



ANNUAL REPORT

2010-2011

AVANCE TECHNOLOGIES LIMITED

BOARD OF DIRECTORS

Mr. Deepak S. Goyal	:	Executive Director
Mr. Shrikrishna Bhamidipati	:	Executive Director
Mr. Rajeev Anand	:	Non- Executive Director
Mr. Randhir Marwa	:	Non- Executive Independent Director
Mr. Anand Chaudhary	:	Non- Executive Independent Director
Mr. Bimal Kamdar	:	Non- Executive Independent Director
Mr. Ronak Chedda	:	Additional Director

AUDITORS

M/s. Ramesh Batham and Co.
Chartered Accountants,
Flat No. 101-103, C-36, Sector - 5,
Shanti Nagar, Meera Road, Mumbai- 401 107

REGISTERED OFFICE

Unit No. 505, Midas Chambers,
Off Link Road, Andheri- West,
Mumbai- 400 053.

SHARE TRANSFER AGENTS

M/s. Purva Shareregistry (India) Pvt. Ltd.
No. 9, Shiv Shakti Industrial Estate
Ground Floor, J. R. Boricha Marg,
Opp. Kasturba Hospital, Lower Parel,
Mumbai- 400 011.

LISTED AT:

Bombay Stock Exchange Limited.

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CHAIRMAN'S MESSAGE

Dear Shareholders,

Founded in 1985, **AVANCE** was publicly listed in India in 2000.

As we stand poised as a pioneer in Mobile Value Added Services (VAS), it is time to reflect upon this exciting and challenging journey and also ponder upon the way forward for **AVANCE** to build on its leadership position.

The Mobile VAS industry is becoming bigger each day and with the increased focus on 3G and data services, the best is yet to come. The industry is currently at an inflection point and has ample potential to become larger than the fixed internet, particularly in large, fast growing emerging markets.

At **AVANCE**, we have always prided ourselves on providing best-of-the-breed technology and innovations to our customers. In the current VAS ecosystem, after the launch of 3G services in India, it has become even more imperative for the players (mobile operators, content creators and handset manufacturers) to collaborate in order to achieve their full potential and garner results.

We take pride in the fact that by focusing on the end customer user experience, we strive to provide services that add value to the user.

In a market that sees a continuous influx of new partners offering Value Added Services, the fact that **AVANCE** remains a partner of choice for all Value Added Services amongst all leading operators in the country bears direct testimony to **AVANCE's** ability to constantly innovate and meet the expectations of one of the most dynamic telecom markets in the world. In addition we share our global best practices in subscriber profiling and analytics to reach out to subscribers with content most suited to their needs and demands.

On behalf of everyone at **AVANCE**, I want to thank you for your support and commitment to the Company. I look forward to your continued support and best wishes to help take **AVANCE** to newer heights in the burgeoning and exciting VAS space.

Sd/-

Deepak Goyal

(Chairman and Director)

N O T I C E

NOTICE is hereby given that Twenty-Seventh Annual General Meeting of the Members of AVANCE TECHNOLOGIES LIMITED will be held on Friday, 30th day of September, 2011, at 9.00 A.M at its Registered Office situated at: Unit No 505, Midas Chambers, Off Link Road, Andheri (W), Mumbai – 400 053 to transact, the following business :

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the Audited Balance Sheet as on 31st March, 2011 and the Audited Profit & Loss Account for the year ended on that date, together with the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Deepak Goyal, who retires by rotation, but being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Anand Choudary, who retires by rotation, but being eligible, offers himself for re-appointment.
4. To re-appoint M/S Ramesh Bhatam &Co. as Statutory Auditors of the Company, to hold the office from the conclusion of this Annual General Meeting till the conclusion of next annual general meeting & fix their remuneration.

SPECIAL BUSINESS:

5. **To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**

“RESOLVED THAT Mr. Ronak Chedda who was appointed as an Additional Director of the Company by the Board in its meeting held on 5th March, 2011 and who holds office up to the date of this Annual General Meeting and in respect of whom a notice in writing has been received from a member signifying his/her intention to propose him as a candidate for the office of Director of the Company, under the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

6. **To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:**

“RESOLVED THAT pursuant to the provisions of section 149(2A) of the Companies Act, 1956, the consent of the members of the Company be and is hereby accorded to carry on the business activities as covered under sub-clause 66 of the Other Objects Clause of the Memorandum of Association of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take all such effective steps to implement the decision of the members of the Company as they may consider appropriate in the interest of the Company and to do all such acts, deeds and things from time to time for and on behalf of the Company for execution of aforementioned resolution.”

NOTES:

- a) **A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself and the proxy need not to be a member of the Company. The Proxy, in order to be effective, must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.**

Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representatives to attend and vote on their behalf at the Meeting.

- b) The Company seeks the consent of the Shareholders for the proposals contained in the resolution appended above. The explanatory Statement pertaining to the said resolutions setting out the material facts and the reasons thereof is annexed hereto for your consideration.
- c) The Register of Members and the Share Transfer Books of the Company will remain closed from **19th September, 2011 to 21st September, 2011(both days inclusive)**.
- d) Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
- e) In case of the Joint holders attending the Meetings, only such Joint holder who is higher in the order of names will be entitled to vote.
- f) Relevant documents referred to in the accompanying notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, between 11.00 a.m. and 1.00 p.m. up to the date of the meeting.
- g) Members holding Shares in the Electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their Demat Accounts. Members holding shares in physical form are requested to intimate any change of address immediately to the Registrar and Shares Transfer Agents, **PURVA SHAREGISTRY INDIA PVT. LTD, No. 9, Shivshakti Ind. Est, Ground floor, J R Boricha Marg, Opp. Kastruba Hosp., Lower Parel, Mumbai- 400 011**
- h) Members/Beneficial Owners are requested to quote their full name as per Company's record, Folio No. /DP and Client ID Nos. as the case may be, in all their correspondence with the Company.

EXPLANATORY STATEMENT AS PER SECTION 173(2) OF THE COMPANIES ACT,1956,IN RESPECT OF ITEM NO. 5 AND 6**ITEM NO. 5**

Mr. Ronak Chedda was appointed as an Additional Director of the Company with effect from 5th March, 2011. Pursuant to Section 260 of the company Act, 1956 Mr. Ronak Chedda will hold the Office as Director only up to the date of this Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956, from the member of the Company signifying his intention to propose Mr. Ronak Chedda for appointment as a Director liable to retire by rotation at the forthcoming Annual General Meeting.

The Board considers that the Company would be benefited by his rich experience and guidance. The Board of Directors therefore recommends the resolution for approval of the members.

None of the Directors are except Mr. Ronak Chedda is concerned or interested in the proposed resolution.

ITEM NO.6

The Company is currently engaged into the IT Sector. Further, the Board of Directors of the Company is of the opinion that the Indian Economy is growing at a rapid rate and expected to provide the Investment opportunities in the coming future. The Memorandum of Association of the Company covers in its ambit the objects related to Trading and Investment in Securities. Hence the Company Management has proposed to commence the business of an investment Company as mentioned under sub-clause 66 of Other Objects Clause of the Memorandum of Association of the Company to capitalize the market opportunities.

According to section 149(2A) of the Companies Act, 1956, no Company can commence any business as mentioned in the other objects of Memorandum of Association of the Company unless the same has approved by a special resolution passed in that behalf at a general meeting.

The Memorandum of Association of the Company is open for inspection at the Company's registered office during usual business hours on any working day. Your directors commend the resolution for your approval. None of the Directors of your Company is in any way concerned or interested in this resolution.

By Order of the Board of Directors

Place : Mumbai

Date : 2nd September, 2011

**Sd/-
Deepak Goyal
(Director)**

DIRECTOR'S REPORT

To
The Members of,
Avance Technologies Limited

Your Directors are very pleased to present to you the 27th Director's Report and the Audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 2011.

1. **FINANCIAL RESULTS :**

Financial Result of the Company for the Current year under review along with the figures for the previous year is as follows:

Particulars	Schedule	For the year ended 31 st March, 2011	For the year ended 31 st March, 2010
Income	I	1764174050	727716124
Sales	J	21194661	1801788
Other Income Increase/Decrease in Stock	K	54871082	27102841
Total Income		1840239793	756620753
Expenditure			
Purchases		1815792338	748047896
Employees Remuneration/cost		657169	486257
Administrative Expenses	L	21924567	3112057
Selling Expenses	M	48161	44710
Financial Expenses	N	24616	21208
Depreciation	E	730226	730226
Total Expenditure		1839177077	752442354
Profit/(Loss) before Tax		1062716	4178399
Provision for FBT		-	-
Provision for Income Tax		687158	1313426
Income Tax Paid		-	484043
Provision for Deferred Tax		(82962)	109455
Profit/(Loss) after Tax		458520	2271475
Balance b/f from Previous Year		3793034	60218810
Less: Reserve used for issue of Bonus shares		-	58697250
Balance b/f		3793034	1521560
Balance carried to the Balance Sheet		4251554	3793034
Profit considered for arriving at EPS		458520	2271475
Earnings per Share (Basic)		0.003	0.04
Earnings per Share (Diluted)		0.003	0.49

2. OPERATIONS AND PERFORMANCE :

During Financial Year 2010-11, the Company recorded net revenue of Rs. 1840239739, an increase of 58% over the previous year of Rs. 756620753. The earnings after tax of the Company was Rs.1062716 in 2010-11 as compared to Rs. 4178399 million in 2009-10. The diluted earnings per share (EPS) is Rs. 0.003 per share as compared to Rs. 0.49 per share for 2009-10.

3. DIVIDEND:

After taking into consideration the financial Results of the Company for the Financial year 2010-11, and with an intention to build up the net worth for future expansion and growth plans, your directors are of the opinion, not to recommend any dividend for the year.

4. DIRECTORS:

Avance's Board has a strength of 7 directors. The Present Directors are Mr. Rajeev Anand, Mr. Deepak Goyal, Mr. Srikrishna Bhamidipati, Mr. Randhir Marwa, Mr. Anand Chaudhary, Mr. Bimal Kamdar and Mr. Ronak Chedda.

In accordance with the provisions of the Articles of Association of the Company, Mr. Deepak Goyal and Mr. Anand Chaudhary retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, have offered themselves for re-appointment and your Board recommends their re-appointment.

Mr. Ronak Chedda was appointed as an Additional Director on the Board of the Company on 5th March, 2011 and would hold office up to the date of the ensuing Annual General Meeting. It is proposed by the Board of Directors to appoint Mr. Ronak Chedda as a director of the Company liable to retire by rotation based on his expertise.

5. DEPOSITS:

The Company has not accepted any deposits during the year with the meaning of the Companies (Acceptance of Deposits) Rules, 1975.

6. DISCLOSURE ON APPOINTMENT OF AUDITORS IN THE COMPANY:

The Company's Auditors, M/s. Ramesh Bhatam & Co. Chartered Accountants, retire at the ensuing Annual General Meeting and have expressed their willingness to be re-appointed.

Your Company has obtained a letter from the auditor to the effect that the re-appointment, if made, will be in conformity with the limits specified in section 224 (1B) of the Companies Act, 1956 .

Comments of the Auditors in their report and the notes forming part of the Accounts are self explanatory and need no comments.

7. AUDIT COMMITTEE:

An audit Committee with an optimum combination of Directors have been formed in order to comply with the various requirements under the Companies Act, 1956 and Clause 49 of the Listing Agreement.

The Board of Directors have been reviewing the working of the committee from time to time to bring about greater effectiveness in its working structure.

Adequate disclosures in respect of the composition of the Audit Committee and the Chairmanship have been made in the Corporate Governance Report which forms an essential part of this report.

8. PARTICULARS OF EMPLOYEES:

The relations of the Employees have continued to be harmonious during the year.

The Company's performance management system is bench-marked with prevailing best practices. It seeks to continuously enhance competitiveness and skills of its employees.

Furthermore, no employees of the Company fall into the ambit of drawing remuneration of Rs 24,00,000 per annum or Rs.2,00,000 per month for any part of the year or more, hence no particulars have been furnished as required under section 217 (2A) of the companies Act ,1956 read with the Companies (Particular of Employees Rules) 1975.

The Board wishes to place on record its sincere appreciation of the efforts put in by the Company's workers, staff and executives for achieving excellent results under difficult conditions.

9. DIRECTORS RESPONSIBILITY STATEMENT:

In accordance with the provision of section 217(2AA) of the Companies Act, 1965, your Directors place on record a responsibility statement stating that:

- (i) In the preparation of the annual accounts, applicable accounting standards have been followed along with proper explanation relating to material departures.

- (ii) The Directors, in consultation with the auditors, have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year of the profit and loss of the Company for that period.
- (iii) The Directors have taken sufficient and proper care for the maintenance of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the Company and for preventing and detecting material fraud and other irregularities.
- (iv) The Directors have prepared the Annual Accounts on a going concern basis.

10. CORPORATE SOCIAL RESPONSIBILITY:

The Board of Directors are responsible to review the corporate social responsibility initiatives undertaken by the Company and make recommendations to the Company with respect to the corporate social responsibility initiatives, policies and practices and to review and implement, if required, any other matter related to corporate social responsibility initiatives as recommended/suggested by RBI or any other body.

Avance Technologies Limited is committed towards maintain the interest of not only the Shareholders but also the society and community at large. Management and the employees are aware of the impact of the operations and actions of the Company they all work towards ensuring a positive impact and its commitment towards corporate social responsibility.

11. CORPORATE GOVERNANCE:

Pursuant to Clause 49 of the Listing Agreement, a Corporate Governance Report is given separately and is forming part of the Annual Report for the year 2010-11.

A certificate from the Statutory Auditors of the Company regarding the Compliance by the Company of the conditions stipulated under clause 49 of the Listing Agreement is also attached to this Report.

12. MANAGEMENT DISCUSSION & ANALYSIS REPORT:

Management's Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange, is presented in a separate section forming part of the Annual report.

13. SECRETARIAL AUDIT REPORT

As a measure of Good Corporate Governance practice, the Board of Directors of the Company has obtained a Certificate from Practicing Company Secretary on the basis of Secretarial Audit of the Company. This is to certify that the Company has complied with all the applicable provisions of the Companies Act, 1956, Depositories Act, 1996, Listing Agreements with the Stock Exchanges, Securities Contracts (Regulation) Act, 1956 and all the Regulations and Guidelines of SEBI as applicable to the Company, including the Securities and Exchange Board (Substantial Acquisition of Shares and Takeover) Regulations, 1997 and the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.

14. CODE OF CONDUCT :

The declaration by the Chairman pursuant to Clause 49(1) (ii) of the Listing Agreement stating that all the Board Members and Senior Management Personnel have affirmed their compliance with the Company's Code of Conduct for the year ended 30th June, 2011 is also attached to this Report.

15. DISCLOSURE OF MATERIAL CHANGES SINCE THE DATE OF BALANCE SHEET:

Pursuant to the section 81(1A) of the Companies Act, 1956, the Company had passed Special Resolution for issue and allotment of 30,00,00,000 Convertible Equity Warrants (hereinafter referred to as "warrants") on preferential basis to the various allottees at the Extra - Ordinary General Meeting of the members of the Company held on Monday, April 4, 2011 at a price of Rs.8.70 per Warrant including a premium of Rs.7.70/- with each warrant convertible into one equity share of Re. 1/- each within a period of 18 months from the date of allotment.

Further, your Company allotted 12,80,00,000 warrants out of aforementioned equity warrants on 20th April, 2011 to various allottees on preferential basis against the receipt of 25% of the total amount of due from these allottees on each equity warrant so allotted .

16. OTHER CORPORATE INFORMATION:

With Reference to the Winding up petition filed with the High Court, our Company had filed the application for setting aside the ex-parte order as passed by the Hon'ble High Court. In furtherance to this, the High Court passed the order dated 20th July, 2011 setting aside the ex-parte order of winding up and appointment of Official Liquidator of the Assets and records of the Company.

Further the High Court posted the Company Petition for final hearing on 28th July, 2011 which was further adjourned to 4th August, 2011.

17. PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS:

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 mentioned in the abovementioned rules.

18. ACKNOWLEDGEMENT:

The Directors acknowledge the contribution made by the large number of dealers and distributors spread all over the country towards improving the service to our valued customers as well as for the overall performance of the Company.

The employees of the Company have continued to display their total commitment towards the pursuit of excellence. Your Directors take this opportunity to place on record their appreciation for the valuable contribution made by the employees and look forward to their services with zeal and dedication in the years ahead to enable the Company to scale even greater heights.

Your Directors are gratified and are obliged by the continuous faith and support it has received over such long period of time from various authorities including Banks and Government authorities and also from Shareholders including all categories of persons associated with the company.

By Order of the Board of Directors

**Sd/-
Deepak Goyal
(Director)**

Place : Mumbai

Date : 2nd September, 2011

REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement)

The Company's Commitment to the principles of transparency, integrity, professionalism and Accountability in all its dealings is the foundation of its continuous endeavour to create sustainable value for all its stakeholders including the society at large. Corporate Governance at Avance is an ongoing process and the Company continuously strives to improve upon its practices in line with the changing demands of the business environment. And the Governance framework is made effective through an efficient system of timely disclosures and transparent business practices.

Your Company believes in continuous up-gradation of technology to improve its efficiency. It recognizes the importance to focus on innovation to develop newer and better products for total customer satisfaction.

In addition, the Company has established systems to encourage and recognise employee participation in environmental and social initiatives that contribute to organisational sustainability, conservation of energy and promotion of safety and health, which are integral part of the Company's business model. It is very imperative for us to invest in the development of its human resources and growth to lay a foundation for a strong organization.

This Chapter reports the Company's compliance with the mandatory requirements on Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges and highlights some of the non-mandatory practices adopted by the Company.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

AVANCE values and is aware about the importance of Corporate Governance into the value systems driving the Company. The Company understands the principles of fairness, transparency, accountability and responsibility towards the members and society at large and ensures to achieve high standards and integrity in financial reporting, disclosure of material information, continuous improvements of internal controls and sound investor relations.

The Company aims at continuous growth and sustainability with the fulfillment of objectives of the organization along with the expectations of the Members.

Further the Company strives to improve the corporate governance practices to meet stake holder's expectations and strictly complies with regulatory guidelines on Corporate Governance.

Corporate Social Responsibility

Social Welfare and Community development is at the core of the Company's CSR philosophy and it continues to be top priority for the Company.

Shareholders Communication

The Board recognizes the importance of two- way communication with the Shareholders and of giving a balanced report of results and progress and responds to the queries and issues raised in a timely and consistent manner. Shareholders seeking information may contact the Company directly throughout the year.

They also have the opportunity to ask questions in the Annual General Meeting of the Company. The Company ensures that the queries, complaints and suggestions from various Stakeholders of the Company are responded in a timely and consistent manner.

2. **BOARD OF DIRECTORS :**

The Board

The Board of directors of the Company are in fiduciary position, empowered to oversee the management functions with a view to ensure its effectiveness and enhancement of shareholders' value.

The Board reviews and approves the management's strategic plan and business objectives and monitors the Company's strategic direction.

Composition and Category of Directors

AVANCE has a balanced Board with a Combination of Executive and Non-Executive Directors, to ensure independent functioning. The composition of the Board of the Company is in conformity with Clause 49 (I)(A) of the Listing Agreement.

The composition of the Board, attendance at the Board Meetings held during the Financial year under review and at the last Annual General Meeting, number of Directorship and memberships/ chairmanships in the Company are given below:-

Name of Directors	Category	No. of Board Meetings attended	Attendance at last AGM
Mr. Deepak Goyal	Executive Director	7	Yes
Mr. Shrikrishna Bhamidipati	Executive Director	7	Yes
Mr. Rajeev Anand	Non Executive Director	7	Yes
Mr. Randhir Marwa	Non Executive Independent Director	7	Yes
Mr. Anand Chaudhary	Non Executive Independent Director	7	Yes
Mr. Bimal Kamdar	Non Executive Independent Director	7	Yes
Mr. Ronak Chedda	Additional Director	-	No

Board Meetings details

Seven Board meeting were held during the Financial Year ended 31st March, 2011, viz., 15th May, 2010, 13th August, 2010, 30th September, 2010, 10th November, 2010, 6th December, 2010, 10th February, 2011, 05th March, 2011.

Further the maximum gap between any two board meetings was less than four months.

Information to the Board

A detailed agenda is sent to each Director in advance of the Board meetings. As a policy, all major decisions involving investments and Capital expenditure, in addition to matters which statutorily require the approval of the Board are put up for consideration of the Board.

Directors retiring by Rotation

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Deepak Goyal and Mr. Anand Chaudhary retire by rotation (by lot) and being eligible offer themselves for reappointment.

Appropriate resolutions for reappointment of aforesaid directors are being moved at the ensuing Annual General Meeting.

Other Directorship/Committee Positions as on 31st March, 2011

Name of Directors	In Listed Companies	In Unlisted Public Companies
Mr. Deepak Goyal	0	0
Mr. Shrikrishna Bhamidipati	1	0
Mr. Rajeev Anand	0	0
Mr. Randhir Marwa	0	0
Mr. Anand Chaudhary	0	0
Mr. Bimal Kamdar	0	0
Mr. Ronak Chedda	1	0

Notes: Private limited companies, foreign companies and companies under section 25 of the Companies Act, 1956 are excluded for the above purposes. Only audit committee and shareholders' grievance committee are considered for the purpose of committee positions as per listing agreement.

None of the director was a member in more than 10 committees, nor a chairman in more than five committees across all companies in which he was a director.

DETAILS OF DIRECTORS APPOINTED DURING THE YEAR UNDER REVIEW/ SEEKING REAPPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING:

Name of Director	Mr. Ronak Chedda
Date of Appointment	05/03/2011
Names of public Limited Companies in which Director is holding Directorships	1. Speciality Papers Limited

3. COMMITTEES OF THE BOARD :

To focus effectively on the issues and ensure expedient resolution of diverse matters, the Board has constituted a set of Committees with specific terms of reference/scope. The Committees operate as empowered agents of the Board as per their Charter/terms of reference. Targets set by them as agreed with the management are reviewed periodically and mid-course corrections are also carried out.

The Board has constituted 3 Committees namely:

- ❖ **Audit Committee**
- ❖ **Shareholders/Investors Committee**
- ❖ **Remuneration Committee**

A brief description of the scope of work of each of the Committees is enumerated as under:

The Audit Committee:

The Audit Committee functions according to its Charter that defines its composition, authority, responsibility and reporting functions in accordance with the Companies Act, 1956, Listing Agreement requirements applicable to the Company and is reviewed from time to time. Given below is a gist of the responsibilities of the Audit Committee:

- ✚ Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- ✚ Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- ✚ Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - Changes, if any, in accounting policies and practices and reasons for the same
 - Major accounting entries involving estimates based on the exercise of judgment by management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of any related party transactions.
 - Qualifications in the draft Audit report.
 - Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

Composition and Category of Directors:

Name of Directors	Designation	Category	No.of Meetings attended
Mr. Randhir Marwa	Chairman	Non Executive Independent Director	6
Mr. Anand Chaudhary *	Member	Non Executive Independent Director	6
Mr. Deepak Goyal	Member	Executive Director	6

** The Board of Directors reconstituted the Audit Committee on 27th March, 2010 wherein they appointed Mr. Anand Chaudhary as a Member of the Audit Committee and Mr Rajeev Anand resigned from the Committee.*

Audit Committee Meeting details:

The Committee met 6 times during the year ended 31st March, 2011 i.e. 8th May, 2010, 6th August, 2010, 30th September, 2010, 3rd November, 2010, 1st December, 2010 and 3rd February, 2011 and the time gap between the two meetings did not exceed four months.

The necessary quorum was present for all the meeting.

Besides having access to all the required information from within the Company, the Committee can obtain external legal or professional advice, wherever required. The Committee can investigate any activity within its reference terms, seek information from any employee and also seek attendance of outsiders with relevant experience, if it so considers necessary.

The Shareholders/Investors Committee:

The Board has constituted Shareholders/Investors Relations Committee for the purpose of specifically looking in to the matters relating to shareholders and investors grievance. The scope of its work includes but is not limited to overlooking matters about transfer of shares, issue of duplicate/consolidated share certificates, allotment and listing of shares, review of cases for refusal of transfer/transmission of shares and debentures, non-receipt of balance sheet, and non-receipt of declared dividends etc.

The Committee oversees and monitors the performance of the Registrar & Transfer Agents and devices measures for overall improvement in the quality of investor services. The Committee also looks into the complaints received from the stock exchanges.

The main areas of the activities entrusted to the Committee are as follows:

- ❖ Formulation of procedures in line with the statutory guidelines requests to ensure speedy disposal of various received from shareholders from time to time.
- ❖ Redressal of shareholders and investor complaints/ grievances e.g. transfers of shares, non receipt of balance Sheet, non receipt of declared dividend etc.
- ❖ To approve, register, refuse to register transfer/ transmission of shares and other securities.
- ❖ To sub-divide, consolidate and/ or replace any share or others securities certificate(s) of the Company.
- ❖ To issue duplicate share certificate(s) in lieu of the original share/ security(ies) certificate(s) of the Company;
- ❖ To approve the transmission of shares or other securities arising as a result of death of the sole shareholder.
- ❖ To dematerialize or rematerialize the issued shares.

Composition and Category of Directors:

Name of Directors	Designation	Category
Mr. Randhir Marwa	Chairman	Non Executive Independent Director
Mr. Rajeev Anand	Member	Non Executive Director
Mr. Deepak Goyal	Member	Executive Director

Shareholders/Investors Committee Meetings Held:

The Committee met once by the end of the year in order to keep itself updated with respect to any Investor grievances raised against the Company and to discuss a plan of action for the recourse taken by the Committee to resolve such issues on time.

The Remuneration Committee:

The Committee is responsible to determine on behalf of the Board and Shareholders, the Company's policy on specific remuneration packages for executive, pension rights and any compensation payment.

Remuneration Committee at **AVANCE** is constituted to determine the remuneration packages of Executive Directors, Senior Officials and other staff members.

While deciding on the remuneration of the key management personnel and Directors, Company takes into account the general market trend pertaining to the industry viz., the rules of the Company, the years of experience and contribution made by the respective directors.

One meeting of the Committee was held during the financial year under review.

Remuneration Policy

Remuneration Committee generally decides and makes recommendation to the Board of Directors about the remuneration to be paid to the Directors and other key managerial personnel of the company.

The committee's recommendations are subject to the approval of the members of the company.

The Remuneration policy is designed keeping in mind the statutory requirements as prescribed in Companies Act, 1956 and the Committee is responsible to ensure that the remuneration paid is within the prescribed limits. Further, the remuneration paid is aligned to the performance of the Company and reviewed from time to time.

4. RELATED PARTY TRANSACTION:

During the year under review, there were no related party transactions of the Company with its promoters, directors or the Management or their relatives and subsidiaries and associates.

5. 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 process being taken up by them.

6. COMPLIANCE WITH CORPORATE GOVERNANCE NORMS :

The Company has complied with the mandatory requirements of the Code of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchange. The Company has submitted the compliance reports in the prescribed format to the stock exchanges for the quarters ended 30th June 2010, 30th September 2010, 31st December 2010 and 31st March 2011 as stipulated in Clause 49 of the Listing Agreement entered into with the Stock Exchange.

7. DISCLOSURES:

There has not been any non-compliance by the Company and no penalties or strictures imposed by SEBI or Exchanges or any statutory authority on any matter relating to capital markets, during the last three years.

- **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.

- **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.

Proceeds from the Preferential Allotment

During the Financial Year ended 31st March, 2011, the Company raised an amount of Rs. 27,20,00,000 (25% Application money towards application for Convertible Equity Warrants as per SEBI (ICDR) Regulations, 2009).

The proceeds from the issue of the Shares issued on Preferential basis is being utilized to augment long term resources for funding requirements including but not limited to growth plans by through organic and in-organic options, meeting working capital requirements, Investments in existing and new businesses, development of Infrastructure and acquisitions.

8. MEANS OF COMMUNICATION:

The Company has promptly reported all material information including declaration of quarterly financial results, press releases, etc. to all Stock Exchanges where the securities of the Company are listed. The financial results quarterly, half yearly and annual results and other statutory information were communicated to the shareholders by way of an advertisement in a English newspaper viz. "Free Press Journal" and in a vernacular language newspaper viz. "Navshakti" as per the requirements of the Stock Exchanges.

Hard copies of the said disclosures and correspondences are also filed with the exchanges.

9. GENERAL SHAREHOLDERS INFORMATION:

As an Organization, we are conscious for investors and potential investors. The feedback from our investors has been very valuable to us for evolving and enhancing our communication. Based on such feedback, we have simplified the way we present our business plans and strategies. We have removed as far as possible, the technical jargons.

We are confident that these initiatives will go a long way in enhancing the Company's credibility in the shareholders eyes and strengthening our image as a progressive corporate, with high corporate ethics and value system.

Annual General Meeting scheduled to be held:

DATE : 30th September, 2011
DAY : Friday
TIME : 9.00 a.m.
VENUE : Regd. Office: Unit No 505, Midas Chambers, Off Link Road, Andheri (W),
 Mumbai – 400 053.

Financial Year : 1st April, 2010 to 31st March, 2011

Book Closure :

Register of Member & Share Transfer Books of the Company will remain closed from **19th Day of September, 2011 to 21st September, 2011**(both days inclusive).

Financial Calendar :

Financial Reporting for the year 2011-2012	Month of reporting
Unaudited Financial Result for the Quarter ending 30th June, 2011	Second week of Aug, 2011
Unaudited Financial Result for the Quarter ending 30th September, 2011	Second week of Nov, 2011
Unaudited Financial Result for the Quarter ending 31st December, 2011	Second week of Feb, 2012
Unaudited Financial Result for the Quarter ending 31st March, 2012	Second week of May, 2012

Listing on Stock Exchanges:

The Bombay Stock Exchange Limited

Stock Code, ISIN Number and Corporate Identity Number:

Bombay Stock Exchange Limited: 512149

ISIN Number: INE758A01049

CIN: L51900MH1985PLC035210

Registrar and Share Transfer Agent:**Purva Sharegistry India Pvt. Ltd.**

No. 9, Shivshakti Ind. Est, Ground floor,
J R Boricha Marg, Opp. Kastruba Hosp.,
Lower Parel, Mumbai- 400 011

Compliance Officer:**Mr. Deepak Goyal**

Chairman and Executive Director.

Addressing of Investor Grievances:

The Complaints can be addressed by the investors at the registered office address of the Company or may be directly forwarded to the Registrar and Share Transfer Agents viz, **Purva Sharegistry India Pvt. Ltd.**

General Body Meeting:

The Particulars of the last three Annual General Meeting of the Company held are as under:

Year	AGM/EGM	Location	Date	Time
2007-2008	AGM	A/704, 7 th Floor, Prime Rose, Lokhandwala Complex, Andheri (w), Mumbai - 400053	30/09/2008	9.30 A.M.
2008-2009	AGM	505, Midas Chambers, Off Link Road, Andheri (W) , Mumbai - 400053	21/07/2009	9.30 A.M.
2009-2010	AGM	505, Midas Chambers, Off Link Road, Andheri (W) , Mumbai - 400053	31/12/2010	9.30 A.M.

Special Resolutions passed in the previous three Annual General Meetings

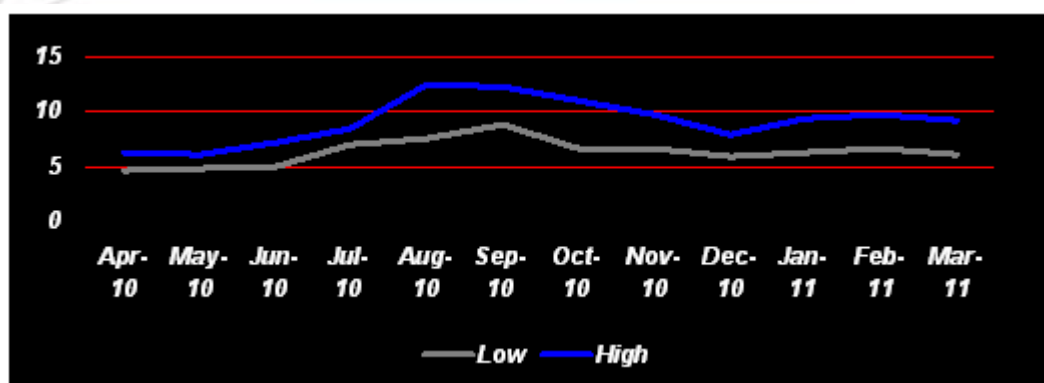
Year	Location
2009-2010	1. Consent of the members was accorded to the Board of Directors to make loans or give guarantee or provide securities upto an amount not exceeding 200,00,00,000/- as per the provisions of Section 372A of the Companies Act, 1956.2. Alteration of the Articles of Association of the Company by replacement of Article numbers 116 and 117 and granting authority to the Board to effect the said capitalization of Reserves from time to time.
2008-2009	No special resolution was passed
2007-2008	No special resolution was passed

Whether the special resolution was put through postal ballot last year, details of voting pattern:

No special resolution was passed through postal ballot process during the last year i.e 1st April, 2010 to 31st March, 2011.

Market Price Data for the period commencing from 1st April, 2010 to 31st March, 2011:

Month	Bombay Stock Exchange Limited	
	High(Rs.)	Low(Rs.)
April 2010	6.22	4.55
May 2010	6.05	4.75
June, 2010	7.07	4.85
July, 2010	8.45	6.88
August, 2010	12.44	7.55
September, 2010	12.18	8.75
October, 2010	11.00	6.59
November, 2010	9.75	6.52
December, 2010	7.80	5.93
January, 2011	9.41	6.28
February, 2011	9.68	6.62
March, 2011	9.20	6.09



Distribution of the Shareholding as on 31st March, 2011:

Shareholding of Nominal value of Rs.	In Rs.	% of Holding
Up to 5000	13523590	2.11
5001-10000	7392258	1.15
10001-20000	9051232	1.41
20001-30000	10168552	1.59
30001-40000	7972805	1.25
40001-50000	11318446	1.77
50001-100000	37261970	5.82
100001 & Above	543698647	84.90
Total	640387500	100.00

Dematerialization of Shares:

The International Securities Identification Number (ISIN) allotted to the Company is INE758A01049. The Equity Shares of your Company of your Company are traded in dematerialized form as mandated by the Securities and Exchange Board of India (SEBI). The Company has established connectivity with both, National Securities Depository Limited (NSDL) as well as the Central Depository Services (India) Limited (CDSL) for Demat facility. As on 31st March, 2011, 527600650 Equity Shares aggregating to 82.38% of the total Equity Capital was held in the Demat form with NSDL and CDSL.

Out of the total shares held in dematerialised form, 205713156 Equity Shares aggregating to 32.12% of the dematerialised shares were held with the National Securities Depository Limited (NSDL) and 321887494 Equity Shares aggregating to 50.27% of the dematerialised shares were held with the Central Depository Services (India) Limited (CDSL).

Physical and Demat Shares as on 31st March, 2011

Particulars	Shares	%
No. of Shares held by NSDL	205713156	32.12
No. of Shares held by CDSL	321887494	50.27
Physical Shares	112786850	17.61
Total	640387500	100.00

Shareholding Pattern as on 31st March, 2011:

Category	No. of Shares Held	% of Shareholding
(A) Promoter & Promoter Group		
(1) Indian		
(a) Individuals /HUF	1,51,50,167	2.37
Sub Total (A)(1)	1,51,50,167	2.37
(2) Foreign	0	0
Sub Total (A) (2)	0	0
Total shareholding of Prom. & Prom. Grp.(A)=(A)(1)+ (A)(2)	2,71,08,112	4.23
(B) Public Shareholding		
(1) Institutions		
Financial Institutions/ Banks	45,000	0.01
Foreign Institutional Investors	0	0
Sub Total (B)(1)	45,000	0.01
(2) Non-Institutions		
(a) Bodies Corporate	42,35,56,518	66.14
Individuals		
(b) (i) Individual holding nominal share capital < Rs1Lacs	8,65,17,704	13.51
(ii) Individual holding nominal share capital > Rs1Lacs	10,40,36,512	16.25
(c) Any other		
(i) Non-Resident Indians	7,40,940	0.12
(ii) Foreign Corporate Bodies	0	0
(ii) Trust	5,000	0.00
(ii) Hindu Undivided Family	89,61,815	1.40
(ii) Foreign Corporate Bodies	13,73,844	0.21
Total Public Shareholding (B)(2)	62,51,92,333	97.63
Total Public shareholding (B)=(B)(1)=(B)(2)	62,52,37,333	97.63
TOTAL (A+B)	64,03,87,500	100.00
(C) Shares held by Custodians and against which Depository Receipts have been issued		
Receipts have been issued	-	-
TOTAL (A+B+C)	64,03,87,500	100.00

Share Transfer System:

Securities lodged for transfer at the Registrar's office are normally processed within 30 days from the date of lodgment, if the documents are proper in all respect. All requests for dematerialization of securities are processed and the confirmation is given to the depositories within 21 days. Any queries in respect of share transfer and transmission are dealt with by the share transfer committee and the shareholder's grievances committee.

Nomination facility:

Individual shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in the case of death of the registered shareholder(s).

The prescribed nomination form will be sent by the share transfer agent of the company upon such request. Nomination facility for shares held in electronic form is also available with depository participant as per the bye-laws and business rules applicable to NSDL and CDSL.

10. ADOPTION OF NON- MANDATORY REQUIREMENTS OF CLAUSE 49 OF THE LISTING AGREEMENT.

The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement and every effort has been made to comply with the non- mandatory requirements of the Clause, the details of which are mentioned hereunder:

Whistle Blower Policy:

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism of reporting illegal or unethical behaviour. The Company has a Whistle Blower Policy wherein the employees are free to report violations of laws, rules, regulations or unethical conduct to their immediate superior or such other person as may be notified by the management to the work groups. The **confidentiality of those reporting violations is maintained and they are not subjected to any discriminatory practice.**

Training of the Board Members

New Directors appointed by the Board are given formal induction and orientation with respect to the Company's vision, strategic direction and core values including ethics, corporate governance practices, financial matters and business operations. Periodic presentations are made at the Board and Committee Meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved.

Meetings of Independent Directors

The Independent Directors of the Company meet from time to time as they deem appropriate without the presence of the Executive Directors or Management Personnel. These meetings are conducted in an informal and flexible manner to enable the Independent Directors to discuss the matters pertaining to the affairs of the Company and put forth their views to the Lead Independent Director. The Lead Independent Director takes appropriate steps to present such views to the Managing Director.

For Avance Technologies Limited**Sd/-
Deepak Goyal
(Director)****Place : Mumbai****Date : 2nd September, 2011**

DIRECTORS' CERTIFICATION ON FINANCIAL STATEMENTS

I hereby certify that;

- a. I have reviewed the financial statements and the cash flow statements for the year ended 31st March, 2011 and to the best of my knowledge and belief:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or nor contain statements that might be misleading.
 - (ii) These statements together present a true and fair view of Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- b. To the best of my knowledge and belief, there were no transactions entered into by the Company during the ended 31st March, 2011 which are fraudulent, illegal or violative of the Company's code of conduct.
- c. I accept the responsibility for establishing and maintaining the internal controls for financial reporting of the Company. I hereby certify that I have evaluated the effectiveness of the internal control systems of the Company pertaining to the financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operations of such internal controls, if any, of which the Board is aware and steps have been taken to rectify these deficiencies.
- d. I have indicated to the auditors:
 - (i) Significant change in internal controls over financial reporting during the year ended 31st March, 2011.
 - (ii) Significant change in accounting Policies during the year ended 31st March, 2011 and that the same have been disclosed in the notes to financial statement; and
 - (iii) Instances of significant fraud, if any, which the Board became aware of, and involvement therein, if any, of the management or an employee having a significant role in Company's internal control system over financial reporting.

For Avance Technologies Limited

Place : Mumbai
Date : 2nd September, 2011

Sd/-
Deepak Goyal
(Director)

CERTIFICATION ON CORPORATE GOVERNANCE

To,
**The Members of,
Avance Technologies Limited**

We have examined the compliance of conditions of Corporate Governance by **Avance Technologies Limited**, for the year ended 31st March, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with Bombay Stock Exchange Limited (BSE). We have obtained all the information and explanations, which to the best of our knowledge and believe were necessary for the purpose of certification.

The compliance of the 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 the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

On the basis of our examination of the records produced, explanations and information furnished, we certify that the Company has generally complied with the mandatory conditions of the said Clause 49 of the Listing Agreement.

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

For **Ramesh Batham And Co.**
Chartered Accountants

Place : Mumbai
Date : 2nd September, 2011

Sd/-
Ramesh Batham
Proprietor
Membership No.114178
Firm Reg. No. 123638W

MANAGEMENT DISCUSSION AND ANALYSIS

Industry structure and developments :

Poised to become a US\$ 225 billion industry by 2020, the Indian information technology (IT) industry has played a key role in putting India on the global map. The IT sector has become one of the most significant growth catalysts for the Indian economy. In addition to fuelling India's economy, this industry is also positively influencing the lives of its people through an active direct and indirect contribution to various socio-economic parameters such as employment, standard of living and diversity.

The Indian telecom sector continues to grow at a rapid pace. With the addition of 20.21 million new subscribers in March 2011, India's total mobile phone subscribers touched 811.59 million towards the end of the month, according to the Telecom Regulatory Authority of India (TRAI). India is the fastest-growing wireless phone market in the world, and the second in terms of numbers after China.

The mobile VAS market in India has really taken off in the last few years. The launch of pocket-friendly Android based Smartphones is helping the cause of VAS services and the launch of 3G is now expected to give the Indian Mobile VAS market a huge boost. The mobile VAS market in India has the potential to generate Rs 55,000 crores by 2015 as reported by PwC.

Mobile Value Added Services (MVAS)

Value-added services are enhanced services, in the nature of non-core services, which add value to the basic teleservices and bearer services – the core services being standard voice calls, voice/non-voice messages, fax transmission, and data transmission. VAS services are provided either directly by telecom operators or by third-party content aggregators/enablers, generally known as VAS providers.

Enabled by 3G / 4G technologies and driven by the commoditization of voice coupled with falling ARPUs, the industry today potentially stands on the cusp of another revolution called Mobile Value Added Services (MVAS). The industry is looking at various means to use MVAS as a growth driver and simultaneously as a key differentiator. The focus of the industry, so far, has been music, entertainment, gaming and other similar services, but MVAS has huge potential to be used in areas which help bridge the digital divide and foster inclusive growth.

In India, these services are referred to as Utility MVAS. Poised for rapid economic growth, India continues to lag behind on key development indicators such as basic health and education facilities. In order to promote and expedite inclusive growth, India

Opportunities and Threats :**Opportunity:**

- India is widely recognized as the premier destination for offshore technology services. According to the NASSCOM Strategic Review 2010, IT services exports (excluding exports relating to business process outsourcing (BPO), hardware, engineering design and product development) from India are estimated to grow by 5.8% in fiscal 2010, to record revenues of US \$27.3 billion. This review also estimates BPO exports from India to have grown by 6% in fiscal 2010 to record revenues of US \$12.4 billion. There are several key factors contributing to the growth of IT and IT-enabled services (ITES) in India and by Indian companies. Some of these factors are high-quality delivery, significant cost benefits and abundant skilled resources.
- Among the factors that will affect future growth, is rising demand for regional and multi-lingual content; medical advice VAS; video calling and m-commerce leaving a large scope of growth.
- Availability of Smart phones.
- Innovative offerings.
- 3G rollout.

Threats:

- Lack of data security systems,
- IT development concentrated in a few cities only.
- Revenue Sharing.
- Consumer education and awareness.
- The adoption rates are expected to remain low for M-commerce.

Outlook :

The Indian information technology sector continues to be one of the sunshine sectors of the Indian economy showing rapid growth and promise.

AVANCE is a pioneer in white-labelled, Value Added Products and Services [VAS] for mobile, landline and media service providers. We deliver our products by the best combination of a hosted Cloud with on-site operations at the customer premises or through products deployed in customer networks.

Risks And Concerns:

The Company is operating in an extremely competitive environment. As it is expanding rapidly, it is poised to exploit several new opportunities. These include the development of innovative revenue generating products as well as joint revenue and product planning and service deployments with customers involving complex hardware systems and software applications deeply embedded within the carrier's network infrastructure.

The Company ensures that the risks it undertakes are commensurate with better returns. Through strategic focus, forward thinking and contingency planning, the Company has devised a framework to mitigate risks involved in all corporate activities in order to maximize opportunities and minimize adversities.

The Company operates in a highly competitive market. As new entrants emerge in the industry due to the opportunities available and as existing competitors seek to expand their services, the competition would intensify further. Competitors in the future may include other content aggregators and wireless software companies from India and abroad.

Internal Control Systems And Their Adequacy :

Internal controls help safeguard funds, provide efficient and effective management of assets and ensure accurate financial reporting. The prime purposes are to protect firm's resources against mismanagement or fraud, to ensure whether the company's activities are in accordance with laws and regulations, and above all, to develop consistent financial as well as managerial data in order to present them timely. In short, the activities that are covered in the implementation of a good corporate internal control are overseeing activities in connection with authorizations and reconciliations, reviewing of employee performance, security of assets, and segregation of duties.

Discussion On Financial Performance With Respect To Operational Performance

During the year under the review i.e. March 31, 2011 the Company has achieved a total income aggregating to Rs. 18402.39 lacs as compared to Rs. 7566.20 lacs in the previous financial year ended March 31, 2010, an increase of 58% as compared to the previous year. This achievement is a result of extensive efforts put in by the management for growing revenue, improving gross margins and generating efficiencies through increased productivity and leveraging scale.

Further the company posted a net profit of Rs. 10.62 lacs for the financial year ended March 31, 2011 which is slightly less as compared to that earned during the year ended March 31, 2010. The decrease in the amount of Net Profit can be attributed to the mounting direct expenses incurred by Company. Further after making the necessary provisions for tax, the Company's net profit stands at Rs. 4.59 lacs.

With the anticipated revival of the economy, your Directors are hopeful of better performance in the future years.

Training And Human Resources Management

Morale of our professionals continued to be high. **AVANCE** continued to put concerted efforts in recruiting, training & deploying the best of human resources. Many Training programs were conducted during the year to upgrade knowledge, skills and attitude of our professionals.

The focus areas for 2010-11 for the Human Resources department have been Performance Management and Employees Learning and Development. Performance Management processes were refined and new tool implemented to standardize performance management across the Company.

Futuristic Statement

Statements in this management discussion and analysis describing the company's objection, projections, estimates and expectations may be "forward looking statement" within the meaning of applicable laws and regulations. Actual results may differ substantially or materially from those expressed or implied. Important developments that could affect the company's operations include Government regulations, litigation, tax laws and significant changes in the political and economic environment in India.

AUDITOR'S REPORT

To
The Shareholders of
Avance Technologies Limited

1. We have audited the attached Balance Sheet of **Avance Technologies Limited** as at 31st March 2011 and also the Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluation the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Audit Report) order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks of books and records of the Company as were considered appropriate and the information and explanations given to us during the course of our audit, we enclosed in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief necessary for the purposes of our audit;
 - ii. 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.
 - iii. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts.
 - iv. In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

- v. On the basis of written representations received from the directors, as on 31st March 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with notes give the information required by the Companies Act, 1956, in the manner so required and subject to Note No.2, 4,,8 & 9 read with Significant Accounting Policies included therein, give a true and fair view in conformity with the accounting principles generally accepted in India.
- In case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2011
 - In the case of the Profit and Loss Account, of the Company, of the profit for the year ended on that date.
- And
- In case of the Cash Flow Statement of the company , of the cash flows for the year ended on that date.

For Ramesh Batham And Co.
Chartered Accountants

Sd/-
Ramesh Batham
Proprietor
Firm Reg. No 123638W
M.No.114178

Place : Mumbai
Date : 2nd September 2011

Annexure To The Auditors' Report

Re:- Avance Technologies Limited - F.Y. 2010-11
Referred to in paragraph 3 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) Based on our scrutiny of the records of the company and the information and explanation received by us, we report that there was no sale of fixed assets. Hence, the question of reporting whether the sale of any substantial part of fixed assets has affected the going concern of the company does not arise.

(ii) Inventories

- (a) The Inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (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. Hence, the question of reporting whether the terms and conditions of such loans are prejudicial to the interest of the Company, whether reasonable steps for the recovery / repayment of over dues of such loans are taken does not arise.

(iv) Internal Control

In our opinion and according to the information and explanations given to us, there are 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 explanations given to us, there is no 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

In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. However, Inter corporate Loan outstanding to the extent of Rs.3,90,00,000/-.

(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) According to the records of the Company, undisputed statutory dues including provident fund, sales tax, custom duty, excise duty, cess and other statutory dues have been generally deposited with the appropriate authorities, except Income Tax Rs.12,32,573/- for A.Y.2010-2011, Rs.2,38,062/- for A.Y.2008-2009.

- (b) According to the information and explanation given to us details of disputed Income tax which have not been deposited as on 31st March, 2011 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, 2011.

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 Tribunal and CIT Appeal
Income Tax	U/s 143 (3)	1,94,905/-	A.Y.2002-03	I.T Tribunal
Income Tax	Demand	20,000/-	A.Y.2002-03	I.T.O
Income Tax	U/s 271(1)(c)	47,56,416/-	A.Y.2002-03	CIT Appeal
Income Tax	Proceeding U/s 271(1)	6,47,978/-	A.Y.2006-07	I.T Tribunal
Income Tax	Proceeding U/s 271(1)(c)	2,33,521/-	A.Y.2003-04	I.T Tribunal
Income Tax		1,00,083/-	A.Y.2003-04	
Income Tax	U/s 221	93,098/-	A.Y.2009-10	I.T.Tribunal

(x) Sick Industry

The Company has No accumulated losses and has not incurred any cash losses during the financial year 2010-2011, covered by audit. Further, the Company has no cash losses in the immediately preceding financial year.

(xi) Dues To Financial Institutions

Based on our audit procedures performed and on the information and explanation given by the management, the Company has yet to complete the processor and release the charge of bank with ROC for the securities offered to Allahabad bank for loan amount of Rs. 1,66,97,612/-As informed by management, bank has agreed for one time settlement.

Further, The Company has neither taken any loans from debenture holder hence no question of reporting arises to that extent.

(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 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. No long-term funds have been used to finance short-term assets except permanent working capital.

(xviii) Public Issue/Preferential Issue/Debentures

The Company has not raised any money by public issue/debenture during the year. However, during the year the Company has come up with a offer of preferential allotment of Convertible Equity Warrants for which the Company has accepted application money to the extent of Rs.63,78,50,000/- from various parties.

2010-2011

AVANCE TECHNOLOGIES LIMITED

(xix) 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 And Co.
Chartered Accountants

Sd/-

Ramesh Batham

Proprietor

Firm Reg. No 123638W

M.No.114178

Place : Mumbai

Date : 2nd September, 2011

Balance Sheet as on 31st March, 2011

	Schedule	As at 31st March,11	As at 31st March,10
Sources Of Funds			
Shareholders Fund			
Share Capital	A	640,387,500	640,387,500
Reserve & Surplus	B	1,004,251,554	1,003,793,034
Application Money-Convertible Equity Warrants		637,850,000	-
Loan Funds			
Secured Loans	C	16,697,612	16,697,612
Unsecured Loans	D	39,000,000	2,000,000
Differred Tax Liability		937,910	1,020,872
	TOTAL	2,339,124,576	1,663,899,018
Application of Funds			
Fixes Assets			
Gross Block	E	34,085,959	34,085,959
Less:-Depreciation		30,721,482	29,991,255
Net Block		3,364,477	4,094,704
Investments			
	F	2,117,869,023	476,090,248
Current Assets Loans & Advances			
Cash & Bank Balance	G	103,116,534	5,010,081
Loans & advances	G	263,499,193	1,182,787,061
Sundry Debtors	G	732,119,703	197,992,504
Inventories		180,763,447	125,892,365
Total (A)		1,279,498,877	1,511,682,010
Less: Current Liabilities & Provisions	H		
Current Liabilities		1,058,257,139	325,340,512
Provisions		3,413,816	2,722,163
Total (B)		1,061,670,955	328,062,675
Net Current Assets (A-B)		217,827,921	1,183,619,335
Misc. Expenditure			
Preliminary Expenses (To the extend not Written off)		63,154	94,731
	TOTAL	2,339,124,576	1,663,899,018
		(0.48)	0.43

For Ramesh Batham & Co.
Chartered Accountants

Sd/-
Ramesh Batham
Proprieter
Ramesh Batham
M.No.114178

Place : Mumbai
Dated : 2nd September, 2011

For & on behalf of the Board of
Avance Technologies Limited

Sd/-
Director
Srikrishna Bhamidipati

Sd/-
Director
Bimal Kamdar

Profit & Loss Accounts

	Schedule	For the Year ended 31st March,11	For the Year ended 31st March,10
Income			
Sales	I	1,764,174,050	727,716,124
Other Income	J	21,194,661	1,801,788
Increase/Decrease In Stock	K	54,871,082	27,102,841
Total		1,840,239,793	756,620,753
Expenditure			
Purchases		1,815,792,338	748,047,896
Employees Remuneration/Cost		657,169	486,257
Administrative Exp.	L	21,924,567	3,112,057
Selling Expenses	M	48,161	44,710
Financial Expenses	N	24,616	21,208
Depreciation	E	730,226	730,226
		1,839,177,077	752,442,354
Profit/ (loss)		1,062,716	4,178,399
Total		1,840,239,793	756,620,753
Profit/(Loss) before Tax		1,062,716	4,178,399
Provision for FBT		-	-
Provision for Income Tax		687,158	1,313,426
Income Tax Paid		-	484,043
Provision for Differed Tax		(82,962)	109,455
Profit/ (Loss) after Tax		458,520	2,271,475
Balance B/F from Previous Year		3,793,034	60,218,809
Less : Reserve used for issue of bonus shares		-	58,697,250
Balance b/f		3,793,034	1,521,559
Balance carried to Balance Sheet		4,251,554	3,793,034
Profit Considered for arriveing at EPS		458,520	2,271,475
Earning per Share (Basic)		0.003	0.003
Earning per Share (Diluted)		0.003	0.013
Number of Sahares used in computing			
- Earning per Share (Basic)		640,387,500	640,387,500
- Earning per Share (Diluted)		640,387,500	176,922,993

For Ramesh Batham & Co.
Chartered Accountants

Sd/-
Ramesh Batham
Proprieter
Ramesh Batham
M.No.114178

Place : Mumbai
Dated : 2nd September, 2011

For & on behalf of the Board of
Avance Technologies Limited

Sd/-
Director
Srikrishna Bhamidipati

Sd/-
Director
Bimal Kamdar

	As at 31st March,11	As at 31st March,10
Scheduled - A		
Share Capital		
Authorised Share Capital		
65,00,00,000 Nos of Equity Shares of Re.1/- (Previous Year 65,00,00,000 Nos of Equity Shares of Rs.1/-) each.	650,000,000	650,000,000
Issued, Subscribed & Paid-Up		
640387500 Nos. of Equity Shares of Re.1/-each. fully paid up	640,387,500	640,387,500
(Previous Year 640387500 Nos. of Equity Shares of Rs.1/- each) (Out of the above 19,23,10,000 Nos equity shares , each of Re 1/- fully paid, Issued as bonus shares by capitalization of Share Premium, General Reserve and Profit and Loss Surplus Account (Previous year - 19,23,10,000 Nos)	640,387,500	640,387,500
Schedule- B		
Reserve & Surpluse		
Share Premium (Ref.11 Note)		
Opening Balance B/f	1,000,000,000	103,600,750
Add : Premium on conversion of convertible equity warrants	-	1,000,000,000
	1,000,000,000	1,103,600,750
Less : Utilized for issue of bonus shares	-	103,600,750
Balance C/f	1,000,000,000	1,000,000,000
General Reserve		
Opening Balance B/f	-	30,012,000
Less : Utilized for issue of bonus shares	-	30,012,000
Balance C/f	-	-
Brought from P & L A/c	4,251,554	3,793,034
	1,004,251,554	1,003,793,034

	As at 31st March,11	As at 31st March,10
Schedule- C :		
<u>Secured Loans</u>		
Allahabad Bank, C C Account (Secured against Hypothecation of charges on entire stocks/ book debts and other current assets of the company both current and future along with colletral security of the equitable mortgage of plot of land with building situated at belapur, navi mumbai and personal guarantee of all directors) (See Note - 2)	16,697,612	16,697,612
	16,697,612	16,697,612
Schedule- D :		
<u>Unsecured Loans</u>		
From Companies (ICD)	39,000,000	2,000,000
	39,000,000	2,000,000
Schedule - G :		
<u>Debtors</u>		
(Unsecured and Considred Good, Unless otherwise Stated)		
Over Six Month (Considered Good)	56,786,917	129,582,674
Other (Considred Good)	675,332,786	68,409,830
	732,119,703	197,992,504
Cash & Bank Balance		
Cash in Hand	1,805	122,026
Balance With Banks		
In Current Account	103,114,728	4,888,055
	103,116,534	5,010,081
Schedule- G :		
<u>Loans & Advances :</u>		
For MSEB	109,140	109,140
	109,140	109,140
<u>Other Current Assets</u>		
Advance Income Tax & TDS	866,778	574,624
Advance For Investment and Other	261,224,927	1,179,406,947
VAT Credit Available	1,298,348	1,196,350
Share Application		1,500,000
	263,390,053	1,182,677,921
	263,499,193	1,182,787,061

Schedule "E" Fixed Assets

Block NO.	Description Of Assets	Gross Block				Depreciation				Net Block	
		As on 1/4/2010	Addition	Deduction	As on 31/3/2011	As on 1/4/2010	For the Year	Deduction	As on 31/3/2011	As on 31/3/2011	As On 31/3/2010
1	Air Conditioner	90,000	-	-	90,000	46,440	4,275	-	50,715	39,285	43,560
2	Furniture & Fixture	1,221,601	-	-	1,221,601	1,221,601	-	-	1,221,601	-	-
3	Computer	31,524,711	-	-	31,524,711	28,454,710	688,048	-	29,142,758	2,381,953	3,070,001
4	Vehicals	373,283	-	-	373,283	252,023	35,462	-	287,485	85,798	121,260
5	Office Equipment	51,397	-	-	51,397	16,481	2,441	-	18,922	32,475	34,916
6	Kodak Camera	505,378	-	-	505,378	-	-	-	-	505,378	505,378
7	Computer Equipment	291,939	-	-	291,939	-	-	-	-	291,939	291,939
8	Lamination Machine	27,650	-	-	27,650	-	-	-	-	27,650	27,650
	Total RS.	34,085,959	-	-	34,085,959	29,991,255	730,226	-	30,721,482	3,364,477	4,094,704
	Previous Year RS.	34,085,959	-	-	34,085,959	29,261,029	730,226	-	29,991,255	4,094,704	

Schedules Forming Part of the Balance Sheet AS on 31st March, 2011

Particular	Current Year 2010-11		Previous Year 2009-10	
	No. of Shares	Amount	No. of Shares	Amount
Schedule F				
Investment (At Cost)				
Long Term Investments :				
(A) In Shares (Quoted)				
BSEL Information Systems Ltd.	-	-	1,100,420	20,151,074
Hitech Entertainment Ltd.	-	-	195,515	3,783,993
Yogi Sung Won (India) Ltd.	-	-	135,024	328,511
Madhya Pradesh Gylchem Inds. Ltd.	-	-	800,000	8,000,000
Available Finance Ltd.	-	-	250,000	2,500,000
G-Tech Info Training Ltd	95,500	675,798		
Interworld Digital Ltd	76,300	223,461		
Prabhav Industries Ltd	2,000	241,405		
Prraneta Industries Limited	9,815,455	580,089,577	594,075	19,015,670
Shri Ganesh Spinners Ltd	2,833,194	98,428,964		
Allied Computers International Ltd	4,450,000	44,500,000		
Emporis Project Limited	3,528,400	236,291,000		
(Market Value As on 31.03.2011 Rs 11403.27 Lacs. (Previous Yr Rs.486.03lacs)		74,959,000		
Application Money				
Total ' A '	20,800,849	1,035,409,205	3,075,034	53,779,248
(B) In Shares (Unquoted)				
Investments in Shares	-	1,082,459,818	4,859,550	422,311,000
Total ' B '	-	1,082,459,818	4,859,550	422,311,000
Total ' A ' + ' B '	20,800,849	2,117,869,023	7,934,584	476,090,248

	As at 31st March,11	As at 31st March,10
Schedule- H :		
<u>Current Liabilities & Provision</u>		
<u>Provision</u>		
Provision for Taxation Ass Yr 2003-04	259,924	259,924
Provision for FBT - Ass Yr 2006-07	1,322	12,054
Provision for FBT - Ass Yr 2007-08	12,197	12,197
Provision for FBT - Ass Yr 2008-09	8,787	8,787
Provision for FBT - Ass Yr 2009-10	6,513	6,513
Provison for Income Tax Ass Yr.2006-07	4,452	4,452
Provison for Income Tax Ass Yr.2008-09	3,792	3,792
Provison for Income Tax Ass Yr.2009-10	695,577	695,577
Provison for Income Tax Ass Yr.2010-11	1,313,426	1,313,426
Provison for Income Tax Ass Yr.2011-12	687,158	-
Tds Payable on Contractor	13,957	13,957
Service tax payable	344,483	329,256
Professional Tax Payable	26,715	26,715
Vat Payable	35,513	35,513
	3,413,816	2,722,163

Current Liabilities:

Trade Advances Received	142,800,000	47382261
Directors Current Account	-	388700
Sundry Creditors	914,207,139	273524551
Preferential FCD - Application Money	-	2,795,000
Preferential Convertible Warrants Application Money	1,250,000	1,250,000
	1,058,257,139	325,340,512
	1,061,670,955	329,083,547

Schedule- I :**Sales**

Software Sales	1,408,668,737	513298940
Mobile SMS Services	376,160	
Hardware Sales	355,129,153	214,417,184
	1,764,174,050	727,716,124

Schedule-J:**Other Income:**

Service Charges Received	-	1,047,627
Profit on Sales of Investment	16,741,350	-
Dividend Received	119,324	-
Interest Received	2,362,452	-
Other Income	1,971,535	754,161
	21,194,661	1,801,788

Schedule L :**Administrative & Selling Expenses :-**

Auditors Remuneration	25,000	19,500
Communication Expenses	10,434	16,170
Courier Charges	-	27,461
Loss on sales of investments and Expenses	17,954,591	29,653
Order Cancellation Charges	-	843,000
Electricity Charges	7,520	27,321
Listing Fees and MCA Fees	3,341,362	1,674,332
Printing & Stationery	28,091	34,869
Professional Fees & Legal Charges	50,000	79,545
Conveyance Expenses	2,397	-
Repair Maintenance	-	4,750
Rent, Rates and Taxes	42,614	263,603
Office Expenses	2,900	16,800
Bad Debts and Sundry Balance W\O	363,362	-
Staff Welfare	36,454	-
Share Issue Expenses W/o	31,577	31,577
Legal Advertisement	28,265	26,705
Vehical Expenses	-	16,771
	21,924,567	3,112,057

Schedule- M :

Travelling Expenses	48,161	34,578
Meeting & Conference Expenses	-	10,132
	48,161	44,710

Schedule-N :

Bank Charges	24,616	21,208
	24,616	21,208

Schedule - K

Inventories

Particulars	Current Year 2010-2011		Previous Year 2009-2010	
	Quantity (Units)	Amount Rupees	Quantity (Units)	Amount Rupees
<u>Stock of Software</u>				
Opening Stock	874	99,327,125	1,041	98,204,696
Add : Purchases	85,684	1,462,729,305	2,900	349,030,156
Service Charges	-	-	-	-
Less : Sale	69,010	1,408,668,737	3,067	351,243,331
Closing Stock	17,548	155,440,870	874	99,327,125
<u>Stock of Hardware</u>				
Opening Stock	106	26,565,240	77	584,828
Add : Purchases	14,726	352,790,557	2,860	244,978,193.00
Less : Sale	11,049	355,129,153	2,831	212,487,414.00
Closing Stock	3,783	25,322,577	106	26,565,240
Grand Total		180,763,447		125,892,365
Less Closing Stock of Previous Year		125,892,365		98,789,524
Net Increase/Decrease in Stock		54,871,082		27,102,841

Schedules forming part of balance sheet as at 31st march 2011 & profit and loss account for the year ending 31st March 2011.

Schedule: "O "
Notes to the Accounts

1. Significant Accounting Policies

a. Basis for Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles, Accounting Standards issued by The Institute of Chartered Accountants of India and the provisions of The Companies Act 1956, as adopted consistently by the Company. All income and expenditure having a material bearing on the financial statements are recognized on accrual basis.

b. Revenue Recognition

Revenue from the sale of software products is recognized as and when the bill has been raised. Sale of Trading items are recognized as and when delivery made and raising of invoice to the parties and Service Income is recognized on raising bills on completion of services. Revenue from sales of share is recognized on the date of transaction take place.

c. Expenditure

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

d. Inventory

Inventories are valued at cost or estimated 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 and work in Progress include costs of conversion and other costs incurred in bringing the inventories to their present location and condition as certified by the management.

e. Fixed Assets

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

f. Depreciation

Depreciation on fixed assets has been provided using the straight-line method as per the Companies Act, 1956. Depreciation is charged on pro-rata basis for assets purchased/sold during the year.

g. 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.

h. 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.

i. Retirement Benefits

Contribution to defined contribution schemes such as Provident Fund is charged to profit and loss account as incurred. The Company does not provide for any post retirement benefits.

j. Taxation

Income-tax expense, 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 taking credit 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 reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain to be realized.

k. Earnings per share ('EPS')

Basic EPS is computed using the weighted average number of equity shares outstanding during the year. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the period except where the results would be anti-dilutive.

l. Provisions and Contingent Liabilities

The Company recognizes a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for contingent liabilities made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure as specified in Accounting Standard 29-'Provisions, Contingent Liabilities and Contingent Assets' is made.

m. Cash Flow Statement

Cash Flow Statement has been prepared in accordance with the Accounting standard Issued by Institute of Chartered Accounts of India on indirect method.

n. Service Tax

Input Credit on Service Receipt has been utilized for payment of Service Tax on output Services.

2. Secured Loan from Bank

The outstanding amount due to Allahabad Bank is Rs.1,66,97,612 /-(Previous Year Rs.1,66,97,612/- no provision for interest is made (Previous Year Rs. Nil) up to 31st March 2011. The Company's proposal for one time settlement has been in principal accepted by ARCIL.

3. Previous year's figures

The Previous year's figures have been recast/restated, wherever necessary to confirm to current year classification.

4. Loans & Advances

Advances recoverable in cash, kind or value to be received are primarily towards prepayments for value to be received and same has been confirmed by the management.

5. Earnings and Expenditure in Foreign Currency

	<u>2010-11</u>	<u>2009-10</u>
Earning in foreign currency	NIL	NIL
Expenditure in foreign currency	NIL	NIL

6. Auditors Remuneration

Audit Fees	12,500	9,000
Tax Audit Fees	10,000	7,500
Other Services	2,500	2,500

7. Related Party Disclosure

As per Accounting Standard-18 "Related party Disclosures" comes into effect in respect of accounting periods commencing on or after 01.04.2002, According to the information and explanations given to us, there is no transaction made during the year with related parties into the Company.

8. Sundry Debtors, Creditors, Loans & Advances and bank balances are stated as appear in the books of accounts in the ordinary course of business. The balances are un-confirmed and are subject to confirmation from the party/Bank.

9. Investments in unquoted shares are subject to physical verification. The market value of unquoted shares is not ascertainable.

10. As per Accounting Standard 17 issued by the Institute of Chartered Accountants of India regarding Segmental Reporting, we state that the same is not significant compared to the turnover of main activity. Hence same is not reported.

11. Unsecured Loan Rs.3,90,00,000/- (Previous Year Rs.20, 00,000/-) is interest free loan.

12. **Micro, Small and Medium Enterprises:-**

There are no Micro, Small & Medium Enterprises in respect of whom the company's dues are outstanding for more than 45 days as at the balance sheet date.

13. **Quantitative Particulars:-**

a) **Capacities:-**

License Capacity - not Applicable

Install Capacity - not Applicable

b) **Quantity Details of Purchase, Turnover, and Stock (Trading)**

Particulars	Current Year 2010-2011		Previous Year 2009-2010	
	Quantity (Units)	Amount Rupees	Quantity (Units)	Amount Rupees
<u>Stock of Software</u>				
Opening Stock	874	99,327,125	1,041	98,204,696
Add : Purchases	85,684	1,46,27,29,305	2,900	349,030,156
Service Charges	-	-	-	-
Less : Sale	69,010	1,40,86,68,737	3,067	351,243,331
Closing Stock	7,548	15,54,40,870	874	99,327,125
<u>Stock of Hardware</u>				
Opening Stock	106	26,565,240	77	584,828
Add : Purchases	14,726	35,27,90,557	2,860	244,978,193
Less : Sale	11,049	35,51,29,153	2,831	212,487,414
Closing Stock	3,783	2,53,22,577	106	26,565,240
Grand Total		1,80,76,34,47		125,892,365

14. Contingents Liability Not Provided For :-

Matter under dispute-

Income Tax (Company is in Appeal) Rs.2,33,73,358/-(Previous Year Rs.83,78,848/-) As per our Report of Even Date Attached

For Ramesh Batham and Co.
Chartered accountants

Sd/-
Ramesh Batham
Proprietor
Firm Reg. No 123638W
M.No.114178

Place : Mumbai

Date : 2nd September, 2011

Cash Flow Statement for the year ended on 31st March, 2011

Particulars	As At	
	31st March, 2011	31st March, 2010
A. Cash Flow From Operating Activities		
1 Net Profit (including cap.reserves)	458,520	2,271,475
Deferred Revenue expenses	31,577	31,577
Depreciation	730,226	730,226
Operating Profits before working capital changes	A 1,220,323	3,033,278
Adjustments for:-		
Loans & Advances	919,287,865	(1,141,706,962)
Current liabilities and provisions	733,525,319	(300,745,488)
Sundry Debtors	(534,127,197)	359,124,709
Inventories	(54,871,082)	(27,102,841)
Change in Working Capital	B 1,063,814,905	(1,110,430,582)
2 Cash Flow from Investment Activities		
Sale/(Purchase)of investment	(1,641,778,775)	(282,840,670)
Sale/(Purchase)of Fixed assets	-	-
Net cash from investing activities:	C (1,641,778,775)	(282,840,670)
3 Cash Flow From Financing Activities		
Share allotment + Premium+Share Application Money)	637,850,000	1,400,000,000
Secured Loan received/(Repaid)	-	(5,600,000)
Unsecured Loan (Repaid)/Received	37,000,000	-
cash flow from financial Activities	D 674,850,000	1,394,400,000
Net increase in cash & cash equivalent: C+(D+B+A)	98,106,453	4,162,025
Opening cash & cash equivalent	5,010,081	848,056
Closing cash & cash equivalent	103,116,534	5,010,081

For Ramesh Batham & Co.
Chartered Accountants

Sd/-
Ramesh Batham
Proprieter
Ramesh Batham
M.No.114178

Place : Mumbai
Dated : 2nd September, 2011

For & on behalf of the Board of
Avance Technologies Limited

Sd/-
Director
Srikrishna Bhamidipati

Sd/-
Director
Bimal Kamdar

Additional Information as required under Part IV of Schedule VI to the Companies Act '1956

BALANCE SHEET ABSTRACT AND COMPANY'S BUSINESS PROFILE

I	Registration Details	L 51900 MH 1985 PLC 035210	State Code	11
	Balance Sheet Date	31st March, 2011		
II	Capital raised during the year (Amount in Rupees Thousand)			
	Public Issue	NIL	Right Issue\Conversion of Warrants	-
	Bonus Issue	NIL	Private Placement	NIL
III	Position of Mobilisation and Development of funds: (Amount in Rupees Thousand)			
	Total Liabilities	2,339,125	Total Asstes	2,339,125
	Sources of Funds			
	Paid up Capital	640,388	Reserves & Surplus	1,004,252
	Secured Loans	16,698	Unsecured Loans	39,000
	Application of Funds			
	Net Fixed Assets	3,364	Investments	2,117,869
	Net Current Assets	217,828	Misc. Expenditure	63
IV	Performance of Company			
	Turnover	1,764,174	Total Expenditure	1,839,177
	Profit/Loss (Before Tax)	1,063	Profit/Loss (After Tax)	459
	Earning per Share In Rs.	0.00	Dividend Rate (%)	-
V	Generic Names of One Principal Product/Services of the Company (As per Monetary terms)			
	Item Code No.	N.A.	ProductDescription	N.A.

AVANCE TECHNOLOGIES LIMITED

Regd. Off.: #505, Midas chambers, Off link road, Andheri (West), Mumbai-400 053.

ATTENDANCE SLIP

Annual General Meeting

Day: Friday, 30th September, 2011 at 9.30 A.M.

Regd. Folio No. : _____ No. of Shares : _____

Client ID* : _____ DP ID No. : _____

Name of the member/Proxy: _____

I state that I am a member/proxy for the member of the Company. I hereby record my presence at the Annual General Meeting at #505, Midas chambers, Off link road, Andheri (West), Mumbai-400 053

Signature of Attending Member/Proxy

*Applicable for investors holding shares in Electronic Form.

Note: Please complete and sign this Attendance Slip and hand it over at the entrance.

AVANCE TECHNOLOGIES LIMITED

Regd. Off.: #505, Midas chambers, Off link road, Andheri (West), Mumbai-400 053.

PROXY FORM

Annual General Meeting

Day: Friday, 30th September, 2011 at 9.30 A.M.

Regd. Folio No. : _____ No. of Shares : _____

Client ID* : _____ DP ID No. : _____

I/We, _____ of _____ being the member(s) of **Avance Technologies Limited** hereby appoint _____ of _____ or failing him _____ of _____

as my/our Proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at #505, Midas chambers, Off link road, Andheri(West), Mumbai-400 053 on Friday, 30th September, 2011 at 9.30 A.M. and at any adjournment thereof.

Affix
Revenue
Stamp and
sign across

Signed this _____ day of 2011

Signature of Proxy _____

Signature of Member _____

*Applicable for investors holding shares in electronic Form.

Note: The Proxy form in order to be effective must be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.

BOOK-POST

If undelivered, please return to :

AVANCE TECHNOLOGIES LIMITED

Registered Office :

Unit No. 505, Midas Chambers, Off Link Road,
Andheri-West, Mumbai - 400 053.