr. Srikrishna B as Managing Director and Joint Managing Director of the Company respectively, thus the appointment of the professionals on the Board and appointment of Managing Director and Joint Managing Director is changing the control of Management of the Company.

The Company deems to fill these vacancies and has taken effective steps to ensure that people who are capable of running the company abundantly fill the vacancies. Mr. Deepak Goyal and Mr. Srikrishna B. collectively form a new management at the helm of the Company, which tantamount to change in control of the management of the Company. As provided in the guidelines of Takeover framed by SEBI states that such a change in management to propose constitute a change in the management control of the company attracting and may attract the Takeover Guidelines wherein it becomes mandatory where the incoming management has to make an open offer to the existing shareholders in accordance with these regulations. However, proviso to Regulation 12 frames an offer not to be made in case the shareholders by Special Resolution have considered the change in the management that has taken place with its consequences and have thereafter consented to such change. We are herewith passing these resolutions by way of Postal Ballot, as a measure abundant precaution to ensure that the business of the Company is not disturbed in the nature due to retrospective applicability to this resolution to be so approved by the SEBI at a later date.

None of the Directors, except the appointed Directors are interested in the above resolution.

#### Item No. 6

In view of the increasing activities and the future expansion programme of the Company, your Board of Directors have already had in their contemplation for some time that the services of a Managing Director to look after the day-to-day management of the Company. Mr. Deepak Goyal is proposed for appointment as Managing Director for a period of five years with effect from February 26, 2003. He is B.E. in Computers, Mumbai. He has extensive experience in software & hardware related technology. He is well versed with all the aspects of production, cost and technical administration. Mr. Deepak Goyal has never been imprisoned or fined under any of the Acts specified in Part I of Schedule XIII to the Act, nor has he been detained for any period under the Conservative of Foreign Exchange and Prevention of Smuggling Activities Act, 1974. He is 32 years old and is neither a Managing Director nor a Whole Time Director nor a Manager in any other Company. He is also not in whole time employment elsewhere. He is a citizen of India. Mr. Deepak Goyal is, therefore, entitled to be appointed by a resolution to be passed by you and without approval of the Central Government. From the Draft Agreement placed at the meeting, you will also see that the remuneration by way of salary, commission and perquisites as follows are strictly in conformity with part II of Schedule XIII, and further keeping in mind the fact that the proposed appointee is to be posted at Mumbai. Briefly, the terms and conditions of the appointment and remuneration of Mr. Deepak Goyal are as follows:

1. He shall carry out such duties as may be entrusted to him subject to the supervision of the Board of Directors and he shall also perform such other duties and the Board of Directors shall from time to time entrust services as to him

2. The agreement is for a period of five years from 26<sup>th</sup> February 2003.
3. He shall be entitled to the following remuneration and perquisites provided that the aggregate of remuneration and perquisites shall not exceed the ceiling of 5% of net profits laid down in sub-section (3) of section 309 of the Act:
  - a. Salary: maximum of Rs 2,00,000/- per month;
  - b. Commission: 1 per cent of the net profits of the Company, subject to a ceiling of 50 per cent of the salary;
  - c. Perquisites: Subject to the ceiling mentioned under Schedule XIII :
    - i. Rent-free furnished accommodation with service of personnel for maintenance and protection of property of the accommodation [provided, monetary value of which shall not exceed 60 per cent of the salary over and above 10 per cent payable by the appointee, the expenditure to be incurred by the Company on gas, electricity, water and furnishing,] subject to the ceiling of 10 per cent of the salary of the appointee, being valued as per the Income-tax Rules, 1963;
    - II. Reimbursement of medical expensed of the appointee and his family, the total cost of which to the company shall not exceed one months' salary in a year or three months' salary over a period of three years;
    - III. Leave Travel Concession for the appointee and his family once in a year in accordance with the rules of the Company;
    - IV. Fees of clubs subject to a maximum of two clubs. But the Company shall not pay admission or life membership fee;
    - V. Personal accident insurance premium not exceeding Rs. 1,000 per annum;
    - VI. Free use of telephone at residence for Company's business;
    - VII. Free use of telephone at residence for Company's business. He shall be entitled to make personal short distance calls. However, he will pay long distance calls on personal account. Similarly, the Company shall bill private use of car by him;
    - VIII. Contribution to the provident fund, superannuation fund or annuity fund to the extent these, either singly or put together, are not taxable under the Income-tax Act, 1961;
    - IX. Gratuity payable at a rate not exceeding half a months' salary for each completed year of service;
    - X. Encashment of leave at the end of the tenure.
4. The maximum remuneration of Rs. 2,00,000/- (Rupees Two Lacs) per month payable to him in the event of inadequacy of profits or loss shall be exclusive of perquisites at (viii), (ix) and (x) above.

None of the Directors except Mr. Deepak Goyal is concerned or interested in the proposed ordinary resolution.

#### Item No. 7

In view of the increasing activities and the future expansion programme of the Company, your Board of Directors have already had in their contemplation for some time that the services of a Joint Managing Director to compliment/supplement the day-to-day management in joint consultation and implementation with Managing Director. Mr. Srikrishna B is proposed for appointment as Joint Managing Director for a period of five years with effect from February 26, 2003. He is a Graduate from IIT, Mumbai. He has extensive experience in software & hardware technology. He is well versed with all the aspects of production, cost and technical administration. Mr. Srikrishna B has never been imprisoned or fined under any of the Acts specified in Part I of Schedule XIII to the Act, nor has he been detained for any period under the Conservative of Foreign Exchange and Prevention of Smuggling Activities Act, 1974. He is 33 years old and is neither a Managing Director nor a Whole Time Director nor a Manager in any other Company. He is also not in whole time employment elsewhere. He is a citizen of India. Mr. Srikrishna B is, therefore, entitled to be appointed be a resolution to be passed by you and without approval of the Central Government. From the Draft Agreement placed at the meeting, you will also see that the remuneration by way of salary, commission and perquisites as follows are strictly in conformity with part II of Schedule XIII and further keeping in mind the fact that the proposed appointee is to be posted at Mumbai. Briefly, the terms and conditions of the appointment and remuneration of Mr. Srikrishna B are as follows:

1. He shall carry out such duties as may be entrusted to him subject to the supervision of the Board of Directors and he shall also perform such other duties and the Board of Directors shall from time to time entrust services as to him
2. The agreement is for a period of five years from February 26, 2003.
3. He shall be entitled to the following remuneration and perquisites provided that the aggregate of remuneration and perquisites shall not exceed the ceiling of 5% of net profits laid down in sub-section (3) of section 309 of the Act:
  - a. Salary: maximum of Rs 2,00,000 per month;
  - b. Commission: 1 per cent of the net profits of the Company, subjects to a ceiling of 50 per cent of the salary;
  - c. Perquisites: Subject to the ceiling as mentioned in Schedule XIII:
- I. Rent-free furnished accommodation with service of personnel for maintenance and protection of property of the accommodation [provided, monetary value of which shall not exceed 60 per cent of the salary over and above 10 per cent payable by the appointee, the expenditure to be incurred by the Company on gas, electricity, water and furnishing,] subject to the ceiling of 10 per cent of the salary of the appointee, being valued as per the Income-tax Rules, 1963;
- II. Reimbursement of medical expensed of the appointee and his family, the total cost of which to the company shall not exceed one months' salary in a year or three months' salary over a period of three years;