

ANNUAL REPORT

2014

AVANCE TECHNOLOGIES LIMITED



About your Company

Avance Technologies Limited is an Ecommerce Business and Technology Consultant and also a content monetization company in association with Google Inc.

Avance is a mobile media and Value Added Service (VAS) provider working for various media companies, telecom operators, enterprises and content providers alike to render a unique and innovative service led product environment and delivering its most cost effective solutions.

Avance empowers its customer to communicate between varied IT back-end systems and mobile phones using SMS services. We provide a unique, end-to-end, global carrier-grade mobile data service, offering “plug and play” application licensing and hosting.

Avance’s mobile marketing platform is capable of delivering SMS services to virtually any CDMA/GSM mobile handset. By signaling information from the mobile world with innovative applications running concurrently on its own IT applications platform, Avance paves way for mission-critical international messaging services.

Avance’s complete product suite offers you the tools you need to create, promote and manage a mobile platform. All Avance’s products come complete with robust reporting and analytics to make sure you’re getting the results you need from your mobile investment. Our Digital Content is of very high quality and of International standards.

Avance partners with various telecom operators and content providers across the globe to add value to its enterprise customers’ business and operational environment via innovative mobile marketing and advertising solutions, mobile transactions and customer care solutions.

Avance endeavors and thrives to be a new reference in the development and innovation of technology. With intentions and plans to tap in the lucrative entertainment and infotainment space Avance will operate wholly and solely under the Wonder Orbit brand name for digital content monetization.

We provide a unique, end-to-end, global carrier-grade mobile data service, offering “plug and play” application licensing and hosting.

Employing a partnership with Mobile Operators and other service providers and a clear focus on SMS marketing, Avance strives to create a benchmark in mobile marketing.

BOARD OF DIRECTORS:

Mr. Srikrishna Bhamidipati

Chairman and Executive Director

Mr. Deepak Goyal

Executive Director

Mr. Bimal Kamdar

Non-Executive Independent Director

Mr. Anand Chaudhary

Non- Executive Independent Director

AUDITOR:

M/s. Ramesh Batham and Co.

Chartered Accountants,

Flat No 101-103, C-36,

Sector 5,

Shanti Nagar,

Mumbai- 401107

REGISTERED OFFICE:

D - 604, 6th Floor,

Crystal Plaza Premises Co-
operative Society Limited,

Opposite Infinity Mall

New Link Road, Andheri (West)

Mumbai-400053

BOARD COMMITTEES

1. Audit Committee

Mr. Anand Chaudhary
Chairman

Mr. Bimal Kamdar
Member

Mr. Deepak Goyal
Member

**2. Stakeholders Relationship
Committee (formerly called
Shareholders/Investors
Grievance Committee)**

Mr. Anand Chaudhary
Chairman

Mr. Bimal Kamdar
Member

Mr. Deepak Goyal
Member

**3. Nomination and
Remuneration Committee
(formerly called the
Remuneration Committee)**

Mr. Anand Chaudhary
Chairman

Mr. Bimal Kamdar
Member

Mr. Srikrishna Bhamidipati
Member

SHARE TRANSFER AGENT:

M/s Purva Shareregistry (India) Pvt. Ltd.

No. 9, Shiv Shakti Industrial Estate

Ground Floor, J. R. BorichaMarg, Opp. Kasturba

Hospital, Lower Parel,

Mumbai- 400 011.

BANKER:

Axis Bank

Dena Bank

ING Vysya Bank

Yes Bank

LISTED AT:

BSE Ltd. (Bombay Stock Exchange)

COMPLIANCE OFFICER:

Mr. Srikrishna Bhamidipati

Contents

- Chairman's Speech
- Director's Report
- Report on Corporate Governance
- Certification on Financial Statements
- Auditors Report on Corporate Governance
- Management Discussion and Analysis Report
- Independent Auditor's Report
- Balance Sheet
- Statement of Profit and Loss
- Cash Flow Statement
- Notes to Accounts
- Significant Accounting Policies



Dear fellow shareholders....

The Indian economy has been vibrant in general, and the IT Services industry continues to grow at a healthy rate. Given this scenario, the lack of growth of the Company is a matter of disappointment for all stakeholders of Avance Technologies Limited, primarily due to high marketing and infrastructure expenses incurred in pursuit of the growth in business that did not happen.

To restore confidence in our shareholders, employees and customers, the Board has entrusted me with the role of Managing Director with effect from October 2014, subject to the approval of you members in the ensuing Annual general meeting. I have accepted this challenge enthusiastically, and I am committed to provide stable and well-directed leadership for the Company. My primary aim is to reignite growth and to rebuild the high-performance culture of the Company, as well as a value system all stakeholders can be proud of.

As the Chairman and proposed Managing Director, Today, I am getting an opportunity to interact with you, our shareholders who are present here. Shortly, I also intend to travel and meet our valued clients, both existing and prospective, at home and overseas. By reaching out, I hope to grasp the current ground realities and opportunities facing our business quickly, to enable me to advance your Company energetically towards its earlier growth performance.

In the meantime, we have already taken some immediate and appropriate steps in the right direction.

Firstly, building a strong foundation of quality people based on fairness. Thus, the board of directors has recommended the induction of three new members to the board – Mr. Srinivas Rachakonda and Mr. Deepak Singh Manki as executive directors, and Ms. Pooja Srivastava as Women Independent director. These three individuals bring a wealth of experience and insights that will enrich your company. Mr. Srinivas Rachakonda is a Senior Vice President and Head of economic planning and scheduling at Essar Energy. He has worked with Reliance Industries Limited as a Manager for Economic Planning and Scheduling, with Aspen technology as a Senior Supply consultant, and other companies viz., Union Carbide, BPCL and ACC, before joining Essar. Having added a feather in his cap, he is profoundly recommended as a turnaround specialist. Mr. Deepak Singh Manki has over 20 years of experience in Senior Management profile and has instrumental in launching traveljini.com and zapak.com. Ms. Pooja Srivastava is a free lance advisor to E-commerce companies in Mumbai and Delhi. I am confident that you will vote positively on the resolutions requesting their appointment.

Thus, the induction of the aforesaid personnel on the Board of the Company would enable me to form a robust team aiming towards growth and development over the prospective year ahead.

Secondly, your Company is gradually moving toward becoming more focussed. By concentrating on certain vertical markets, we aim to infuse our service offerings with visible differentiation, warranting higher margins. Recently, the Company entered into a contract with Google to host content as a preferred partner on YOUTUBE. Avance, predominantly a Mobile Value Added Service provider, has been exploring the monetization process of YOUTUBE for last six months and is now confident of contributing content for this platform- which could be unique and interesting.

These activities for content monetization will be carried out wholly and separately under the brand name Wonder Orbit.

Through Wonder Orbit, Avance will establish itself in the fast growing infotainment business. In this dynamic world passing knowledge and information has become very difficult through the orthodox methods. It is very difficult to engage the audience and keep them interested throughout. Thus, clubbing the information with entertainment is gaining acceptance across the globe.

To start with, Wonder Orbit will operate in content for kids, Gaming for Kids and Adolescents as well as specialized medical treatments for adults and alternate content videos of new toys and gadgets by which we could cover the entire genre of demographics. The offerings of Wonder Orbit will primarily focus on:

- 1. Kid Content (Kidutainment):** We have acquired close to 300 nursery rhymes (audio and video) to be animated with about 10 resources to cover and fill in the kids channel, over a period of time we plan to have some interesting animated fairy tales to lure kids to the channel.
- 2. Gaming:** We plan to hire at least 10 experts who would study various popular games on a day to day basis and fill the channels in solving various levels of different games, Voice over can be added in American/British accent to reach out to the global population as youtube is global platform.
- 3. Specialized Medical Treatments:** With the stigma of getting noticed and also a fear of side effects people these days are apprehensive to explore medical innovations like Hair Transplants, Beauty treatments and Liposuctions. We have a panel of doctors who are cosmetologists based in Bangalore and Hyderabad who would contribute to content related to these treatments to educate these people to explore these medical advancements. A brief narration followed by an animated treatment procedure would be of great way to spread awareness among such people.

4. **Devotional Content** in the form of Shlokas, Songs can be added too...we plan to dedicate a 20 to 25 member team for this youtube activity to start with and plan to upload 120 to 150 minutes of content on daily basis. As our repertoire increases with the internal generation we will be in a position to do about 300 minutes content upload daily in about six months to come.

This tie-up with Google will help the Company to attract viewers to paid content and will help the Company generate income in the form of subscriptions/memberships, advertisements, etc.

Avance-Google partnership will throw up many opportunities in India & globally for your Company.

As in any rejuvenation process, there is always a time lag between efforts and results. Through these conscious efforts and other ongoing improvement measures, I hope to revive our earlier growth performance in the medium term.

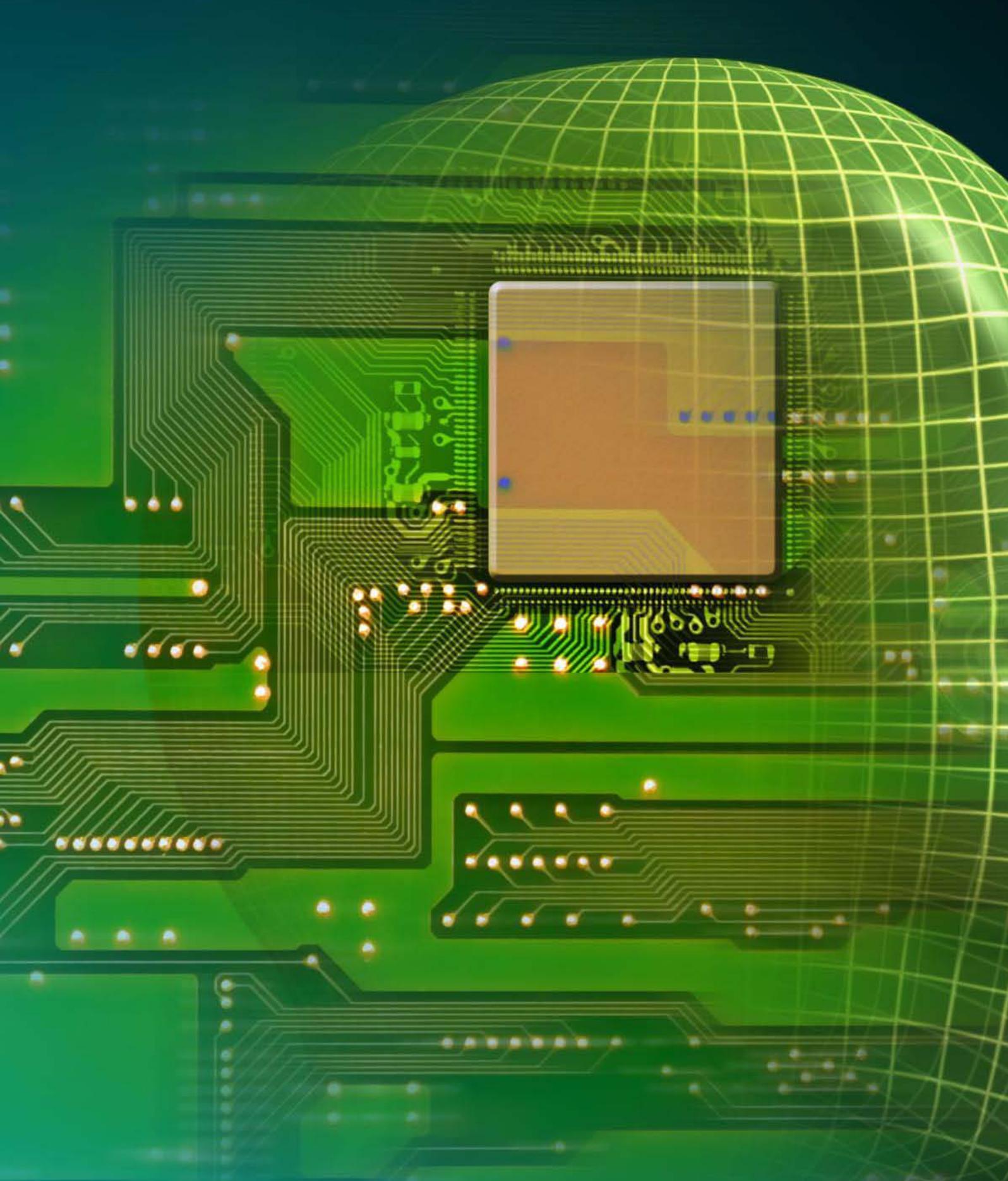
We believe quality products attract more customers. By providing excellent service to our customers, it guarantees us a wide range of market opportunity. We will strongly execute our mission statement of "Customer and credibility comes 1st, provide 1st class quality and service."

Our employees are our biggest assets. On behalf of the Board of directors and on your behalf, I salute our employees for their aspiration, focus on our clients, hard work, commitment and teamwork.

On behalf of the board of directors, every employee and every one of you, I place, on record, our deep appreciation of the clients, vendors, partners, investors and bankers for their continued support. We thank the Government of India, particularly, the Ministry of Communication and Information Technology, the Ministry of Corporate Affairs, the Ministry of Commerce, the Ministry of Finance, the Income Tax Department, the Reserve Bank of India, the State governments, and other government agencies for their support. We look forward to their continued support.

Thank You,

**Sd/-
Srikrishna Bhamidipati
Chairman
3rd September, 2014**



AVANCE - The Mobile Marketing Solution Suit

Board report

To,

The Members,

AVANCE TECHNOLOGIES LIMITED

We are delighted to present the 30th Annual Report on our business and operations together with the Audited Annual Accounts for the financial year ended 31st March, 2014. A gist of the financial performance of the Company for the financial year 2013-14 is provided as under:

Financial Performance and Operational Review:

The financial performance of the Company, for the year ended 31st March, 2014 and corresponding previous year is summarized below:

Particulars	For the year ended 31 st March, 2014	For the year ended 31 st March, 2013
Total Income	892,363,920	1,285,195,598
Total Expenditure	926,075,417	1,289,926,339
Profit/(Loss) before Tax	(33,711,497)	(4,730,741)
Provision for Tax	-	(192,987)
Profit/(Loss) after Tax	(33,711,497)	(4,537,754)
<u>Earnings per share :</u>		
Basic	(0.053)	(0.007)
Diluted	(0.053)	(0.007)

The Board of Directors has made conscious efforts for drawing the financial statements on the basis of sound, accepted and conservative accounting principles.

Overview

For the financial year ended March 31, 2014, the Company has incurred after tax loss of Rs. 33,711,497 as against after tax loss of Rs. 4,537,754 in the previous year. The Company reported a total expenditure of Rs 926,075,417 and total income of Rs 892,363,920 in the year 2013-14.

During the year under review, the company witnessed a severe reduction in revenue and profit after Tax. The reduction in revenue is mainly due to our effort to realign the company and its product portfolio. Our product and service offering needs continued investment to bring cutting edge innovative solutions and grow into an integrated IT Product and Services Company. Due to reduction in Total Income and increase in Total Expenditure cost Company reported loss of Rs. 33,711,497 as compared to previous year of Rs. 4,730,741.

Dividend:

In view of requirement of funds for the expansion of Company's business, your directors did not recommend any dividend for the financial year 2013-14

Listing:

The securities of the Company are listed at the BSE Ltd. (Bombay Stock Exchange), Mumbai.

Directors:

Mr. Deepak Goyal, Director of your Company retires by rotation at the forthcoming Annual General Meeting and being eligible, has offered himself for re-appointment.

None of the Directors, except Mr. Deepak Goyal is interested or concerned in the resolution appended to the notice of General Meeting.

As per Companies Act, 2013, an independent director shall hold office for a term up to five consecutive years on the Board of a company and shall be eligible for reappointment for another term of upto five consecutive years.

A person who has already served as an independent director for five years or more in a company as on October 1, 2014 shall be eligible for appointment, on completion of his present term, for one more term of up to five years only.

A person shall not serve as an independent director in more than seven listed companies. The following independent directors of the Company have completed more than 5 years on the Board:

Mr. Anand Chaudhary

Mr. Bimal Kamdar, was appointed on 20th February, 2010 and has completed four years on the Board.

Considering the experience and professional expertise of the independent directors, it is hereby proposed to the members that the aforementioned Independent directors be appointed for a period of 5 (FIVE) years w.e.f 1st October, 2014.

Further, the Company has received a notice proposing Mr. Deepak Singh Manki and Mr. Srinivas Rachakonda as a candidate for the office of director of the Company. Thus, in accordance with the provision of Section 160 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, and considering that their association with the Company would be of immense benefit to the Company, the Board recommends appointment of the aforesaid persons as Executive Directors on the Board of the Company.

30TH ANNUAL REPORT

Also, a notice proposing candidature of Ms. Pooja Srivastava as a director of the Company has been received by the Company. Thus, in accordance with the applicable provisions of Section 149 of the Companies Act, 2013, wherein Every Listed Company has to appoint a Women Director on their Board, the Board recommends the appointment of Ms. Pooja Srivastava's as a Non-Executive Independent director of the Company.

Further, Your Board of Directors propose the appointment of **Mr. Srikrishna Bhamidipati** as a Managing Director of the Company. He has excellent knowledge and experience of not only IT sector but also of general management. His knowledge of various aspects relating to the Company's affairs would benefit the Company in its future prospects. Board of Directors are of the opinion that for smooth and efficient running of the business, the services of **Mr. Srikrishna Bhamidipati** should be available to the Company for a further period of five years with effect from 1st October, 2014. In terms of the provisions Sections 196, 197 and 203 of the Companies Act, the Board proposed his appointment as a Managing Director of the Company w.e.f 1st October, 2014. Resolution to that effect has been put up in the Notice convening the Annual General meeting.

Auditor:

The statutory auditors **M/s. Ramesh Batham & Co.**, Chartered Accountants, retire at the ensuing Annual General Meeting and due to their pre-occupancy have not opted to continue as Statutory Auditors of our Company from the forthcoming financial year.

Your Company has received a consent from **M/s Tejas Nadkarni & Associates**, proposing their appointment as Statutory Auditors of the Company and they have also confirmed that they are not disqualified for appointment as Statutory Auditors of the Company. Further, their appointment if made would be within the limits as specified in the applicable provisions of the Companies Act, 2013.

Auditor's Report:

The observations and comments furnished by the Auditor in his report read together with the notes to Accounts are self-explanatory and hence do not call for any further comments .

Director's Responsibility Statement:

Pursuant to section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- i. In the preparation of the Accounts for the financial year ended 31st March, 2014, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2014 and of the profit or loss of the Company for the year ended 31st March, 2014;
- iii. 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; and
- iv. The Directors have prepared the Annual Accounts of the Company on a 'going concern' basis.

Cash Flow Statement:

A Cash Flow Statement for the year ended 31st March, 2014 forms part of the Annual Audited Accounts of the Company.

Corporate Governance:

Avance Technologies Limited is endeavoring to implement every norm, which is promulgated by legislation, or any of the statutory bodies. In line with that, a report on Corporate Governance, along with a certificate from the Statutory Auditors, has been included in the Annual Report, detailing the compliances of corporate governance norms as enumerated in Clause 49 of the Listing Agreements with the Stock Exchanges.

Management Discussion and Analysis Report:

A Management Discussion and Analysis Report have been attached and forms part of the Annual Report.

Particulars of Employees:

During the year ended March 31, 2014, no employee is drawing remuneration in excess of the amount prescribed under section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of employees) Rules, 1975.

Public Deposits:

The Company has not accepted any public deposits during the year under review.

Audit Committee:

Your Company has an Audit Committee duly constituted as per the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement and the said Committee has also complied with all the Legal and Statutory requirements.

Details of Audit Committee of Board of Directors of the Company forms part of the Annual Report and is given separately in Report of Corporate Governance.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo:

The information required under Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 with respect to Conservation of Energy and Technology Absorption is not given as the Company does not fall under the category as mentioned above.

Acknowledgement:

The Directors thank the Company's employees, customers, vendors, investors, service providers, bankers for their continued support.

The directors also convey a special thanks to the Government of India, particularly ministry of Communication and Information Technology, the Income Tax department, Ministry of Corporate Affairs and Office of Registrar of Companies, Mumbai.

By Order of the Board of Directors
For Avance Technologies Limited
Sd/-
Srikrishna Bhamidipati
Director
DIN: 02083384

Date: 03.09.2014

Place: Mumbai

Report on Corporate Governance...

Company's Philosophy on Corporate Governance:

The Company's philosophy on Corporate Governance is to practice transparency in its operations and maintain a professional approach, accountability and equity in its dealing with its employees, shareholders, Government, lenders and every individual who comes in contact with the Company.

The Company's corporate governance principles are to satisfy the spirit of law and not just the letter of the law; it shall be such that it should go beyond the law.

The Company believes that fairness in corporate procedures, full disclosures in reporting system, total transparency in corporate culture, fiduciary and trustee relationship and maximization of share holder's value in the long run are the pillars on which the structure of the Corporate Governance rests.

Board of Directors:

The Board of Directors is entrusted with the ultimate responsibility of the management, general affairs, direction and performance of the Company and has been vested with the requisite powers, authorities and duties. A brief description of the Composition of the Board of Directors, together with the details of the meetings of the Board is provided as under:

σ **Composition:**

The Board of the Company is comprised of four Directors and is headed by Chairman. In order to have an appropriate mix of executive and independent directors to maintain the independence of the Board and to separate the Board functions of governance and management, we are having two Independent Directors on our Board.

σ **Details of the Board of Directors and Details of External Directorships Along With Attendance of Meeting:**

The names and categories of the Directors along with the details of directorships, the Committee membership held by them and Attendance of Directors at the Board Meetings held during 2013-2014 and the last Annual General Meeting held on 30th September, 2013 are as follows:

Name of Director	Category of Directors	Board Meetings		Attendance at previous AGM	Directorship in other Companies	#Membership of Committees of other Companies
		Held	Attended			
Mr. Srikrishna Bhamidipati	Chairman and Executive Director	5	5	Yes	1	0
Mr. Deepak Goyal	Executive Director	5	5	Yes	0	0
Mr. Bimal Kamdar	Non-Executive Independent Director	5	5	Yes	1	3
Mr. Randhir Marwa *	Non-Executive and Independent Director	5	5	Yes	0	0
Mr. Anand Choudhary	Non-Executive and Independent Director	5	5	Yes	0	0

Excluding Private Limited Companies, Foreign Companies, Section 25 Companies and Alternate Directorships.

* Randhir Marwa resigned from the Board of the Company w.e.f. 22nd August, 2014.

σ Meetings of the Board of Directors:

During the Financial Year 2013-2014, **Five** Board Meetings were held on the following dates:

1. 29th May, 2013
2. 14th August, 2013
3. 4th September, 2013
4. 11th November, 2013, and
5. 12th February, 2014

Committees of the Board

Currently, the Board has three committees: the Audit Committee, the Nomination and Remuneration Committee (formerly called the Remuneration Committee) and the Stakeholders Relationship Committee (formerly called Shareholders/Investors Grievance Committee). All committees consist of two independent non executive Directors and one executive Director. The Board is responsible for constituting, assigning, co-opting and fixing of terms of service for committee members.

The Chairperson of the Board, in consultation with the members of the board and the committee's Chairman, determines the frequency and duration of the committee meetings. Normally, all the committees meet four times a year except the Remuneration Committee, which meet as and when the need arises.

Recommendations of the committee are submitted to the Board for approval. The quorum for meetings is either two members or one-third of the members of the committee, whichever is higher.

A) Audit Committee :**I) Brief Description of Terms of Reference.**

The Board of Directors of your Company has constituted an Audit Committee of Directors to exercise powers and discharge functions as stipulated in the section 292A of Companies Act, 1956 & Clause 49 of the Listing Agreement entered with Stock Exchange and other relevant statutory / regulatory provisions.

II) Meetings and Composition of the Committee.

During the year 2013-2014, the Committee met **Five Times** (i.e. on 23rd May, 2013; 7th August, 2013; 27th August, 2013; 4th November, 2013 & 3rd February, 2014). The attendance of each Committee Members is as under:

Name of the Committee Member	Category of Directorship	Designation	No. of Meetings held	No. of Meetings attended
Mr. Anand Choudhary	Independent Non- Executive	Chairman	5	5
Mr. Randhir Marwa*	Independent Non- Executive	Member	5	5
Mr. Deepak Goyal	Executive	Member	5	5
Mr. Bimal Kamdar*	Independent Non- Executive	Member	0	0

*Mr. Randhir Marwa resigned from the Board of the Company w.e.f. 22nd August, 2014. Thus, due to his resignation, Mr. Bimal Kamdar took up the position as a member of the Committee.

B) Stakeholders Relationship Committee (Formerly called the Shareholders/Investors Grievance Committee):**I. Composition and Meetings**

During the year 2013-2014, the Committee met four times (i.e. on 23th May, 2013; 7th August, 2013; 4th November, 2013 & 3rd February, 2014).

The attendance of each Committee members is as under:

Name of the Committee Member	Category of Directorship	Designation	No. of Meetings held	No. of Meetings attended
Mr. Anand Choudhary	Independent Non- Executive	Chairman	4	4
Mr. Randhir Marwa*	Independent Non- Executive	Member	4	4
Mr. Deepak Goyal	Executive	Member	4	4
Mr. Bimal Kamdar*	Independent Non- Executive	Member	0	0

*Mr. Randhir Marwa resigned from the Board of the Company w.e.f. 22nd August, 2014. Thus, due to his resignation, Mr. Bimal Kamdar took up the position as a member of the Committee.

C) Nomination and Remuneration Committee (Formerly called the Remuneration Committee) :

Remuneration Committee of the Company comprises of Mr. Anand Choudhary, Mr. Srikrishna Bhamidipati and Mr. Bimal Kamdar as its members, in order to deal with the elements of remuneration package of all the Executive Directors.

One Meeting of the Committee was held during the year 2013-2014 i.e. on 27th August, 2013 to review the remuneration paid to the directors, if any.

Disclosures

1. Disclosure of Accounting Treatment

The Company follows the Accounting Standards as notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006 and in the preparation of the financial statements, the Company has not adopted treatment different from that prescribed in any of the Accounting Standards.

2. Details of Non- Compliance relating to the Capital Markets

There has not been any non-compliance by the Company and no penalties or strictures have been imposed by SEBI or Exchange or any Statutory Authority on any matter relating to Capital Markets during the last three years

3. Risk Management

The Company has laid down procedures to inform the Board Members about the Risk Assessment and Minimization Procedures. The Board periodically discusses the significant business risks identified by the management and the mitigation processes being taken up by them.

4. Subsidiary Company

The Company does not have any material listed Indian Subsidiary Company.

5. Compliance with the Governance Framework

The Company is in compliance with all mandatory requirements of Clause 49 of the Listing Agreement. In addition, the Company has also adopted the non-mandatory requirements of Listing Agreement i.e. constitution of the Remuneration and Nomination Committee and establishing of Whistle Blower mechanism.

6. Disclosures by the Management.

The Management of the Company has made disclosures to the Board relating to all the material, financial and commercial transactions stating that they did not have personal interest that could result in a conflict of interest of the Company at large.

7. Code of Conduct.

The Company has adopted the code of conduct and ethics for Directors and Senior Management. The code has been circulated to all the members of the Board and senior Management. The Board members and senior management have affirmed their compliance with the code.

Shareholders Information

ANNUAL GENERAL MEETING			
Date :	27 th September, 2014		
Time :	11.00 a.m.		
Place :	D-604, 6 th Floor, Crystal Plaza Premises Co-operative Society Limited, Opp. Infinity Mall, New Link Road, Andheri (West), Mumbai- 400053.		
Financial Calendar	Adoption of Quarterly Financial Results for the Quarter ending	Tentative date of the Meeting of the Board of Directors	
	June 30, 2014	11.08.2014	
	September 30, 2014	On or before 14.11.2014	
	December 31, 2014	On or before 14.02.2015	
	March 31, 2015	Within 60 days from the quarter.	
Book Closure Dates	From Wednesday, 24 th Sept. 2014 to Friday, 26 th Sept. 2014 (both days inclusive).		
Listing on Stock Exchange	The BSE Ltd. (Bombay Stock Exchange) Add:- Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001		
Scrip Code and ISIN	The Bombay Stock Exchange: 512149 ISIN No for Dematerialization of Shares: INE758A01049		
Registrar and Share Transfer Agent	Purva Shareregistry India Private Limited Add:- Unit No. 9, Shiv Shakti Industrial Estate, Ground Floor, J. R. BorichaMarg, Opp. Kasturba Hospital, Lower Parel, Mumbai- 400011.		
Dematerialization of Shares and liquidity	The Company's Equity Shares are admitted with the Depository System of National Security Depository Limited (NSDL) and Central Depository (India) Limited (CDSL), as an eligible Security under the Depository Act, 1956 as such, facilities for dematerialization of the Company's Equity. Shares are available vide ISIN No.: INE758A01049 at both the Depositories.		
		Particulars	Shares
		CDSL	22,41,86,268
		NSDL	32,25,22,702
		Physical	9,36,78,530
	Total	64,03,87,500	
Payment of Listing Fees	The Listing Fees for Financial Year 2013-2014 has already been paid to the Stock Exchanges.		
Address for Correspondence	Avance Technologies Limited D-604, Crystal Plaza Premises Co-Operative Society Limited, Opp. Infinity Mall, Link Road, Andheri(West), Mumbai- 400053		

Information about last three Annual General Meetings:

Year	Date	Time	Place
2012-13	30 th September, 2013	9.00 a.m.	D/604, 6th Floor, Crystal Plaza Premises, Co-operative Society Limited, Opp. Infinity Mall, New Link Road, Andheri (West), Mumbai- 400053
2011-12	27 th September, 2012	9.00 a.m.	Office No. 209, 2 nd Floor, Kapadia Chambers, 599 J.S.S. Road, Marine Lines (East), Mumbai- 400002
2010-11	30 th September, 2011	9.00 a.m.	#505, Midas Chambers, Off Link Road, Andheri- West. Mumbai- 400053.

Postal Ballot:

Your Company did not conduct any Postal Ballot Business during the year under review.

Means of Communication:

The quarterly and half-yearly/Annual financial results are forthwith communicated to the Bombay Stock Exchange Limited (BSE), as soon as they are approved and taken on record by the Board of Directors. Public notices and financial results are published in leading English and Marathi newspapers.

The financial results and public notices are also put up on Company's website www.avance.in

The quarterly, half yearly and annual financial statements are promptly and prominently displayed on the company's website i.e. www.avance.in

Other Relevant Information for Shareholders:

Market price data and performance of **Avance Technologies Limited** on BSE Ltd. (Bombay Stock Exchange) during each month of Financial Year 2013-14.

Month	BSE Ltd. (Bombay Stock Exchange)	
	High	Low
April- 2013	0.15	0.1
May- 2013	0.13	0.1
June- 2013	0.12	0.07
July- 2013	0.09	0.06
August- 2013	0.07	0.05
September- 2013	0.07	0.04
October- 2013	0.13	0.05
November- 2013	0.15	0.08
December- 2013	0.14	0.09
January- 2014	0.11	0.09
February- 2014	0.11	0.08
March- 2014	0.11	0.08

Distribution of Shareholding as on 31st March, 2014

Sr. No.	Range	No. of shares held	Percentage to paid up capital	Total Amount	Percentage to total amount
1	Up to -5000	8130	55.81	16640835	2.60
2	5001-10000	1736	11.92	15022835	2.35
3	10001-20000	1215	8.34	19111730	2.98
4	20001-30000	778	5.34	20180923	3.15
5	30001-40000	333	2.29	12112222	1.89
6	40001-50000	468	3.21	22770380	3.56
7	50001-100000	979	6.72	80248923	12.53
8	100001 and above	928	6.37	454299652	70.94
	TOTAL	14567	100.00	640387500	100.00

Report on Corporate Governance as on 31st March 2014 as per Clause 49 of Listing Agreement.

Particulars	Clause of Listing Agreement	Compliance Status Yes/No	Remarks
I. Board of Directors	49 (I)		
(A) Composition of Board	49 (IA)	Yes	
(B) Non-executive Directors' Compensation & Disclosures	49 (IB)	Yes	
(C) Other Provisions as to Board and Committees	49 (IC)	Yes	
(D) Code of Conduct	49 (ID)	Yes	
II. Audit Committee	49 (II)		
(A) Qualified & Independent Audit Committee	49 (IIA)	Yes	
(B) Meeting of Audit Committee	49 (IIB)	Yes	
(C) Powers of Audit Committee	49 (IIC)	Yes	
(D) Role of Audit Committee	49 (IID)	Yes	
(E) Review of Information by Audit Committee	49 (IIE)	Yes	
III. Subsidiary Companies	49 (III)	Not Applicable	The Company does not have any material non listed Indian subsidiary.
IV. Disclosures	49 (IV)		
(A) Basis of Related Party Transactions	49 (IV A)	Yes	
(B) Disclosure of Accounting Treatment	49 (IV B)	Yes	
(C) Board Disclosures	49 (IV C)	Yes	
(D) Proceeds from Public Issues, Rights Issues, Preferential Issues etc.	49 (IV D)	Not Applicable	The Company has not received any proceeds on account of said issues for the quarter under review.

(E) Remuneration of Directors	49 (IV E)	Yes	
(F) Management	49 (IV F)	Yes	
(G) Shareholders	49 (IV G)	Yes	
V.CEO/CFO Certification	49 (V)	Yes	The same shall be complied in the Annual report.
VI. Report on Corporate Governance	49 (VI)	Yes	The same shall be complied in the Annual report.
VII. Compliance	49 (VII)	Yes	The same shall be complied in the Annual report.

Shareholding Pattern as on 31st March, 2014

Category of Shareholder	No. of Shares	% of Shareholding
(A) Shareholding of Promoter Group		
(1) Indian		
Director/ Promoters and their relatives	3940266	0.62
(2) Foreign	-	-
Sub Total (A)	3940266	0.62
(B) Public Shareholding	-	-
(1) Institutions	-	-
Financial Institution/ Banks	45000	0.01
(2) Non-Institutions		
Bodies Corporate	143,623,250	22.43
Individuals		
Individual shareholders holding nominal share capital up to Rs. 1 lakh	168,399,226	26.30
Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	291,224,501	45.48
Clearing Members	742,969	0.12
Non Resident Indians	5,363,686	0.84
Hindu Undivided Family	27,043,602	4.22
Trust	5000	0.00
Sub Total (B)	636447234	99.38
Total (A)+(B)	640387500	100.00
(C) Shares held by Custodians and against which DRs have been issued	-	-
(1) Promoter and Promoter Group	-	-
(2) Public	-	-
Sub Total(C)	-	-
Total (A)+(B)+(C)	640387500	100.00

Adoption of non- mandatory clauses of the Listing Agreement:

I) Training of Board Members

The Company's Board of Directors consists of professionals with expertise in their respective fields and industry. They endeavor to keep themselves updated with changes in global economy & legislation. They attend various workshops and seminars to keep themselves abreast with the changing business environment.

II) Shareholders Communications

The results are published in an English newspaper having nationwide circulation and Marathi newspapers having nationwide circulation in Maharashtra.

III) Whistle Blower Policy

The Company has adopted a Whistle Blower Policy and has established the necessary mechanism in line with Clause 49 of the Listing Agreement with the Stock Exchange, for employees to report concerns about unethical behavior. No person has been denied access to the Audit Committee.

By Order of the Board of Directors

For Avance Technologies Limited

Sd/-

Srikrishna Bhamidipati

Director

DIN: 02083384

Date: 03.09.2014

Place: Mumbai

Certification on Financial Statements...

I, the undersigned, in my respective capacity as an Executive Director of **Avance Technologies Limited** (“the Company”), to the best of my knowledge and belief certify that:

- a. I have reviewed the Financial Statements and the Cash Flow Statement for the financial year ended 31st March, 2014 and based on my knowledge and belief, I state that:
 - i. These statements do not contain any materially untrue statement or omit any material fact contain any statements that might be misleading.
 - ii. These statements together present a true and fair view of the Company’s affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- b. To the best of my knowledge and belief, no transactions entered into by the company during the year ended 31st March, 2014 are fraudulent, illegal or violative of the company’s code of conduct.
- c. I accept the responsibility for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which the Board is aware and the steps have been taken or propose to take to rectify these deficiencies.
- d. I have indicated, based on my most recent evaluation, wherever applicable, to the Auditors and Audit Committee:
 - i. Significant changes, if any, in the internal control over financial reporting during the year;
 - ii. Significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
 - iii. Instances of significant fraud of which the Board become aware and the involvement therein, if any, of the management or an employee having significant role in the Company’s internal control system over financial reporting.

By Order of the Board of Directors
For Avance Technologies Limited
Sd/-
Srikrishna Bhamidipati
Director
DIN: 02083384

Date: 03.09.2014

Place: Mumbai

Auditors Report on Corporate Governance...

We have examined the compliance of conditions of Corporate Governance by **Avance Technologies Limited** for (“the Company”) the year ended on 31st March, 2014, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchanges in India. The compliance of conditions of Corporate Governance is the responsibility of the management.

Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For **RAMESH BATHAM AND CO.**

Firm Reg. No.:- 123638W

Chartered Accountants

sd/-

Ramesh Batham

Membership No. 114178

(Proprietor)

Date: 03.09.2014

Place: Mumbai

Management Discussion and Analysis...

■ **Forward looking statements:**

The following Management's Discussion and Analysis ("MD&A") is intended to help the reader understand the results of operations and financial condition of Avance Technologies Limited. MD&A is provided as a supplement to, and should be read in conjunction with, our financial statements and the accompanying Notes to Financial Statements.

This report contains forward-looking statements which address expectations or projections about the future, including, but not limited to, statements about the company's strategy for growth, product development, market position, expenditure and financial results. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Avance Technologies Limited to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

■ **Overview and outlook:**

The IT sector is highly innovative and subject to constant technological development. It is also the source of dramatic changes in business practices in all other industrial sectors. Consumers and businesses are now expected to be able to communicate with each other instantly and IT has driven huge increases in productivity in recent decades. A process of convergence has also been underway for some time between IT and telephony, driven by transforming voice traffic from an analogue signal to a digital packet, indistinguishable from other data packets travelling through a computer network.

In November 2012, Gartner released a report that said that public cloud services are simultaneously cannibalizing and stimulating demand for external IT services spending. Infrastructure as a service (IaaS) adoption—the most basic and fundamental form of cloud computing service—has expanded beyond development and test use cases, the company said. The Gartner survey found that 19% of organizations are using cloud computing for most of their production computing, and 20% percent are using storage as a service for all, or most, storage requirements. Gartner surveyed 556 organizations, between June and July 2012, across nine countries and multiple industries where cloud planning is a critical issue.

In January 2013, Gartner said tablets had dramatically changed the device landscape for PCs, not so much by cannibalizing PC sales, but because PC users are shifting consumption to tablets rather than replacing older PCs. Whereas once a world in which individual users would have both a PC and a tablet as personal devices was imagined, Gartner increasingly suspect that most individuals will shift consumption activity to a personal tablet, and perform creative and administrative tasks on a shared PC. There will be some individuals who retain both, but it is believed they will be exception and not the norm.

In addition, the IT arena is characterized by a number of key trends and emerging technologies which, again, have the potential to transform the way businesses currently use IT and carry out their operations, for example, outsourcing IT services, such as desktop PC support, or whole IT-supported functions, such as accounts processing. In technology, the trend to virtualization refers to the ability of large servers to be subdivided into a number of virtual machines, which can be either virtual PCs or virtual servers.

■ **Company Overview**

Avance empowers its customers to communicate between varied IT back-end systems and mobile phones using SMS Services. Avance Technologies provides a unique, end-to-end, global carrier-grade mobile data service. Its mobile data service offering includes "plug and play" application licensing and hosting. Employing a partnership with Mobile operators and other service providers and a clear focus on SMS mobile marketing, Avance Technology's Mobile Marketing Platform is capable of delivering SMS services to virtually any CDMA/GSM mobile handset. Avance Technologies combines signaling information from the mobile world with innovative applications running concurrently on its own IT applications platform and thereby paves the way for mission-critical international messaging services.

Avance has been offering under its roof various products and services thereby establishing a connect with the world at large. Its product offerings include the following:

- ⊕ Short Code Services
- ⊕ Enterprise Mobile Marketing
- ⊕ Mobile Marketing Solution Suit
- ⊕ Email & Web Integration
- ⊕ Ad Insertion Program
- ⊕ Wireless Application Protocol (WAP)
- ⊕ Mobile Coupons Page Elements

With respect to service offerings, Avance covers the following areas:

- ⊕ E-mail Marketing
- ⊕ Call Conferencing platforms
- ⊕ Subscriber Management platforms.

To elucidate on the key products and services offered, a brief description of such products/services is enumerated hereunder:

■ **Short Code Service:**

Short Codes have proven to be a huge marketing success over the past few years thanks to their quality, comfortableness and ability to attract a direct response.

SMS Short Code numbers, also known as Short Codes are special numbers, shorter than a full telephone number. SMS Short Code numbers are more common than you may think, short codes are widely used on print advertising, television and radio advertising, on marketing promotional literature, on-pack marketing and on outdoor advertising. They are simply unforgettable 5 digit SMS Text numbers. Avance offers such short code numbers to its clients, thereby enabling them to offer extra services to their customers or promote their businesses in a different proportion.

■ **Enterprise Mobile Marketing:**

Avance is one among the few mobile aggregator providing the highest level of direct-to-carrier connectivity and functionality available today. Being in this industry for quite some time has resulted in a carrier-grade platform capable of

supporting the world's largest companies as well as the flexibility to support small messaging programs. We offer software platforms like m-text, which help SMS message delivery to nearly every cell phone in the world. Our customers use this platform as part of their customer care and mobile marketing implementations. In addition to this, Avance offers Web Based SMS Broadcast Tool that allows users to send Bulk SMS to an opted-in and targeted database is an effective marketing tool.

■ **Mobile Marketing Solution Suit:**

Mobile Marketing help extends marketing reach, get more mileage from the advertising money, and build stronger, more loyal relationships with consumers. Our Mobile Marketing Suit includes **Campaign Studio** that makes powerful mobile marketing and interactive tools easy and affordable, regardless of the size of the campaign of our clients. With Campaign Studio, business owners can create track able mobile marketing campaigns and measure the effectiveness of their traditional advertising.

■ **Ad Insertion program:**

Avance Technologies offers an integrated solution that will allow Content Providers, Marketers, Brands, and Carriers to monetize their existing SMS programs, so that their mobile messaging campaign can become a profit center rather than a marketing expense.

■ **Wireless Application Protocol (WAP)**

Avance Technologies provides the capability to deliver text messages containing a WAP (Mobile Website) URL link that enhance the value of the message with a compelling user experience by directing customers to a Mobile Website for more information or further interactivity.

■ **E- mail Marketing:**

Bulk email marketing is considered to be a specific edge with which Avance Technologies limited empower its revered clientele. In this high tech age it is a powerful tool at your disposal. With our enhanced Bulk email marketing and newsletter services we seek to provide you with cutting edge web assistance. So far we have catered our client friendly services to a bevy of corporate giants, small as well as medium scale business entities and ISO certified business groups.

Email marketing is the most crucial Internet Marketing tool. Any successful online promotional effort is incomplete without incorporating database or **bulk email marketing and newsletter services**. From ISO certified giant corporate to small and medium scale businesses, companies are now integrating direct email marketing into their customer acquisition and retention programs.

This method has an amazing return on investment potential. It is extremely cost effective when you wish to reach a large customer base. It streamlines the entire marketing communication structure. However, it is important to target highly specified prospects. Simply indulging in spamming and unsolicited mailing does not solve the purpose.

■ **Call Conferencing platform:**

Avance's Call conferencing platform redefines call conferencing. The platform which is developed keeping end user experience in mind, it allows user to create group, and set user initiated call conferencing at the touch of single button. Groups can be dynamically changed and can be done through SMS, and Voice as well.

Avance Technology's complete product and services suite offers the tools clients need to create, promote and manage your mobile platform. All Avance Technologies products come complete with robust reporting and analytics to make sure clients' are getting the results they need from their mobile investment.

■ **Financial Overview:**

The total revenue from operation of the Company for the Financial Year 2013-14 is Rs. 892,363,920 as against Rs.1,285,195,598 in Financial Year 2012-13. The Company has recorded a net loss (after tax) of Rs. 33,711,497 during the year under review as compared to a loss (after tax) of Rs. 4,537,754 in Financial Year 2012-13. The detailed performance has already been discussed in the Director's Report under the column Overview.



■ **Strategy:**

Our industry is dynamic and highly competitive, with frequent changes in both technologies and business models. Each industry shift is an opportunity to conceive new products, new technologies, or new ideas that can further transform the industry and our business. At Avance Technologies Limited, we push the boundaries of what is possible through a broad range of research and development activities that seek to anticipate the changing demands of customers, industry trends, and competitive forces.

■ **Opportunities And Threats:**

In order to meet the need of higher quality and cost competitive technology solutions, corporations are increasingly turning to offshore service providers. India is widely recognized as the premier destination for offshore technology service. Investments by enterprises in IT infrastructure, applications and IT outsourcing has been increasing. Demand for domestic BPOs has been largely driven by growth in sectors such as telecom, banking, insurance, retail, healthcare, tourism and automobiles. The IT platform not only offers opportunities to exploit domestic demand but also facilitates access to the global avenues. The large size of the addressable global market, with relatively low current level of penetration suggests significant headroom for future growth. IT services is the fastest growing segment in the Indian domestic market, growing by 18 per cent to reach Rs 589 billion, driven by increasing focus by service providers. Emerging technologies – cloud computing, mobility, social media and big data/analytics are unleashing new opportunities for the industry.

Along with ample of opportunities, Company is facing certain risks as well. Business models like cloud computing and other pay-for-use models are beginning to gain traction in most industries, this could result in demand compression for traditional IT services/pricing pressures. Subject matter experts with domain and technology expertise are the key to success of the Company; the Company could be impacted by the loss of such critical talent. Inability to attract sufficient number of software engineers, IT specialists with critical skills in demand can impact the Company's ability to deliver. Volatility in currency exchange movements resulting in transaction and translation exposure. Increasing salary cost and escalating operation expenses creating pressure on margin. However for mitigating these risks Avance Technologies Limited is trying to keep proper arrangements at place.

■ **Future Outlook:**

Nasscom said the Indian IT industry would add incremental revenues of \$13-14 billion in 2014-15. Incremental revenue is a measure of market share growth that has evolved as the new benchmark for the IT sector.

As was widely expected, Nasscom said that Software exports in 2014-15 would rise to as much as \$ 99 billion. Including the domestic market, the Indian IT industry is currently pegged at \$118 billion.

Nasscom recently projected that the Indian IT industry would grow to about \$300 billion by 2020.

Globalisation has had a profound impact in shaping the Indian IT industry with India capturing a sizeable chunk of the global market for technology sourcing and business services. Over the years, the growth drivers for this sector have been the verticals of manufacturing, telecommunication, insurance, banking, finance and, of late, the fledgling retail revolution. As the new scenario unfolds, it is getting clear that the future growth of IT and ITes will be fuelled by the verticals of climate change, mobile applications, healthcare, energy efficiency and sustainable energy. Traditional business strongholds will make way for new geographies, there would be new customers and more and more of SMEs will go for IT application and services.

References: Media Report and Press Releases.

■ **Internal Control Systems and their Adequacy:**

The Company has well defined and adequate internal control systems to ensure that all the assets are safeguarded as well as are more productive. The Company has a qualified and independent Audit Committee. The audit committee reviews audit reports. Suggestions for improvement are considered and the audit committee follows up on corrective action. The audit committee also meets the Company's statutory auditors to ascertain, inter alia, their views on the adequacy of internal control systems in the Company and keeps the board of directors informed of its major observations periodically. These internal controls ensure efficiency in operations, compliance with the internal policies of the Company, applicable laws and regulations, protection of resources and the accurate reporting of financial transactions. The Internal Audit process includes review and evaluation of effectiveness of the existing processes, controls and compliance. The performance of the Company is regularly viewed by the Board of Directors to ensure that it is keeping with the overall corporate policy and in line with pre-set objectives. The finance and accounts functions of the Company are well staffed with qualified and experienced members. Significant observations including recommendations for improvement of the business processes are reviewed by the management before reporting to the Audit Committee. The Audit Committee then reviews the Internal Audit reports and the status of implementation of the agreed action plan.

■ **Human Resource Development:**

We believe that our employees are most crucial resource of the organization, a large part of our management focus is to care and support our employees. Avance Technologies Limited has its well organized human resources department to focus on its human resources, as in order to optimally utilize the human resources, we need to properly hire, train, coach and mentor, and develop them to be great contributors to the business. Avance has included HR strategic planning in its overall business plan. Employee satisfaction is supremely important at Avance, because it is what productivity depends on. One of the moto of the Company is to have contented employees, where each employee recognizes that he/she contributes to Avance's success and feels that he/she is a part of the team. Our happy and loyal employees are 100% dedicated to our customers. They are creative, innovative and come up with breakthroughs, which allow's Avance to grow and change positively with time and changing market conditions.



■ **A Word of Appreciation:**

We could not have weathered the challenging economic environment and survived the competitive business environment to move forward with renewed vigor without the contribution, commitment and support of our management team and staff, business associates and shareholders and Government organizations.

We appreciate your continued support, and steadfast belief in our mission and vision.

Independent Auditor's Report to the Members of Avance Technologies Limited...

Report on the Financial Statements

We have audited the accompanying financial statement of Avance Technologies Limited ("the Company") which comprise the Balance Sheet as at 31st March 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of financial position, financial performance and cash flows of the company in according with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Company Act, 1956 ("the Act") read with General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accounts of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements gives the information required by the Act in the manner so required and give a true and fair view in conformity with the according principles generally accepted in India:

- (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2014;
- (ii) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. As required by Section 227 (3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956; and

- e. On the basis of written representations received from the directors as on 31st March 2014, and taken on record by the Board of Directors, none of the directors are disqualified as on 31st March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For **Ramesh Batham & Co.**

Chartered Accountants

Firm.Reg.No.123638W

Sd/-

(Ramesh Batham)

Proprietor

M. No: 114178

Place: Mumbai

Date : 27/05/2014

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date

(i) FIXED ASSETS

- a) The Company is generally maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- b) Assets have been physically verified by the management during the year. According to the information and explanations given to us, there is regular programme of verification which, in our opinion is reasonable having regards to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- c) The Company has not disposed off substantial part of its fixed assets during the year.

(ii) INVENTORIES

- a) Inventories have been physically verified during the year by the management at reasonable intervals.
- b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company has maintained proper records of Inventories and no material discrepancy noticed on physical verification.

(iii) LOANS AND ADVANCES

The company has neither taken nor granted any loans or advances in nature of loans to parties covered under register maintained under section 301 of the Companies Act, 1956.

(iv) INTERNAL CONTROL

There is an adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control except as stated above.

(v) TRANSACTIONS WITH RELATED PARTIES AS PER REGISTER OF CONTRACTS UNDER SECTION 301 OF THE COMPANIES ACT, 1956

- (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanation given to us, there is one transaction made with related parties in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 aggregating the value of rupees five lakhs or more in respect of any party during the year.

(vi) DEPOSITS FROM PUBLIC

The Company, during the year under review has not accepted deposits from the public to which the provisions of Section 58A and 58AA of the companies (Acceptance of deposit) Rules ; 1975 apply .

(vii) INTERNAL AUDIT SYSTEM

The Company has an internal audit system commensurate with size and nature of its business.

(viii) COST RECORDS

As informed to us, The Company is not required to maintain cost records under section 209 (1) (d) of the Companies Act,1956.

(ix) STATUTORY DUES

- (a) No undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at the balance sheet date for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us details of disputed Income tax which have not been deposited as on 31st March, 2014 on account of any dispute are given below. Otherwise there are no disputed Liabilities on account of Sales Tax, Custom Duty, Wealth Tax, Service Tax, Excise duty and Cess as on 31st March, 2014.

Name of Statute	Nature of Disputes	Amount Rs.	Period for Which Amount Related	Forum Where Dispute is Pending
Income Tax	U/s 143 (3) r.w.s. 147 of u/s 154	1,73,27,357/-	A.Y.2001-02	I.T.Appellate Tribunal
Income Tax	U/s 271(1)(c)	47,56,416/-	A.Y.2002-03	I.T.Appellate Tribunal
Income Tax	U/s 154	1,94,905/-	A.Y. 2002-03	ITO Appeal effect

(x) SICK INDUSTRY

The Company has accumulated losses at the end of the year which is less than 50% of its net worth. Company has incurred cash losses Rs. 3,30,01,859/- during the financial year 2013-14 covered by the audit further, the company has cash loss Rs. 40,00,515/-in the immediately preceding financial year.

(xi) DUES TO FINANCIAL INSTITUTIONS

The Company has not taken any financial facilities from any financial institute, bank or debenture holder during the year.

(xii) SECURED LOANS AND ADVANCES GRANTED

In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) CHIT FUND, NIDHI OR MUTUAL BENEFIT COMPANY

In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of Clause 4 (xiii) of the Companies (Auditor Report) Order, 2003 are not applicable to the Company.

(xiv) INVESTMENT COMPANY

The Company has maintained proper records of transactions and contracts in respect of investments in shares, debentures and other securities and those timely entries have been made therein. The shares, debentures and other securities have been held by the Company in its own name except to the exemption granted under Section 49(4) of the Companies Act, 1956.

(xv) GUARANTEES GIVEN BY COMPANY

The Company has not given any guarantees for loans taken by other companies from banks or financial institutions. There is no guarantee given by the Company to third party.

(xvi) TERM LOANS

In our opinion and according to the information and explanation given to us, the company has not taken any term loan during the year, hence no question of reporting arise to that extent.

(xvii) SOURCE OF FUNDS AND ITS APPLICATION

According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) PUBLIC ISSUE/PREFERENTIAL ISSUE/DEBENTURES

The Company has not made any preferential allotment of shares to parties and companies covered in the registered maintained u/s 301 of the Act during the year.

(xix) The Company has not issued any debentures during the year and does not have any debentures outstanding as at beginning of the year and year end.

(xx) The company has not raised any money by public issue during the year.

(xxi) FRAUD

Based upon our audit procedures performed and on the information and explanations given by the management we are of the opinion that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **Ramesh Batham & Co.**

Chartered Accountants

Firm.Reg.No.123638W

Sd/-

(Ramesh Batham)

Proprietor

M. No: 114178

Place: Mumbai

Date : 27/05/2014

BALANCE SHEET AS AT 31ST MARCH, 2014

Particulars	Note No.		Figures as at the end of current reporting period 31.03.2014		Figures as at the end of previous reporting period 31.03.2013
I. EQUITY AND LIABILITIES					
(1) Shareholder's Funds					
(a) Share Capital					
(i) Equity Share Capital	1.1	64,03,87,500		64,03,87,500	
(ii) Equity Share Warrants	1.2	-		-	
(b) Reserves and Surplus	2	1,23,36,64,643	1,87,40,52,143	1,26,73,76,140	1,90,77,63,640
(2) Share application money			-		1,99,20,45,000
(3) Non-Current Liabilities					
(a) Deferred tax liabilities (Net)	3	5,83,998		5,83,998	
(b) Other Long term liabilities	4	3,25,000	9,08,998	3,25,000	9,08,998
(4) Current Liabilities					
(a) Short-term borrowings	5	2,01,22,95,000	-	2,02,50,000	
(b) Trade payables	6	53,35,28,067		1,28,47,77,563	
(c) Other current liabilities	7	37,63,18,302		51,37,95,033	
(d) Short-term provisions	8	14,58,373	2,92,35,99,742	14,27,966	1,82,02,50,563
Total Equity & Liabilities			4,79,85,60,883		5,72,09,68,201
II. ASSETS					
(1) Non-current assets					
(a) Fixed assets					
(i) Tangible assets	9	11,94,387		19,04,026	
(b) Non-current investments	10	1,76,36,75,577		1,66,83,33,146	
(c) Long term loans and advances	11	2,52,81,83,011		2,83,39,94,162	
(d) Other non-current assets	12	-	4,29,30,52,975	12,630	4,50,42,43,964
(2) Current assets					
(a) Current investments	13	3,03,90,012		15,22,20,820	
(b) Inventories	14	18,18,68,527		18,13,20,685	
(c) Trade receivables	15	25,78,19,318		87,68,99,278	
(d) Cash and cash equivalents	16	3,33,00,480		48,49,433	
(e) Other current assets	17	21,29,570	50,55,07,907	14,34,020	1,21,67,24,236
Total Assets			4,79,85,60,883		5,72,09,68,201

This is the Balance Sheet referred to in our Report of even date

<p>For Ramesh Batham and Co. Firm Reg. No:- 123638W Chartered Accountants Sd/- Ramesh Batham Membership No.114178 (Proprietor)</p> <p>Place : Mumbai Date: 27.05. 2014</p>	<p>For and on Behalf of the Board of Directors</p> <p>Sd/- (Director)</p> <p>Sd/- (Director)</p>
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STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

Particulars	Note No	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
		31.03.2014	31.03.2013
Revenue from Operations			
I. Revenue from Sales	18	88,56,94,138	1,27,97,44,989
II. Other Revenue Income	19	66,69,782	54,50,609
Total Revenue from Operations		89,23,63,920	1,28,51,95,598
III. Expenses:			
Cost of materials			
Purchase of Stock-in-Trade	20	88,48,16,087	1,28,93,16,950
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	21	(5,47,842)	(38,26,395)
Employee benefit expense	22	4,93,095	10,01,555
Financial costs	23	18,969	10,911
Depreciation and amortization expense	24	7,09,638	7,30,226
Other expenses	25	4,05,85,469	26,93,092
Total Expenses		92,60,75,417	1,28,99,26,339
IV. Profit before exceptional and extraordinary items and tax		(3,37,11,497)	(47,30,741)
V. Profit before tax		(3,37,11,497)	(47,30,741)
VI. Tax expense:			
Deferred tax	26	-	(1,92,987)
VII. Profit/(Loss) for the period		(3,37,11,497)	(45,37,754)
VIII. Earning per equity share:			
(1) Basic		(0.053)	(0.007)
(2) Diluted		(0.053)	(0.007)

This is the Statement of Profit & Loss Referred to in our Report of even date

For Ramesh Batham and Co. Firm Reg. No:- 123638W Chartered Accountants Sd/- Ramesh Batham Membership No.114178 (Proprietor)	For and on Behalf of the Board of Directors Sd/- (Director)	Sd/- (Director)
Place : Mumbai Date: 27.05. 2014		

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**Note: 1 SHARE CAPITAL**

Sr. No.	Particulars	31 st March 2014 (Rs)	31 st March 2013 (Rs)
	AUTHORISED SHARE CAPITAL		
	100,00,00,000 equity shares of Re. 1/- each	1,00,00,00,000	1,00,00,00,000
		1,00,00,00,000	1,00,00,00,000

Sr. No.	Particulars	31 st March 2014 (Rs)	31 st March 2013 (Rs)
1.	ISSUED, SUBSCRIBED AND PAID UP		
	640387500 (31 March 2013: 640387500) equity shares of Re. 1/- each fully paid up	64,03,87,500	64,03,87,500
		64,03,87,500	64,03,87,500

Sr. No.	Particulars	31 st March 2014 (Rs)	31 st March 2013 (Rs)
1.2	EQUITY WARRANTS		
	i. At the beginning of the period		279040000
	ii. 128,000,000 Equity Warrants of Rs. 8.70/- each partly paid Rs.2.18/- Per CEW	-	-
	iii. Amount Forfeited at Rs.2.18/-per cew as term of issue of warrants		279040000
		-	-

DISCLOSURES

1. Reconciliation of the shares outstanding

i. Equity shares

Sr. No.	Particulars	31 st March 2014 (Rs)	31 st March 2013 (Rs)
	At the beginning of the period	64,03,87,500	64,03,87,500
	Outstanding at the end of the period	64,03,87,500	64,03,87,500

ii. Equity Warrants

Sr. No.	Particulars	31 st March 2014 (Rs)	31 st March 2013 (Rs)
i.	At the beginning of the period	-	128000000
ii.	128000000 Convertible Equity Warrants	-	-
	Less : Warrants Lapsed	-	(128000000)
	Outstanding at the end of the period	-	-

30TH ANNUAL REPORT

2. Shareholders holding more than 5% of equity shares as at the end of the year:

Name of the shareholders	As at 31-03-2014		As at 31-03-2013
	Number of shares	Shareholding %	Shareholding %
NIL	NIL	NIL	NIL

Note: 2 RESERVES AND SURPLUS

Sr. No.	Particulars	31 st March 2014 (Rs)	31 st March 2013 (Rs)
A.	Security premium account		
	Balance at beginning of the year	1,00,00,00,000	1,00,00,00,000
	Less: Capitalization for issue of Bonus Shares	-	-
	Balance at the end of the year	1,00,00,00,000	1,00,00,00,000
B.	Forfeiture Reserve		
	Balance as per the last financial statements	27,90,40,000	-
	Add: Forfeiture During the year	-	27,90,40,000
	Closing Balance	27,90,40,000	27,90,40,000
C.	Surplus-Balance in statement of Profit and Loss		
	Balance at beginning of the year	(1,16,63,860)	(71,26,106)
	Less: Current year loss	(3,37,11,497)	(45,37,754)
	Balance at the end of the year	(4,53,75,357)	(1,16,63,860)
	Total reserves and surplus (A+B+C)	1,23,36,64,643	1,26,73,76,140

Note: 3 DEFERRED TAX LIABILITY (NET)

Sr. No.	Particulars	31 st March 2014 (Rs)	31 st March 2013 (Rs)
1	Deferred Tax Liability	583998	583998
	Total	583998	583998

Note: 4 NON CURRENT LIABILITIES – LONG TERM BORROWINGS

Sr. No.	Particulars	31 st March 2014 (Rs)	31 st March 2013 (Rs)
1	Long Term Borrowings	325000	325000
	Total	325000	325000

Note: 5 SHORT TERM BORROWINGS

Sr. No.	Particulars	31 st March 2014 (Rs)	31 st March 2013 (Rs)
	Unsecured Loans from Related Party	20250000	20250000
	Unsecured Loan from Others	1992045000	-
	Total	2012295000	20250000

Note: 6 TRADE PAYABLE

Sr. No.	Particulars	31 st March 2014 (Rs)	31 st March 2014 (Rs)
	Trade Creditors	533528067	1284777563
	Total	533528067	1284777563

The Company has not received any memorandum (as required to be filed by the Supplier with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as on 31st March 2014 as Micro, Small or Medium Enterprises. Consequently the amount paid / payable to these parties during the year is NIL.

Note: 7 OTHER CURRENT LIABILITIES

Sr. No.	Particulars	31 st March 2014 (Rs)	31 st March 2014 (Rs)
		Numbers	Numbers
	Advance from Others	376318302	513795033
	Total	376318302	513795033

Note: 8 SHORT TERMS PROVISION

Sr. No.	Particulars	31 st March 2014 (Rs)	31 st March 2013 (Rs)
		Numbers	Numbers
	Statutory Provisions	1458373	1427966
	Total	1458373	1427966

* The provision of all known liabilities is adequate and not in excess of the amount reasonably necessary.

Note No: 9: TANGIBLE ASSETS	Gross Block				Depreciation				Net Block		
	Name of Asset	As at 01.04.13	Additions	Deletions	As at 31.03.14	As at 01.04.13	For the Year	Deletions	As at 31.03.14	As at 31.03.14	As at 31.03.13
TANGIBLE ASSETS											
Air- Conditioner	90000	-	-	90000	59265 23804	4275 2441	-	63540	26460	30735	
Office Equipments	51397	-	-	51397	-	-	-	26246	25151	27593	
Kodak Camera	505378	-	-	505378	-	-	-	-	505378	505378	
Lamination Machine	27650	-	-	27650	-	-	-	-	-	27650	
Furniture and Fixtures	1221601	-	-	1221601	1221601	-	-	-	27650	-	
Vehicles	373283	-	-	373283	358409	14874	-	1221601	-	-	
Computer System		-	-		30518854	688048	-	373283	-	14874	
Computer Equipments	31524711	-	-	31524711	-	-	-	31206902	317809	1005857	
	291939			291939				-	291939	291939	
Total (Current Year)	34085959	-	-	34085959	32181933	709638	-	32891572	1194387	1904026	
(Previous Year)	34085959	-	-	34085959	31451707	730226	-	32181933	1904026	2634252	

Note: 10 NON CURRENT INVESTMENTS

Particulars	31 st March 2014 (Rs)	31 st March 2013 (Rs)
NON CURRENT INVESTMENTS	Current Year	Previous Year
Investment in Shares - Quoted		
-G Tech Info Training Ltd. 95500 Shares (Previous: 95500)	675798	675798
-Interworld Digital Digital Ltd.76300 Shares (Previous : 76300)	223461	223461
-Allied Computers Int.(Asia) Ltd 4450000 (Previous : 4450000)	-	44500000
-Emporis Project Limited 388124000 Shares(Previous :2148100)	388124000	236291000
	38,90,23,259	43,06,73,648
Investment in Shares - Un-Quoted	34,99,91,000	23,03,10,180
Equity Shares-Application Money (Unquoted)	98,99,56,318	97,26,44,318
Investment in Pref . Shares - Un-Quoted	3,47,05,000	3,47,05,000
Total	1,76,36,75,577	1,66,83,33,146

Note: 11 LONG TERM LOAN AND ADVANCES

Sr. No.	Particulars	31 st March 2014 (Rs)	31 st March 2013 (Rs.)
	Loans & Advances	52792167	67986943
	Trade Advances	1858943584	2100827159
	Receivable - Others	616447260	665180060
	Total	2528183011	2833994162

Note: 12 OTHER NON CURRENT ASSETS

Sr. No.	Particulars	31 st March 2014 (Rs)	31 st March 2013 (Rs)
	Preliminary Expenses	-	12630
	(to the extent not written off)	-	-
	Total	-	12630

Note: 13 CURRENT INVESTMENTS

Sr. No.	Particulars	31 st March 2014 (Rs)	31 st March 2013 (Rs.)
	Current Investment (Non-trade)		
	Investment in Shares - Quoted	7090012	-
	Investment in Shares - Un-Quoted	3750000	91100820
	Investment in Shares - Share Applied	19550000	61120000
	Total	30390012	152220820

Note: 14 INVENTORIES

Sr. No.	Particulars	31 st March 2014 (Rs)	31 st March 2013 (Rs.)
	Inventories (valued at lower of cost and net realizable value)		
	Stock-in-trade	181868527	181320685
	Total	181868527	181320685

Note: 15 TRADE RECEIVABLES

Sr. No.	Particulars	31 st March 2014 (Rs)	31 st March 2013 (Rs.)
	Over Six Months	40536351	19484186
	Trades Receivable- Sales	217282967	857415092
	Sundry Debtors-Other	-	-
	Total	257819318	876899278

Note: 16 CASH AND CASH EQUIVALENTS

Sr. No.	Particulars	31 st March 2014 (Rs)	31 st March 2013 (Rs.)
	Cash on Hand	2232530	3301976
	Balance with bank in current account	31067950	1547457
	Total	33300480	4849433

Note: 17 OTHER CURRENT ASSETS

Sr. No.	Particulars	31 st March 2014 (Rs)	31 st March 2013 (Rs.)
	Deposit with Black Horse Media & Ent. Pvt Ltd	200000	200000
	Sonam Rane Rent Deposit	150000	-
	Prepaid Income Tax	1269261	723711
	VAT Refundable	510309	510309
	Total	21,29,570	14,34,020

Note: 18 REVENUE FROM SALES

Sr. No.	Particulars	31 st March 2014 (Rs)	31 st March 2013 (Rs.)
	Income from Sales	88,56,94,138	1,27,97,44,989
	Total	88,56,94,138	1,27,97,44,989

Note: 19 OTHER REVENUE INCOME

Sr. No.	Particulars	31 st March 2014 (Rs)	31 st March 2013 (Rs.)
	Interest Received	54,55,358	49,52,887
	Other Income	2,25,000	1,02,468

30TH ANNUAL REPORT

	Long Term Profit on Sales of Unquoted Investment	-	2,25,000
	Excess provision written back	-	1,70,254
	Short Term Profit on Quoted Share	9,89,424	-
	Total	66,69,782	54,50,609

Note: 20 PURCHASE OF STOCK IN TRADE

Sr. No.	Particulars	31 st March 2014 (Rs.)	31 st March 2013 (Rs.)
	Purchase Of Stock In Trade	88,48,16,087	1,28,93,16,950
	Total	88,48,16,087	1,28,93,16,950

Note: 21 STOCK-IN-TRADE

Sr. No.	Particulars	31 st March 2014 (Rs.)	31 st March 2013 (Rs.)
	Opening Stock	18,13,20,685	17,74,94,290
	Closing Stock	18,18,68,527	18,13,20,685
	Total	(5,47,842)	(38,26,395)

Note: 22 EMPLOYEE BENEFIT EXPENSES

Sr. No.	Particulars	31 st March 2014 (Rs.)	31 st March 2013 (Rs.)
	Staff Expenses	12,042	75,683
	Salary Expenses	4,81,053	9,25,872
	Total	4,93,095	10,01,555

Note: 23 FINANCIAL COST

Sr. No.	Particulars	31 st March 2014 (Rs.)	31 st March 2013 (Rs.)
	Bank Charges	18,969	10,911
	Total	18,969	10,911

Note: 24 DEPRECIATION AND AMORTIZATION EXPENSES

Sr. No.	Particulars	31 st March 2014 (Rs.)	31 st March 2013 (Rs.)
	Depreciation	7,09,638	7,30,226
	Total	7,09,638	7,30,226

Note: 25 OTHER EXPENSES

Sr. No.	Particulars	31 st March 2014 (Rs.)	31 st March 2013 (Rs.)
	Legal Advertisement Expenses	58,726	42,572
	Auditor's Remuneration	25,000	26,500
	Communication Expenses	3,366	3,940

30TH ANNUAL REPORT

Conveyance Expenses	8,662	8,841
Electricity Expenses	4,396	-
Listing & ROC Fees	2,69,243	2,52,690
Office Expenses	99,270	21,303
Printing & Stationery	19,858	5,452
Professional Fee and Legal Fees	7,680	34,423
Loss on Sales of Investment	-	18,16,767
Rates and Taxes	32,500	86,302
Repairs & Maintenance - Others	2,240	1,220
Sundry Balance Written Off	-	1,06,440
Preliminary Expenses Written Off.	12,630	25,262
Shares Trading Expenses	2,814	3,761
Courier & Postage Expenses	15,517	14,156
Housekeeping Expenses	1,900	-
Office Rent	1,05,000	55,000
Loss on Commodity Future	1,980	1,88,463
Loss on Quoted Shares	3,99,14,688	-
Total	4,05,85,469	26,93,092

Note: 26 DEFERRED TAX

Sr. No.	Particulars	31 st March 2014 (Rs.)	31 st March 2013 (Rs.)
	Defered Tax Provision	-	(1,92,987)
	Total	-	(1,92,987)

Note 27.1 CONTINGENT LIABILITIES & COMMENTS

Income Tax Liability Rs.222,78,678/- (Previous Year Rs.222,78,678/- .) Company has filed appeals in Appellate Tribunals and expect the decision in favour of company.

Note 27.2 AUDITORS REMUNERATION

Sr. No.	Particulars	31 st March 2014 (Rs.)	31 st March 2013 (Rs.)
	Audit Fees	12,500	12,500
	Tax Audit Fees	12,500	10,000
	Other Services	-	4,000
	Total	25,000	26,500

Note 27.3 RELATED PARTY TRANSACTION

a) Key Managerial Person

Bimal Pravinchand Kamdar
 Srikrishna Bhamadipati
 Anand Choudhary
 Randhir Marwa
 Deepak Goyal

b) Transaction with related parties for the year ended are as follows ;

Transaction /Nature of relationship	Nature of Relationship	AS AT	AS AT
Name of Related Party		31.03.2014	31.03.2013
1) Purchases for Trading IRIS Mediaworks Limited	Bimal Kamdar (Director)	31,64,390	36,67,54,784
2) Advances IRIS Mediaworks Limited	Bimal Kamdar (Director)	2,91,00,000	2,91,00,000
3) Sales for Trading IRIS Mediaworks Limited	Bimal Kamdar (Director)	4,30,25,019	-

Note: 27.4 EARNING PER SHARES

Sr. No.	Particulars	Current Year	Previous Year
	Net Profit for the year attributable to the Ordinary Shareholders	(3,37,11,497)	(4,537,754)
	Weighted average number of Equity Shares of Re 1/- each	64,03,87,500	64,03,87,500
	Basic and Diluted Earnings Per Share of Re 1/- each	(0.053)	(0.018)

Note 27.5 The previous year figures have been regrouped, rearranged wherever necessary.

STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

1 Accounting Convention

- 1.1 Financial statements are prepared in accordance with generally accepted accounting principles including accounting standards in India under historical cost convention except so far as they relate to revaluation of certain land and buildings.
- 1.2 All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in the Revised Schedule VI to the companies Act,1956. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the company has determined its operating cycle as twelve months for the purpose of current-non current classification of assets and liabilities.
- 1.3 Use of estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities on the date of the financial statements, disclosure of contingent liabilities and reported amounts of revenues and expenses for the year. Estimates are based on historical experience, where applicable and other assumptions that management believes are reasonable under the circumstances, actual result could vary from estimates and any such differences are dealt with in the period in which the result are known/materialize.

2 Fixed Assets

Fixed assets are stated at cost of acquisition for assets installed and put to use less accumulated Depreciation.

3 Investments

Investments are classified into Current investments and long-term investments. Current Investments are carried at lower of cost or market value and provision is made to recognize any decline in the carrying value. Long-term

investments are carried at cost and provision is made to recognize any decline, other than temporary, in the value of such investment.

4 Inventory

Inventories are valued at cost or net realizable value whichever is lower, computed on a FIFO basis, after providing for cost of obsolescence and other anticipate losses, wherever considered necessary. Finished goods include costs of conversion and other costs incurred in bringing the inventories to their present location and condition as certified by the management.

5 Expenditure

Expenses are accounted on accrual basis and provision is made for all known losses and liabilities.

6. Segment Reporting

The Company has only one segment of activity of dealing in IT products during the period, hence segment wise reporting as defined in Accounting Standard-17 is not applicable.

7 In the opinion of board of directors, current assets, loans and advances, have at least the value as stated in the balance sheet, if realized in the ordinary course of the business.

8 The Company has not received any memorandum (as required to be filed by the Supplier with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as on 31st March 2014 as Micro, Small or Medium Enterprises. Consequently the amount paid / payable to these parties during the year is NIL

9 Revenue Recognition

9.1 Revenue from sale of products is stated net off discounts and any applicable duties and taxes on dispatch of goods in accordance with terms of sales.

9.2 Other operating revenues comprise of income from ancillary activities incidental to the operation of the company and is recognized when the right to receive the income is established as per the terms.

10 Research and Development

Expenses incurred on research and developments are charges to revenue in the same year. Fixed assets purchased for research and development purpose are capitalized and depreciated as per Company's policy.

11 Retirement Benefits

In view of the number of employees being below the stipulated numbers, the Provident Fund , ESIC, Bonus and payment of Gratuity Act are not applicable to the company for the year.

12 Taxation

Income-tax comprises current tax and deferred tax expense or credit.

Current tax

Provision for current tax is recognised in accordance with the provisions of the Indian Income Tax Act, 1961 and is made annually based on the tax liability after considering adjustment for tax allowances and exemptions.

Deferred tax

Deferred tax liability or asset is recognized for timing differences between the profits/losses offered for income taxes and profits/losses as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are



D - 604, 6th Floor,
Crystal Plaza Premises Co-
operative
Society Limited,
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New Link Road, Andheri (West)
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