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24th Annual Report 2007-2008

AVANCE TECHNOLOGIES LIMITED

and also subject to all applicable Guidelines, Rules and Regulations of Central government, Reserve bank of India, Securities Exchange Control Board of India (SEBI) and Bombay Stock Exchange (BSE) and also subject to their all such conditions and approvals in this behalf, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which expression shall include any committee constituted for the purpose) to offer issue and allot to any one or more persons being eligible foreign as well as Indian Investors, Non-resident Individuals and/or body(ies) corporate, Association of Persons, Banks, Financial Institutions and Others (hereinafter referred to as "Investors" and which term shall mean and include persons/bodies corporate/Associations of Indian as well as foreign origin and persons being Indian as well as foreign citizens), and whether such investors are existing equity shareholders of the Company or not) by way of circulation of an Offering Circular or Prospectus or by way of Private Placement or Preferential allotment of Fully Convertible Debentures/Bonds/ Global Depository Receipts and/or other suitable instruments and Loans, in one or more currencies upto an aggregate principal amount equivalent upto US \$ 15,000,000 (United States Dollars Fifteen Million Only) (hereinafter referred to as "the Securities"), secured or unsecured, to be subscribed in Indian and/or one or more Foreign currencies, which at the option of the holders of the Securities and/or at the option of the Company, may be converted into equity shares of the Company, such Offer, issue and allotment of Securities and conversion of such securities into equity shares of the Company to be made in one or more tranches, at such prices and on such terms and conditions as may be decided at the time of offer, issue and allotment, by the Board in accordance with the Rules, Regulations, terms, conditions and guidelines prescribed by the Memorandum and Articles of Association of the Company, SEBI, BSE and the Companies Act, 1956.

RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion of any Securities referred to above or as may be necessary in accordance with the terms of Offering and such equity shares resulting from the said conversion of Securities, need not necessarily rank pari passu with the then existing equity shares of the Company but may carry such qualified rights with regard to voting rights and dividend, as may be decided by the Board of Directors at the time of conversion."

RESOLVED FURTHER THAT for the purpose of giving effect to any offer, issue and allotment of Securities or equity shares arising out of conversion of such Securities, as described hereinabove, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds and things as it may at its discretion deem necessary or desirable for such purpose and such authority to include authority to determine without any limitation or restriction, the terms, timings, the class of investors to whom the securities or shares are to be issued, the number of securities or shares to be issued in each trench, issue price, face value, premium amount on issue /conversion of securities, rate of interest, redemption period, etc, the utilization of issue proceeds and power on behalf of the Company to settle any questions, difficulties or doubts that may arise in regard to any such issue or allotment, as it may in absolute discretion deem fit.

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"RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers conferred hereinabove to any Committee of Directors or Managing Director or any director or any other Officer or Officers of the Company to give effect to the foregoing resolutions."

By ORDER OF THE BOARD,

Place: Mumbai

Sd/-

Dated: 3rd September, 2008

(Director).

Notes:

1. **ANY MEMBER ENTITLED TO ATTEND AND VOTE IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. PROXY FORM IS ENCLOSED.**
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 27th September, 2008 to 30th September, 2008 both days inclusive.
3. Explanatory Statements pursuant to Section 173 (2) of the Companies Act, 1956 setting out the material facts relating to items of Special Business, are attached hereto.

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EXPLANATORY STATEMENTS

(Pursuant Section 173 (2) of the Companies Act, 1956)

ITEM NO. 4

The Board of Directors appointed Mr. Anand Chaudhary as an Additional Director with effect from 15th May, 2008 and pursuant to Section 260 of the Companies Act, 1956, Mr. Anand Chaudhary holds office upto this Annual general Meeting. He is eligible for appointment as a Director at this Annual General Meeting and Notice in writing under Section 257 of the said Act has been received from a Member of the Company proposing his candidature to the Office of Director. In view of his vast industrial experience, your Directors recommend this resolution for your approval. Apart from the obvious interest of Mr. Anand Chaudhary, no other Director is interested in this item of business.

ITEM NO. 5

The Company is all set to undertake an expansion-cum-diversification programme concerning the segments of digital electronics, computer hardware/software development. The total cost of the project is estimated at Indian rupees equivalent to US \$ 15 million and in order to raise such means, it has been proposed to approach investors/lenders through Private Offers for External Commercial Borrowings, GDRs, Fully Convertible Debentures and/or other instruments as the Directors may find expedient. Such offer, issue and allotment of FCDs/GDRs/shares will be subject to the Memorandum and Articles of Association of the Company, the Companies Act, 1956, Rules, Regulations and guidelines formed by SEBI, Central Government, Reserve Bank of India and also the conditions of the Listing Agreement with the Bombay Stock Exchange limited.

As the shares resulting from the conversion of instruments may be issued and allotted to persons other than the existing equity shareholders, it is necessary to pass the resolution under this item, as compliance of Section 81 (1A) of the Companies Act, 1956. Your Directors, therefore, recommend this resolution for your approval by way of a Special resolution. None of the Directors are interested in this item of business.

By ORDER OF THE BOARD,

Place: Mumbai

Sd/-

Dated: 3rd September, 2008

(Director).

AVANCE TECHNOLOGIES LIMITED

DIRECTORS' REPORT

**To,
The Members,**

Your Directors' have pleasure in presenting the Twenty Fourth Annual Report together with Audited Statement of Accounts for the year ended 31st March, 2008.

1. FINANCIAL RESULTS :

Sr.No	Particulars	Year ended March 31	Year ended March 31
		2008	2007
a	Income from Sales	909,237,956	781,201,104
b	Other Income	1,307,482	2,500
d	Operating Expenditure	924,967,877	785,133,388
c	Profit before Depreciation & Taxes	922,971,612	780,573,200
f	Depreciation	1,996,265	4,560,188
g	Profit before taxes	(1,692,996)	(3,724,105)
h	Provision for taxes	12579	88776
i	Deferred Tax	(578,044)	(1,333,254)
j	Net Profit for the year	(1,127,530)	(2,479,627)
k	Balance from previous year	58,597,925	61,077,552
o	Balance carried to Balance Sheet	57,470,395	58,597,925

2. DIVIDEND

In order to conserve the resources in the form of Reserves the company has not recommended any dividend payout, the dividend can be distributed probable next year when the company makes required amount of profits, as the Industrial Review of the Operations of the Company seem attractive in this economy.

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3. BUSINESS OPERATIONS

Incorporated on 30th January, 1985 and listed with the Bombay Stock Exchange. Avance Technologies Limited has been providing e-business solutions in verticals; network services, system integration, I.T Reselling and multi vendor support coupled with the enterprise class server & related technologies.

4. INDUSTRIAL REVIEW

The annual revenue projections for India's IT industry in 2008 are US \$ 87 billion and market openings are emerging across four broad sectors, IT services, software products, IT enabled services, and e-businesses thus creating a number of opportunities for Indian companies. In addition to the export market, all of these segments have a domestic market component as well. With the formation of a new ministry for IT, Government of India (GOI) has taken a major step towards promoting the domestic industry and achieving the full potential of the Indian IT entrepreneurs.

India's information technology and IT-enabled services industry will more than double in size by 2012, led by a fast-expanding domestic market, according to a report.

India's expanding economy, growing annually by nearly nine per cent, is spurring domestic IT spending as companies upgrade technologies to stay competitive and consumers log onto the Internet on personal computers and mobile devices.

5. DEPOSITS

The Company did not accept any deposits during the year under review.

6. PERSONNEL

None of the employees of the company come under the provision of Section 217(2A) of the Companies Act, 1956, read with companies (particulars of employees) Rules, 1975.

7. DIRECTORS

Mr. Anand Chaudhary who was appointed as Additional Director under section 260 of the Companies Act, 1956 till the conclusion of this Annual General Meeting is hereby Appointed as a Director of Company, liable to retire by rotation and on other such terms and conditions as agreed between Board and Mr. Anand Chaudary

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In accordance with the provision of the Companies Act, 1956 and the Articles of Association of the Company, Mr. ShriKrishna B, Director of company, retire by Rotation and, being eligible, offer themselves for re-appointment.

8. DIRECTORS RESPONSIBILITY STATEMENT

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

That in the preparation of the accounts for the financial year ended 31st March, 2008; the applicable accounting standards have been followed along with proper explanation relating to material departures

That the directors have selected such accounting policies and applied them consistently and made judgments and estimates that were responsible and prudent so as to give a true and fair value of the state of affairs of the Company at the end of the financial year and the profit of the company for the year under review;

That the directors have taken proper and sufficient care for the maintenance of the adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of the company and for preventing and detecting fraud and other irregularities;

That the directors have prepared the Accounts for the financial year ended 31st March, 2008 on a 'going concern' basis.

9. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO UNDER SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956 (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS), RULES, 1988.

♦ Conservation of Energy:

The operations of the Company involve low energy consumption. There are no major areas where any energy conservation measures can be taken. However, efforts are being made to conserve and optimize the use of energy in regular operations.

♦ Technology absorption:

As the Company is yet to set up a regular Research & Development facility, there is no technology development or absorption during the year under review. Also, no technology has been imported under any foreign collaboration or otherwise.

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♦ Foreign Exchange Earnings & Outgo:

The Company has no Foreign Exchange Earnings or Expenditure during the year under review.

10. AUDITORS

The Board of Directors have appointed M/s RAMESH BATHAM & CO. Chartered Accountants as statutory auditors of the company, who are liable to be retired in the ensuing Annual General Meeting. The Company has decided to re-appoint them as the Statutory Auditors in the ensuing General Meeting. The Company has received a certificate from them stating that the appointment is within the prescribed limits under section 224(1B) of the Companies Act, 1956. Members are requested to appoint Auditors & fix their remuneration.

11. ACKNOWLEDGEMENTS

Your directors wish to place on records their appreciation of the employees, banks R&T agents, Stock Exchange authorities for their able guidance & support. Your directors thank all your customers for the confidence they have reposed in your company.

By ORDER OF THE BOARD,

Place: Mumbai

Sd/-

Dated: 30th June, 2008

(Director).

AVANCE TECHNOLOGIES LIMITED

REPORT ON CORPORATE GOVERNANCE PHILOSOPHY OF CORPORATE GOVERNANCE

Companies stand to gain immensely in the long run by adopting systems that increase accountability, transparency and fairness.

Your Company is committed to upholding the highest standards of Corporate Governance in its operations. The policies and practices are not only in line with the statutory requirement, but also reflect your Company's commitment to operate in the best interest of its stake holders. The responsibility for maintaining high standards of governance lies with your Company's Board of Directors and various Committee of the Board, which are empowered to monitor implementation of the best Corporate Governance practices including making necessary disclosures within the framework of legal and regulatory provisions and Company conventions besides its employees.

In this direction, your Company is committed to ensure that the Company's Board of Directors continued to be constituted as per the prescribed norms, meets regularly as per the prescribed frequency, provides effective leadership, exercises control over the management, monitors executive performance and makes appropriate disclosures. In addition, establishment of a framework of strategic control and continuous reviewing of its efficacy and establishment of clearly documented and transparent management processes for policy development, implementation and review, decision making, monitoring control and reporting are the other policy directives. Your Company provides free access to the Board of all relevant information, advices and resources to enable it to carry out its role effectively.

Pursuant to Clause 49 of the Listing Agreement, your Company has complied fully with all the mandatory requirements of the Corporate Governance in all material aspects. As required by the Listing Agreement, a report on Corporate Governance is given below:

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company believes in high degree of transparency and accountability in its business operations and business practices and continues to adopt all measures to increase its level. The Company respects the rights of all its stakeholders to information on the performance of the Company. The Company is committed to maintain high standard of corporate governance towards its shareholders, Government, clients, employees and society

2. BOARD OF DIRECTORS:

The Board is constituted in conformity with clause 49 of the Listing Agreement with the Stock Exchange that the 50% of the Board comprising of non-executive Directors and half of the Board comprise of Independent Directors. As on 31st March, 2008 the composition of the Board and other related information are as given below:

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Name	Category	Attendance General at meetings	Directorships and Chairmanships/ Memberships in Other Companies*			Shareholding
			No. of Directorships	Committee Positions		
				Membe r	Chairman	
Mr. Deepak Goyal	Executive Managing Director	Yes	0	0	0	0.00
Mr. Srikrishna B	Executive Director	Yes	0	0	0	0.00
Mr. Rajeev Anand	Independent & Non-Executive Director and	Yes	0	0	0	5.39% (2,00,000)
Mr. Randhir Marwa	Independent & Non-Executive Director-Chairman	No	0	0	0	0.00

None of the Directors hold directorship in more than 15 companies, membership in committees of Board in more than 10 companies and chairmanship of committee of Board of more than 5 committees.

Sr. No.	Name of Director	Number of Board meetings held during the period when the director was on the Board	Number of Board meeting attended	Whether present at previous AGM
1	Mr. Deepak Goyal	6	6	Yes
2	Mr. Rajeev Anand	6	5	Yes
3	Mr. Srikrishna B	6	5	Yes
4	Mr Randhir Marwa	6	6	No

Number of Board Meeting held and dates of Board Meeting

The time gap between two meetings was less than four months

Board Procedures

The Agenda is circulated well in advance for the Board members. The items in the Agenda are backed by comprehensive background information to enable the Board to take appropriate decisions. In additions to the information required under Annexure IA to clause 49 of the Listing Agreement, the Board is also kept informed of major events/items and approvals taken wherever necessary. At the Board meetings, the Board is apprised of the overall performance of the Company.