

28TH ANNUAL REPORT

AVANCE TECHNOLOGIES  
LIMITED

2011- 12

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# **CORPORATE INFORMATION**

## **BOARD OF DIRECTORS:**

Mr. Deepak Goyal	:	Executive Director
Mr. Srikrishna Bhamidipati	:	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 Chheda	:	Non- Executive Independent Director

## **BOARD COMMITTEES:**

### **1. Audit Committee**

Mr. Randhir Marva	:	Chairman
Mr. Anand Chaudhary	:	Member
Mr. Deepak Goyal	:	Member

### **2. Investor Grievance Committee**

Mr. Randhir Marva	:	Chairman
Mr. Deepak Goyal	:	Member
Mr. Anand Chaudhary	:	Member

### **3. Remuneration Committee**

Mr. Randhir Marva	:	Chairman
Mr. Srikrishna Bhamidipati	:	Member
Mr. Anand Chaudhary	:	Member

## **AUDITORS:**

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

## **REGISTERED OFFICE:**

Office No. 209, 2nd Floor,  
Kapadia Chambers, 599,  
J.S.S. Road, Marine Lines- East,  
Mumbai - 400 002



**SHARE TRANSFER AGENTS:**

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

No. 9, Shiv Shakti Industrial Estate  
Ground Floor, J. R. BorichaMarg,  
Opp. Kasturba Hospital, Lower Parel,  
Mumbai- 400 011.

**BANKERS:**

Oriental Bank of Commerce

**LISTED AT:**

Bombay Stock Exchange (BSE) Limited

**COMPLIANCE OFFICER:**

Mr. SrikrishnaBhamidipati

**Green Initiative:**

In order to enable the Company to send various documents through electronic mode, the members of the Company are requested to register/update their e-mail addresses with the Company in case the shares are held in Physical mode and with the concerned Depository Participant(s) in case the shares are held in Demat mode.



# **MESSAGE TO THE SHAREHOLDERS**

**Dear Shareholders,**

**A Very warm welcome to all of you,**

It gives me immense pleasure to welcome you all to this 28<sup>th</sup>Annual General Meeting of the **AVANCE TECHNOLOGIES LIMITED**. The 28<sup>th</sup> year at **AVANCE** has been a year of new challenges and new opportunities for all of us. So, let us take a moment here to analyze, introspect, and share our vision for the future with our customers on this journey.

## **MVAS- THE CHANGING FACET OF CORPORATE ARENA:**

We all know that the world is going crazy over an invention that we call as **Mobile Phones**. The immense popularity and the large fan- following that this device enjoys has made it a significant invention of the 21<sup>st</sup> Century. The impact of mobile phones is discernible everywhere. A majority of the population around the world is powered with a cellular phone that has contended our lives. It seems that we feel helpless without this device and it looks all the more stranger when everybody knows that mobile phones were considered to be real luxury exactly 10 years ago and they were not even known 20 years ago. However the truth is that the mobile phones have not only made our lives easy and convenient, but are also stylish enough to become a fashion statement.

Your Company **AVANCE TECHNOLOGIES LIMITED** is extremely contended with the fact that it operates in a very competitive space of **Mobile Value Added Services (MVAS)** which has made its presence in every nook and corner of the World. Thus while it brings enormous content to have achieved sizeable success in this segment, it also brings in a sense of responsibility upon us to maintain the same level of consistency in our operations.

## **Year 2011- 12**

The past year put us through a test of spirit and character, however I am extremely proud to report that we not only managed to pass through but also emerged stronger than ever. In such a competitive space where many of our competitors have succumbed to the circumstances, we are pleased to inform you that we have not only survived but also carved out our own place in the industry. This was possible only because of the governance systems that we have put in place. As



we reviewed our governance standards in the process, we were able to confirm that our rigorous system of checks and balances is strong enough to detect and combat any issues that might arise internally or otherwise. There has been no material impact of these concerns on our growth, and we remain committed to the highest standards of personal and business ethics.

Further we are also focused on providing our customers with solutions that actually solve their issues and assist their growth through innovative application of technology and information management in an easy-to-use manner. Our four main areas of focus this year has been our continued commitment to offering best-in-class products and services, delivering value to our customers through our constant innovation, expanding our service offerings globally, and creating a work environment that motivates our team to deliver their best.

We hope to make these qualities synonymous with **AVANCE** in the years to come.

Thanking You,

**For and on behalf of the Board of Directors**

sd/-

**Srikrishna Bhamidipati**

Executive Director

**Date :** 1<sup>st</sup> September, 2012

**Place:** Mumbai

# DIRECTOR'S REPORT

To,  
**The Members,**  
**AVANCE TECHNOLOGIES LIMITED**

Your Directors are pleased to present their 28<sup>th</sup> Annual Report on the operations of the Company, together with the Audited Annual Accounts for the financial year ended 31<sup>st</sup> March, 2012. A gist of the financial performance of the Company for the financial year 2011- 12 is provided as under:

σ **Financial Performance and Operational Review:**

The financial performance of the Company, for the year ended 31<sup>st</sup> March, 2012 and corresponding previous year is summarized below:

Particulars	For the year ended 31 <sup>st</sup> March, 2012	For the year ended 31 <sup>st</sup> March, 2011
Total Income	1,659,948,384	1,840,239,793
Total Expenditure	1,671,486,969	1,839,177,077
<b>Profit/(Loss) before Tax</b>	<b>(11,538,585)</b>	<b>1,062,716</b>
<b>Less: Provision for Tax</b>	(160,925)	(604,196)
<b>Profit/(Loss) after Tax</b>	<b>(11,377,660)</b>	<b>458,520</b>
<b><u>Earnings per share</u> : Basic</b>	(0.12)	0.00
Diluted	(0.12)	0.00

The year 2011- 12 has been a challenging year for the Company's operations as it witnessed a pressure on its margins on account of a slight decline in its overall revenues. However at the same time, the Company succeeded in its efforts of achieving a reduction in the overall expenditure incurred by it to the tune of Rs. 167,690,108 i.e. about 9% as compared to the preceeding financial year. Further this tough business scenario has encouraged the Company to undertake a **SWOT analysis** of its operations and thus process of reviewing of the systems and processes across various departments has been initiated with a view to identify possible areas of lacunas so that the necessary measures can be undertaken to fill the same.



Your Directors are optimistic that with the melting down of recessionary turmoil and with collective efforts of all the stakeholders, the Company would emerge as a strong player in the years to come.

σ **Future Outlook:**

Your Company currently operates in Mobile Value Added Services (MVAS). However there is an increasing reliance upon the use of mobiles devices in the delivery of value added services by the Private as well as the Public Sector.

Most recently even the Government has begun using the mobile devices to make the public information and government services available anytime and anywhere by bringing in personalized, localized and context aware services close to citizens and officials through the medium of e- governance and m- governance.

In order to leverage the opportunities offered by the E- Governance and M- Governance Space, your Company wishes to embark in these fields in the years to come.

σ **Dividend:**

After taking into consideration the financial Results of the Company for the Financial Year 2011-12, and with an intention to build up the net worth for future expansion and growth plans, your Directors are of the opinion, that no dividend be recommended for the year under review.

σ **Change in the Registered Office of the Company:**

The Registered Office of the Company has been shifted with effect from 14<sup>th</sup> May, 2012 from  
**#505, Midas Chambers, Off. Link Road, Andheri- West, Mumbai- 400053**

to

**Off. No. 209, 2nd Floor, Kapadia Chambers, 599, J.S.S. Road, Marine Lines- East, Mumbai-  
400 002.**

The said change of new office was intimated to all the statutory authorities and thus all the shareholders are requested to take a note that all the communication with the Company be undertaken on the aforesaid new address.

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

The Company has a proper and adequate system of controls in order to ensure that all assets are safeguarded against loss from un-authorized use or disposal. Further all transactions are properly checked, verified, recorded and reported correctly.

Also Regular Internal Audit Checks are carried out to ensure that the responsibilities are executed effectively and that proper and adequate systems are in place.

σ **Listing:**

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

σ **Directors:**

In accordance with the provisions of section 257 the Companies Act, 1956, Mr. Bimal Kamdar and Mr. Randhir Marwa, Directors of your Company retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

The Board wishes to place on record their appreciation for the services rendered by them as the Directors of the Company.

Necessary resolutions with regard to the above are being placed before the Shareholders for their approval.

None of the Directors, except Mr. Bimal Kamdar & Mr. Randhir Marwa are interested or concerned in the said resolutions.

σ **Auditors:**

**M/s. Ramesh Batham & Co.**, Chartered Accountants, Statutory Auditors of the Company had been appointed to hold office until the conclusion of the ensuing Annual General Meeting; however they are also eligible for re- appointment and their willingness for re- appointment have been intimated to the Company well in advance. Further they have also confirmed that they are not disqualified for re- appointment within the meaning of Section 226 of the Companies Act, 1956 and their appointment, if made would be within the limits specified in Section 224(1B) of the said Act.

σ **Auditors Report:**

The observations and comments furnished by the Auditors in their report read together with the notes to Accounts are self- explanatory and hence do not call for any further comments under Section 217 of the Companies Act, 1956.

σ **Director's Responsibility Statement:**

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

- i. In the preparation of the Accounts for the financial year ended 31st March, 2012 the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2012 and of the profit or loss of the Company for the year ended 31st March, 2012;
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv. The Directors have prepared the Annual Accounts of the Company on a 'going concern' basis.

σ **Cash Flow Statement:**

A Cash Flow Statement for the year ended 31st March, 2012 forms part of the Annual Audited Accounts of the Company.

σ **Corporate Governance:**

Your Company has strived for exemplary governance standards since inception and continues to lay a strong emphasis on transparency, accountability and integrity.

Further the Company also conforms to the norms of Corporate Governance as envisaged in the Companies Act, 1956 and the Listing Agreement entered with the Bombay Stock Exchange (BSE) Limited.

Pursuant to Clause 49 of the Listing Agreement, a report on the Corporate Governance and the Auditors Certificate on Corporate Governance are annexed to this report.

σ **Management Discussion and Analysis Report:**

In accordance with the Listing Agreement, the Management Discussion and Analysis Report is presented in the separate section forming part of the Annual Report.

σ **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 and seeks to continuously enhance competitiveness and skills of its employees.

Furthermore, no employees of the Company falls into the ambit of drawing a remuneration of more than Rs. 24,00,000 per annum or Rs. 2,00,000 per month for any part of the year, 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.

σ **Other Corporate Information:**

With Reference to the Winding up petition filed with the High Court, we would like to inform you that the Hon'ble High Court has accepted our application for setting aside the ex-parte order as passed by it and thus an order to this effect has been received by the Company on 20th July, 2011.



Further the Hon'ble High Court posted the Company Petition for final hearing on 28th July, 2011 which was further adjourned to 4th August, 2011 and thus the Dispute still stands pending in the Court of Law.

σ **Public Deposits:**

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

σ **Audit Committee:**

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

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

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

σ **Acknowledgement:**

Your Directors take this opportunity to offer their sincere thanks to various departments of the Central and State Governments, Banks, Financial Institutions.

Your Directors also express their deep appreciation for the devoted and sincere services rendered by workers, staff and executives at all levels during the year and we are confident that your Company will continue to receive such co- operation from them in future also.

**For and on behalf of the Board of Directors**

sd/-

**Srikrishna Bhamidipati**

Executive Director

**Date :** 1<sup>st</sup> September, 2012

**Place:** Mumbai

# **REPORT ON CORPORATE GOVERNANCE**

The Board of Directors of your Company have a pleasure in presenting this valued Corporate Governance Report for the year ended 2011-2012.

**Please note:** This Report is based on the disclosure requirements as stipulated under Clause 49 of the Listing Agreement entered into with the Bombay Stock Exchange (BSE) Limited by the Company.

## **The report is presented as under:**

### **✿ Introduction**

Corporate Governance essentially is the system by which Companies are directed and controlled by the management in the best interest of the stakeholders and others. Good Corporate Governance practice lies at the foundation of Company's business ethos. The Company does not view Corporate Governance principles as a set of binding obligations, but believes in using it as a framework to be followed in spirit. This is reflected in the Company's philosophy on Corporate Governance.

### **✿ Company's Philosophy on Corporate Governance:**

Corporate Governance ensures fairness, transparency and integrity of the management. Corporate Governance is a way of life, rather than a mere legal compulsion. It further inspires and strengthens investor's confidence and commitment to the Company. The Corporate Governance philosophy of the Company finds its foundation through the principles adopted under the Company's Code of Conduct, Code for Prevention of Insider Trading and Governance Documents and Mandates approved for the Board and its Committees. Further the Company, through its Board and Committees, endeavors to strike and deliver the highest governing standards for the benefit of its stakeholders.

### **✿ Board of Directors:**

The Board of Directors is entrusted with the ultimate responsibility of the management, general affairs, direction and performance of the Company and have been vested with the requisite



powers, authorities and duties. A brief description of the Composition of the Board of Directors, together with the details of the meetings of the Board is provided as under:

σ **Composition**

The Board of Directors of your Company comprises of a mix of Executive, Non- Executive Directors and Independent directors as stipulated by the provisions of Clause 49 of the Listing Agreement. Further the Composition is also in compliance with the provisions as laid down by section 255 of the Companies Act, 1956.

As on the date of this report, the Board Strength consists of in all 6 directors. Out of them, 4 are non- executive Independent directors and 2 are executive directors.

Further none of the Directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees across all the Companies in which he is a Director. Also necessary disclosures regarding Committee positions in other public Companies have been made to the Company by the Directors at regular intervals.

σ **Meetings of the Board of Directors**

During the Financial Year 2011-12, **Seven** Board Meetings were held on the following dates:

1. 20<sup>th</sup> April, 2011
2. 12<sup>th</sup> May, 2011
3. 12<sup>th</sup> August, 2011
4. 2<sup>nd</sup> September, 2011
5. 11<sup>th</sup> November, 2011
6. 13<sup>th</sup> February, 2012
7. 30<sup>th</sup> March, 2012

σ **Details of the Board of Directors and Details of External Directorships**

The names and categories of the Directors of the Board together with their attendance at the Board Meetings and the Annual General Meeting held during the year is given as under:

Name	Category	Date of Appointment	Directorship in other Companies	#Membership of Committees of other Companies	##Chairman ship of Committees in other Companies
*Mr. Rajeev Anand	Non-Executive Director	26/11/2003	0	0	0
Mr. Bimal Kamdar	Non-Executive Independent Chairman	20/02/2010	1	2	0
Mr. Deepak Goyal	Executive Director	26/11/2003	0	0	0
Mr. Srikrishna Bhamidipati	Executive Director	15/01/2002	1	0	0
Mr. Randhir Marwa	Non-Executive Independent Director	02/04/2007	0	0	0
Mr. Anand Choudhary	Non-Executive Independent Director	15/05/2008	0	0	0
Mr. Ronak Chheda	Non-Executive Independent Director	05/03/2011	2	0	0

\* During the year, Mr. Rajeev Anand, Non- Executive Director has ceased to be Director of the Company with effect from 27th March, 2012.

The details of each member of the Board along with number of Directorship(s) / Committee Membership(s) and date of joining the Board are as follows.

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

## Includes only Audit Committee and Shareholders' / Investors' Grievance Committee.

σ **Attendance of the Directors at the Board and Annual General Meetings**

Our definition of 'Independence' of Directors is derived from Clause 49 of the Listing Agreement entered with Stock Exchanges. Based on the confirmation / disclosures received from the Directors and on evaluation of relationships disclosed, all Non- Executive Directors other than the Chairman are Independent in terms of Clause 49 of the Listing Agreement.

Name	Board Meetings		Attendance at previous AGM held on 30 <sup>th</sup> Sept. 2011
	Held	Attended	
*Mr. Rajeev Anand	7	6	Yes
Mr. Bimal Kamdar	7	7	Yes
Mr. Deepak Goyal	7	7	Yes
Mr. Srikrishna Bhamidipati	7	7	Yes
Mr. Randhir Marwa	7	7	Yes
Mr. Anand Choudhary	7	7	Yes
Mr. Ronak Chheda	7	7	Yes

\* Mr. Rajeev Anand retired from the Board on 27/03/2012.

✿ **Committees of the Board**

As enumerated in our earlier correspondences with you, the Board of Directors of your Company has constituted various committees with specific terms of reference/ scope in order to focus effectively on the issues and ensure expedient resolution of diverse matters. As of 31<sup>st</sup> March, 2012, your Company has three committees. They are:

- A) Audit Committee
- B) Shareholders/ Investors Grievance Committee
- C) Remuneration Committee

**A) Audit Committee :**

**I) Brief Description of Terms of Reference.**

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

- σ The Company's financial reporting and Accounting policies practiced.
- σ Monitoring of the internal control system and its adequacy.
- σ Monitoring of the adequacy of the Internal Audit function, its structure & effectiveness.
- σ Reviewing of the financial and risk management system.
- σ Recommendation for the appointment and removal of external Auditors, fixation of audit fee and also approval for payment of any other services.
- σ Monitoring and evaluation of Risk Management System of the Company.

**II) Meetings and Composition of the Committee.**

During the year 2011-12, the Committee met **Five Times** (i.e. on 5<sup>th</sup> May, 2011; 5<sup>th</sup> August, 2011; 26<sup>th</sup> August, 2011; 4<sup>th</sup> November, 2011 & 6<sup>th</sup> February 2012). The attendance of each Committee Members is as under:

Name of the Committee Member	Category	Designation	No. of Meetings held	No. of Meetings attended
Mr. Randhir Marva	Independent Non-Executive Director	Chairman	5	5
Mr. Anand Chaudhary	Independent Non-Executive Director	Member	5	5
Mr. Deepak Goyal	Executive Director	Member	5	5

**B) Shareholders/Investors Grievance Committee:**

**I) Terms of Reference of the Committee**

A Shareholders/Investors Grievance Committee has been constituted by the Board of Directors to monitor the Redressal of the Shareholders/Investors Grievances and implementation of the Company's code of conduct for Prohibition of Insider Trading in pursuance of the SEBI (Prohibition of Insider Trading) Regulations, 1992.

**Mr. Srikrishna Bhamidipati** has been designated as the Compliance Officer of the Company and has been entrusted with the responsibility of handling the routine investor grievances received by the Company. During the year 2011- 12, there were no investor grievances pending for the Company.

**II) Composition and Meetings**

During the year 2011-12, the Committee met five times (i.e. on 5<sup>th</sup> May, 2011; 5<sup>th</sup> August, 2011; 26<sup>th</sup> August, 2011; 4<sup>th</sup> November, 2011 & 6<sup>th</sup> February 2012). The attendance of each Committee members is as under:

<b>Name of the Committee Member</b>	<b>Category</b>	<b>Designation</b>	<b>No. of Meetings held</b>	<b>No. of Meetings attended</b>
Mr. Randhir Marva	Independent Non-Executive Director	Chairman	5	5
*Mr. Rajeev Anand	Non-Executive Director	Member	5	5
Mr. Deepak Goyal	Executive Director	Member	5	5
**Mr. Anand Chaudhary	Independent Non-Executive Director	Member	N.A	N.A

\* **Mr. Rajeev Anand retired from the Board on 27th March, 2012 and**

\*\* **Mr. Anand Chaudhary was infused on the Membership of the Committee w.e.f. 27th March, 2012.**



**C) Remuneration Committee:**

Your Company has constituted a Remuneration Committee with Mr. Rajeev Anand, Mr. Randhir Marwa, Mr. Srikrishna Bhamidipati and Mr. Anand Chaudhary as its members, in order to deal with the elements of remuneration package of all the Executive Directors i.e. Salary, Benefits, Bonus, Stock Options, Pension etc. including details of fixed component and performance linked incentives along with the performance criteria.

Further as enumerated in our earlier correspondences with you, the Company takes into account the general market trend pertaining to the industry while determining the remuneration packages of the key managerial personnel and the directors of the Company.

**Two** Meetings of the Committee was held during the year 2011- 12 on 31<sup>st</sup> August, 2011 and 27<sup>th</sup> March, 2012.

**Further you are requested to take a note take the composition of the Committee stands altered with effect from 27<sup>th</sup> March, 2012 with the resignation of Mr. Rajeev Anand and the infusion of Mr. Anand Chaudhary on the membership of the Committee.**

**\* Disclosures**

**1. Disclosure of Accounting Treatment**

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

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

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

### **3. Related Party Transactions**

The transactions with the related parties are disclosed in note no. 30.3 of the notes forming part of the financial statements in the Annual Report.

### **4. Risk Management**

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

### **5. Subsidiary Company**

The Company does not have any material listed Indian Subsidiary.

### **6. Compliance with the Governance Framework**

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

### **7. Increase in the Share Capital of the Company.**

During the year under review, the Authorized Share Capital of the Company was increased from Rs. 65,00,00,000/- (Rupees Sixty Five Crores Only) divided into 65,00,00,000 (Sixty Five Crores) Equity Shares of Re. 1/- (Rupee One only) to Rs. Rs. 100,00,00,000/- (Rupees One Hundred Crores only) divided into 100,00,00,000 (One Hundred Crores) Equity Shares of Re. 1/- (Rupee One only) each in order to accommodate the issue of 30,00,00,000 Convertible equity warrants on Preferential Basis,

However out of the total aforesaid Convertible Equity Warrants, only 12,80,00,000 Convertible Equity warrants were subscribed by the allottees.

Further, there was no increase in the paid- up share capital of the Company on account of the non- exercise of the option of conversion by the Warrant holders.

## **8. Proceeds of Preferential Allotment.**

The proceeds raised through the preferential issue has been utilized towards augmentation of the long term resources including meeting of the working capital requirements, Investments in existing and new businesses, development of Infrastructure and acquisitions, etc.

## **9. 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.

## **10. Code of Conduct.**

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

## **11. Code of Insider Trading.**

The Company has formulated a Code of Conduct for Prevention of Insider Trading in accordance with the guidelines specified under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992. The Board has appointed **Mr. Srikrishna Bhamidipati** as the Compliance Officer under the Code responsible for complying with the procedures, monitoring adherence to the rules for the preservation of price sensitive information, pre-clearance of trade, monitoring of trades and implementation of the Code of Conduct under the overall supervision of the Board. Further, the Code, inter alia, prohibits purchase and/or sale of shares of the Company by an insider, while in possession of unpublished price sensitive information in relation to the Company and also during certain prohibited periods.

✿ **Shareholders Information**

**I) Information about last three Annual General Meetings:**

Year	Date	Time	Place
2010-11	30 <sup>th</sup> September, 2011	9.00 a.m.	#505, Midas Chambers, Off Link Road, Andheri- West. Mumbai-400053.
2009-10	31 <sup>st</sup> December, 2010	9.30 a.m.	#505, Midas Chambers, Off Link Road, Andheri- West. Mumbai-400053.
2008-09	21 <sup>st</sup> July, 2009	9.30 a.m.	#505, Midas Chambers, Off Link Road, Andheri- West. Mumbai-400053.

**II) Special resolution Passed during the last three years:**

σ **2010- 11**

During the last Annual General Meeting held on 30<sup>th</sup>September, 2011, Special Resolution were passed in order to seek the consent of the members pursuant to the provisions of section 149 (2A) of the Companies Act, 1956 to carry on the business activities as contained under sub- clause 66 of the other objects of the Object Clause of the Memorandum of Association of the Company.

σ **2009- 10**

During the Annual General Meeting of the Company held on the 31<sup>st</sup> day of December, 2010, special resolutions were passed;

- in order to seek the approval of the members under the provisions of section 372A of the Companies act, 1956 for authorizing the Board of Directors to make loans or provide security or guarantee in connection with the loan, or acquire by way of purchase or otherwise, the securities of any Body Corporate to the tune of Rs. 200,00,00,000/- (Rupees Two Hundred Crores only) together with the existing amount of loan, guarantee or security and



- In order to seek the approval of the Members to authorize the Board of Directors to replace the Articles of Association of the Company for the purpose of including a clause on Capitalization of the Reserves of the Company.

σ 2008-09

There were no special resolutions passed during the year under consideration.

**III) Postal Ballot:**

Your Company had not conducted any Postal Ballot during the year under review.

Further none of the Businesses proposed to be transacted in the ensuing Annual General Meeting require passing a special resolution through postal ballot.

**IV) Means of Communication**

In compliance with the requirements of the Listing Agreement, the Company regularly intimates financial results to Bombay Stock Exchange (BSE) Limited immediately after they are approved by the Board of Directors. The financial results of the Company are also available on the website viz., **www.bseindia.com**

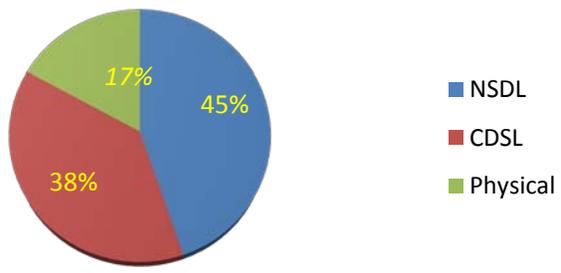
Quarterly and half yearly results are published in national and local dailies such as “**Free Press Journal**” (English newspapers) and “**Navshakti**” (Marathi newspaper), having wide circulation.

Since the results of the Company are published in national and regional newspapers, the results are not sent individually to each and every shareholder of the Company.

Hard copies of the said disclosures and correspondences are also filed with the Bombay Stock Exchange (BSE) Limited.

✿ **Other Relevant Information for Shareholders:**

<b><u>ANNUAL GENERAL MEETING</u></b>		
Date :	27 <sup>th</sup> September, 2012	
Time :	9:00 a.m.	
Place :	Office No. 209, 2nd Floor, Kapadia Chambers, 599, J.S.S. Road, Marine Lines- East, Mumbai- 400002.	
<b>Financial Year</b>	01 <sup>st</sup> April to 31 <sup>st</sup> March of every year	
<b>Financial Calender</b>	<b>Adoption of Quarterly Results for the Quarter ending</b>	<b>Tentative date of the Meeting of the Board of Directors</b>
	June 30, 2012	Second Week of August, 2012
	September 30, 2012	Second Week of November, 2012
	December 31, 2012	Second Week of February, 2013
	March 31, 2013	Second Week of May 2013
<b>Book Closure Dates</b>	Wednesday, 26 <sup>th</sup> Sept. 2012 to Thursday, 27 <sup>th</sup> Sept. 2012 (both days inclusive).	
<b>Listing on Stock Exchange</b>	<b>The Bombay Stock Exchange (BSE) Limited</b> <b>Add:-</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001	
<b>Scrip Code and ISIN</b>	The Bombay Stock Exchange: 542149 ISIN No for Dematerialization Shares: INE758A01049	
<b>Registrar and Share Transfer Agent</b>	<b>Purva Sharegistry India Private Limited</b> <b>Add:-</b> No. 9, Shiv Shakti Industrial Estate, Ground Floor, J. R. Boricha Marg, Opp. Kasturba Hospital, Lower Parel, Mumbai- 400011.	
<b>Share Transfer System</b>	The Company's Equity Shares are admitted with the Depository System of National Security Depository Limited (NSDL) and Central Depository (India) Limited (CDSL), as an eligible Security under the Depository Act, 1956 as such, facilities for dematerialization of the Company's Equity. Shares are available vide <b>ISIN No.: INE758A01049</b> at both the Depositories.	

<b>Dematerialization of Shares and liquidity</b>	 <p>■ NSDL ■ CDSL ■ Physical</p>
<b>Payment of Listing Fees</b>	The listing fees for the ensuring financial year has already been paid to the Exchange.
<b>Market Price Data and performance in comparison to broad based indices (BSE Sensex)</b>	As per Annexure A
<b>Distribution of Shareholding as on 31<sup>st</sup> March, 2011.</b>	As per Annexure B
<b>Address for Correspondence</b>	<b>Avance Technologies Limited</b> Office No. 209, 2nd Floor, Kapadia Chambers, 599, J.S.S. Road, Marine Lines- East, Mumbai:- 400 002

### Annexure A

Market price data and performance of **Avance Technologies Limited** on Bombay Stock Exchange Limited during each month of Financial Year 2011-12.

Month	Bombay Stock Exchange Limited	
	High	Low
April- 2011	7.68	5.92
May- 2011	6.34	4.07
June- 2011	5.04	3.73
July- 2011	5.28	3.86
August- 2011	4.02	2.42
September- 2011	2.35	0.89
October- 2011	0.85	0.39
November- 2011	0.38	0.20



December- 2011	0.20	0.20
January- 2012	0.20	0.16
February- 2012	0.16	0.16
March- 2012	0.24	0.13

### **Distribution of Shareholding**

Sr. No.	Range	No. of shares held	Percentage to paid up capital	Total Amount	Percentage to total amount
1	Upto -5000	8278	61.08	16432391	2.57
2	5001-10000	1490	10.99	12727381	1.99
3	10001-20000	1020	7.53	15972732	2.49
4	20001-30000	668	4.93	17361497	2.71
5	30001-40000	302	2.23	11015041	1.72
6	40001-50000	410	3.03	19942647	3.11
7	50001-100000	683	5.04	56583179	8.84
8	100001 and above	701	5.17	490352632	76.57
	<b>TOTAL</b>	<b>13552</b>	<b>100.00</b>	<b>640387500</b>	<b>100.00</b>

### **Shareholding Pattern**

Category of Shareholder	No. of Shares	% of Shareholding
<b>(A) Shareholding of Promoter Group</b>		
(1) Indian		
Any Others (Specify)		
Director/ Promoters and their relatives	12762016	1.99
(2) Foreign	-	-
<b>Sub Total (A)</b>	<b>12762016</b>	<b>1.99</b>
<b>(B) Public Shareholding</b>	-	-
<b>(1) Institutions</b>	-	-
Financial Institution/ Banks	45000	0.01
<b>(2) Non-Institutions</b>		
Bodies Corporate	291483190	45.52
<b>Individuals</b>		
Individual shareholders holding nominal share capital up to Rs. 1 lakh	132116483	20.63

Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	176871968	27.62
<b>Any Others (Specify)</b>	27108843	4.23
Clearing Members	127556	0.02
Non Resident Indians	2832141	0.44
Hindu Undivided Family	24144146	3.77
Trust	5000	0.00
<b>Sub Total (B)</b>	<b>627625484</b>	<b>98.01</b>
<b>Total (A)+(B)</b>	<b>640387500</b>	<b>100.00</b>
<b>(C) Shares held by Custodians and against which DRs have been issued</b>		
(1) Promoter and Promoter Group	-	-
(2) Public	-	-
<b>Sub Total(C)</b>	-	-
<b>Total (A)+(B)+(C)</b>	<b>640387500</b>	<b>100.00</b>

✿ **Adoption of non- mandatory clauses of the Listing Agreement:**

**I) Remuneration Committee**

The Company has constituted a non- mandatory committee under the name of “remuneration Committee in order to recommend the remuneration packages for executive and non- executive directors. The detailed discussion for the same has already been provided under the section of Committees for your reference.

**II) Whistle Blower Policy**

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

**III) 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.

**IV) 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 thereon.

**For and on behalf of the Board of Directors**

sd/-

**Srikrishna Bhamidipati**

Executive Director

**Date :** 1<sup>st</sup> September, 2012

**Place:** Mumbai



## **CERTIFICATION ON FINANCIAL STATEMENTS**

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

- (a) I have reviewed the Financial Statements and the Cash Flow Statement for the financial year ended 31<sup>st</sup> March, 2012 and based on my knowledge and belief, I state that:
- (i) These statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading.
  - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- (b) I accept the responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which the Board is aware and the steps have been taken or propose to take to rectify these deficiencies.
- (c) I have indicated, based on my most recent evaluation, wherever applicable, to the Auditors and Audit Committee:
- (i) Significant changes, if any, in the internal control over financial reporting during the year;
  - (ii) Significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
  - (iii) Instances of significant fraud of which the Board become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

**Date :** 1<sup>st</sup> September, 2012

**Place:** Mumbai

**For and on behalf of the Board of Directors**

sd/-

**Srikrishna Bhamidipati**

Executive Director



# **AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

I have examined the compliance of the conditions of Corporate Governance by **Avance Technologies Limited** ("the Company") for the year ended 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement of the Company with Stock Exchanges in India. The Compliance of conditions of Corporate Governance is the responsibility of the Company's management.

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

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

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

**For M/s. Mohammad Akram**  
Practising Company Secretary

sd/-

**Mohammad Akram**

**Proprietor**

**Membership No. 22589**

**CP. No. 9411**

**Date:** 27<sup>th</sup> August, 2012

**Place:** Mumbai



# **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

## **FORWARD LOOKING STATEMENTS**

Statements in this report on Management Discussion and Analysis describing the Company's objectives, outlook, estimates, expectations, predictions, belief and management perceptions may be forward looking statements within the meaning of application securities laws and regulations.

Actual results could differ materially from those expressed or implied. Important factors that could make a difference to Company's operations include, among others, economic conditions in the market in which the Company operates, changes in the Government Regulations, Tax Laws and other statutes and incidental factors.

The Company assumes no responsibility in respect of the forward looking statements herein which may undergo changes in future on the basis of subsequent developments, information or events.

## **INDUSTRY STRUCTURE AND OVERVIEW:**

In today's information age, the Telecommunication Industry has a vital role to play and is one of the fastest growing industries in the world. It is estimated that India will have more than 1.2 billion mobile subscribers by 2013 exceeding even the total subscriber count in China.

Telecommunication in India is synonymous to Mobility and the Mobile Industry in India is growing with a CAGR of over 10%. However, at the same time the mobile industry is also witnessing cut-throat competition in the last few years. This can be attributed to the absence of entry barrier in the mobile handset industry. As a result of this, most of the players making an entry in the industry are using price as their USP for gaining market share. On the other hand international giants like Nokia, Blackberry etc. have seen rapid erosion in their market share. The combination of all the above has led to significant reduction in profits for the mobile device players. **However as it is always said that, every coin has two sides of the story, the same goes to be true in case of Mobility industry.**

While there is a tremendous reduction in the profits of mobile device players, the needs of the Indian consumers have graduated beyond acquiring just hardware. Mobile has become the lifeline



of every consumer. Hence, there is an increasing demand for the device to enable an empowered lifestyle through data services and applications and here comes the role of M- VAS.

Mobile Value Added Services or M- VAS as is commonly called refer to the enhanced services that add value to the core services of standard voice calls, voice/non-voice messages, fax transmission, and data transmission provided by the Mobile companies. The launch of 3G has brought in superior internet experience, access to data services, video and live streaming, video conferencing and many other data centric services giving the subscribers access to a range of new services. VAS industry is undergoing a change over the last 12-15 months, moving towards a model which is based on customer experience and usage rather than subscriber led model. TRAI is also actively participating in laying Guidelines and processes to ensure that the value added services are properly regulated and the services made available to the consumers in a free and fair manner. More and more new services like mobile banking, money transfers, and utility payment services are likely to be introduced by various service providers to give a rich internet experience to the consumers.

**Thus it can be said that “With the growth of the Telecommunications Industry at a formidable pace, there is an impressive potential for influencing the lives of millions of people in the years to come.”**

#### **OPPORTUNITIES AND THREATS:**

##### *σ Opportunities*

The mobile industry has become a very competitive space in the last few years with the entry of many domestic players, 3G, Roll- out, etc. Absence of entry barriers has resulted in the industry has resulted in many players entering the industry and using price as a key success factor for gaining the market share.

Further the VAS is also undergoing a tremendous change from the subscription model to the usage- based model and also regulatory restrictions by TRAI. This is likely to have a short to medium term impact on the prospects of revenue growth of the VAS industry. However, in the long term new Value added services focused on 3G and 4G is likely to lead to the creation of high-quality feature-rich content which will open new doors for the industry to innovate and increase its earnings thus generating additional revenue stream in VAS providers.

σ Threats

While operators are betting big on the country's increasing mobile data consumption, which is likely to be driven by the adoption of feature-rich content, the Mobile Value Added Services (MVAS) players cite loopholes which can potentially de-rail the anticipated data growth in the coming year. The factor that would prove to be responsible for such a de-railment includes:

**1. Revenue Sharing:**

Many industry players believe that unfair revenue sharing between operators and application developers is a major challenge which discourages developers from innovation. Since the operator-favouring business-model of the MVAS industry eats up a fair share of the application developer's revenue, hindering innovation in the segment.

**2. Absence of Localized Content:**

The second major issue that could further deteriorate the MVAS growth in the country is the absence of localization.

"MVAS players can only reap actual benefits of the country's data usage if there is a focus on innovation of more relevant and customized content in a diverse country like India, which as of now doesn't exist,"

**3. Impractical Regulations:**

VAS players also blame regulations for the slow uptake of VAS products. Many in the industry believe that the latest Telecom Regulatory Authority of India (TRAI) initiative of taking consumer's written consent before activating any new service will be detrimental to the growth of the industry.

"The execution of the move will not only hamper the Quality of Experience (QOE) of the consumer and industry, but is also likely to kill the brand of the operator.

## **OPERATIONAL PERFORMANCE AND FUTURE OUTLOOK:**

### *σ Operational Performance*

The year gone by was one fraught with challenges. The economic slowdown and the Rupee depreciation of over 20% in the last financial year was a major factor for the erosion of margins. This has created a major impact on the high revenue VAS segment which predominantly operates on revenue share basis.

Your Company has always been quick to respond to the economic challenges with effective management measures and has put in place a concrete roadmap for putting the Company on a fast trajectory of growth. The Company has taken stringent measures to control costs and increase revenues. We have taken several decisions to focus on rationalizing manpower, reducing infrastructure and selling expenses. Over the coming quarters, we expect our strategies to pay rich dividends and help return the Company to profitability.

### *σ Future Outlook:*

Your Company currently operates in Mobile Value Added Services (MVAS). However there is an increasing reliance upon the use of mobiles devices in the delivery of value added services by the Private as well as the Public Sector.

Most recently even the Government has begun using the mobile devices to make the public information and government services available anytime and anywhere by bringing in personalized, localized and context aware services close to citizens and officials through the medium of e- governance and m- governance.

Thus, in order to leverage the opportunities offered by the E- Governance and M- Governance Space, your Company wishes to embark in these fields in the years to come.

## **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

Your Company has put in place adequate systems of internal control which is commensurate with its size and the nature of its operations. The systems and process that have been implemented have been benchmarked against best practices for Internal Control and have been designed to provide adequate assurance. The assurance provided includes assurance with regards to recording and providing reliable financial and operational information, complying with corporate governance



practices, applicable statutes, safeguarding assets from unauthorized use or losses, prevention and detection of fraud, executing transactions with proper authorization and ensuring compliance of corporate policies.

Further the Company has a well defined delegation of power with authority limits for approving revenue as well as capital expenditure. Also processes for formulating and reviewing annual and long term business plans have been laid down and implemented.

The internal audit is carried out based on a plan, which is reviewed and approved by the Audit Committee each year in consultation with the Statutory Auditors. The planning and conduct of the internal audit function is oriented towards the review of controls in the operations of the Company and management of risks in the Company's operations such as sales, purchases, inventory, debtors, creditors, fixed assets etc.

#### **TALENT DEVELOPMENT:**

Human Capital is an integral part of our organizational strategy. From the beginning we have inculcated a culture of entrepreneurship. A vital factor in our growth and development, we have a scalable recruitment and resources management process. This procedure ensures that we attract and retain high caliber professionals. Thus, Recruitment and Retention of the right talent pool is by far one of the most critical elements of our operations. All our Human Resource initiatives are focused on enhancing the skills of our team and ensuring that the motivation remains high and focus remains very sharp which greatly improves the overall productivity of the organization.

#### **A WORD OF APPRECIATION**

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

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



# **AUDITOR'S REPORT**

To

The Shareholders of

**AVANCE TECHNOLOGIES LIMITED.**

1. We have audited the attached Balance Sheet of **AVANCE TECHNOLOGIES LIMITED** as at 31<sup>st</sup> March, 2012 and also the Statement of Profit and Loss 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 account.

- iv. In our opinion, the Balance Sheet and Statement of Profit and Loss dealt with by this report comply in all material respect 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 31<sup>st</sup> March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2012 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 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 31<sup>st</sup> March, 2012
  - ✿ In the case of the Statement of Profit and Loss, of the profit of the Company 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

**Date :** 1<sup>st</sup> September, 2012

**Place:** Mumbai

## **ANNEXURE TO THE AUDITORS' REPORT**

Referred to in paragraph 3 of our report of even date on the accounts for the year ended 31, 2012 of **Avance Technologies Limited.**

### **(i) FIXED ASSETS**

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

### **(ii) INVENTORIES**

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

### **(iii) LOANS AND ADVANCES**

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



**(iv) INTERNAL CONTROL**

There 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 explanation given to us, there is one transaction made with related parties in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 aggregating the value of rupees five lacs or more in respect of any party during the year.

**(vi) DEPOSITS FROM PUBLIC**

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

**(vii) INTERNAL AUDIT SYSTEM**

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

**(viii) COST RECORDS**

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

**(ix) STATUTORY DUES**

- (a) No undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at the balance sheet date for a period of more than six months from the date they became payable except Income Tax for A.Y.2002-2003, Rs.20000/- A.Y. 2003-2004, Rs.100083/-
- (b) According to the information and explanation given to us details of disputed Income tax which have not been deposited as on 31<sup>st</sup> March, 2012 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 31<sup>st</sup> March, 2012.

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

**(x) SICK INDUSTRY**

The Company does not have any accumulated losses as at March 31, 2012 and has incurred Rs.1,08,08,359/- cash losses during the financial year 2011-2012, covered by audit. Further, the Company does not have cash loss in the immediately preceding financial year.

**(xi) DUES TO FINANCIAL INSTITUTIONS**

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



**(xii) SECURED LOANS AND ADVANCES GRANTED**

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

**(xiii) CHIT FUND, NIDHI OR MUTUAL BENEFIT COMPANY**

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

**(xiv) INVESTMENT COMPANY**

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

**(xv) GUARANTEES GIVEN BY COMPANY**

The Company has not given any guarantees for loans taken by other 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 issue during the year. However, during the year the Company has allotted 12,80,00,000 Convertible Equity warrants on Preferential Basis to various allottees, at an Issue Price of Rs.8.70/- each on receipt of application money i.e. 25% of the Issue price, amounting to Rs.279040000.

**(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

**Date :** 1<sup>st</sup> September, 2012

**Place:** Mumbai

## BALANCE SHEET AS AT 31ST MARCH, 2012

Particulars	Notes	Figures as at the end of current reporting period		Figures as at the end of previous reporting period	
		2012		2011	
		Rs.		Rs.	
<b>I. EQUITY AND LIABILITIES</b>					
<b>(1) Shareholder's Funds</b>					
(a) Share Capital					
(i) Equity Share Capital	1.1	640,387,500		640,387,500	
(ii) Equity Share Warrants	1.2	279,040,000		-	
(b) Reserves and Surplus	2	992,873,894	1,912,301,394	1,004,251,554	1,644,639,054
<b>(2) Share application money pending allotment</b>					
			1,990,960,000		637,850,000
<b>(3) Non-Current Liabilities</b>					
(a) Long-term borrowings					
(b) Deferred tax liabilities (Net)	3	-		-	
(c) Other Long term liabilities	4	776,985		937,910	
(d) Long term provisions	5	1,250,000		17,947,612	
			2,026,985	-	18,885,522
<b>(4) Current Liabilities</b>					
(a) Short-term borrowings					
(b) Trade payables	6	86,221,715		226,965	
(c) Other current liabilities	7	685,372,428		914,072,101	
(d) Short-term provisions	8	377,185,248		186,873,041	
		3,140,610	1,151,920,001	3,475,895	1,104,648,002
<b>Total Equity &amp; Liabilities</b>			<b>5,057,208,380</b>		<b>3,406,022,579</b>
<b>II. ASSETS</b>					
<b>(1) Non-current assets</b>					
(a) Fixed assets					
(i) Tangible assets	10	2,634,252		3,364,478	
(ii) Intangible assets		-		-	
(iii) Capital work-in-progress		-		-	
(iv) Intangible assets under development		-	2,634,252	-	3,364,478
(b) Non-current investments	11	1,053,899,577		2,122,869,023	
(c) Deferred tax assets (net)		-		-	
(d) Long term loans and advances	12	1,800,022,752		261,412,142	
(e) Other non-current assets	13	37,892	2,853,960,221	1,361,584	2,385,642,749
<b>(2) Current assets</b>					
(a) Current investments					
(b) Inventories	14	639,782,000		-	
(c) Trade receivables	15	177,494,290		180,763,447	
(d) Cash and cash equivalents	16	1,367,136,343		732,119,703	
(e) Short-term loans and advances	17	14,540,951		103,116,534	
(f) Other current assets	18	41,000		39,750	
		1,619,323	2,200,613,908	975,918	1,017,015,352
<b>Total Assets</b>			<b>5,057,208,380</b>		<b>3,406,022,579</b>
<b>Significant Accounting Policies &amp; Notes on Financial Statements</b>				30 & 31	
As per our report of even date attached					
<b>For</b>			<b>For and on Behalf of the Board of Directors</b>		
<b>Ramesh Batham and Co.</b>					
Firm Reg. No:- 123638W					
Chartered Accountants					
sd/-			sd/-		
<b>Ramesh Batham</b>			<b>(Director)</b>		
Membership .No.114178					
(Partner)					
<b>Place : Mumbai</b>					
<b>Date : 1st September, 2012</b>					

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	Notes	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
		2012	2011
		Rs.	Rs.
<b>REVENUE FROM OPERATIONS</b>			
I. Revenue from Sales	20	1,558,104,828	1,764,174,050
II. Other Revenue Income	21	105,112,713	21,194,661
<b>Total Revenue from Operations</b>		<b>1,663,217,541</b>	<b>1,785,368,711</b>
<b>III. EXPENSES</b>			
Cost of materials			
Purchase of Stock-in-Trade	22	1,558,750,980	1,815,792,338
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	23	3,269,157	(54,871,082)
Employee benefit expense	24	1,135,473	693,623
Financial costs	25	3,566,941	24,616
Depreciation and amortization expense	26	730,226	730,226
Other expenses	27	107,303,349	21,936,274
<b>Total Expenses</b>		<b>1,674,756,126</b>	<b>1,784,305,995</b>
IV. Profit before exceptional and extraordinary items and tax		(11,538,585)	1,062,716
V. Exceptional Items		-	-
VI. Profit before extraordinary items and tax		(11,538,585)	1,062,716
VII. Extraordinary Items		-	-
VIII. Profit before tax		<b>(11,538,585)</b>	<b>1,062,716</b>
IX. Tax expense:			
(1) Current tax	28	-	687,158
(2) Deferred tax	29	(160,925)	(82,962)
X. Profit(Loss) from the period from continuing operations		<b>(11,377,660)</b>	<b>458,520</b>
XI. Profit/(Loss) from discontinuing operations		-	-
XII. Tax expense of discounting operations		-	-
XIII. Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
XIV. Profit/(Loss) for the period		<b>(11,377,660)</b>	<b>458,520</b>
XV. Earning per equity share:			
(1) Basic		(0.018)	0.003
(2) Diluted		(0.018)	0.003
<b>Significant Accounting Policies &amp; Notes on Financial Statements</b>			
As per our report of even date attached			
<b>For</b>		<b>For and on Behalf of the Board of Directors</b>	
<b>Ramesh Batham and Co.</b>			
Firm Reg. No:- 123638W			
Chartered Accountants			
sd/-		sd/-	sd/-
<b>Ramesh Batham</b>		<b>(Director)</b>	<b>(Director)</b>
Membership .No.114178			
(Partner)			
<b>Place : Mumbai</b>			
<b>Date : 1st September, 2012</b>			

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	31.03.12	31.03.11
	Rs.	Rs.
<b><u>CASH FLOW FROM OPERATING ACTIVITIES</u></b>		
<b>Net Profit before tax and Extraordinary Items</b>	(11,377,660)	458,520
<b>Adjustments for :</b>		
Deferred revenue expenses	25,262	31,577
Depreciation	730,226	730,226
<b>Operating Profit before working capital changes</b>	<b>(10,622,172)</b>	<b>1,220,323</b>
Adjustments for :		
Loans & Advances	(1,538,610,610)	919,287,865
Current Liabilities	(55,381,443)	733,525,319
Sundry Debtors	(635,016,640)	(534,127,197)
Inventories	3,269,157	(54,871,082)
<b>Change in Working Capital</b>	<b>(2,225,739,536)</b>	<b>1,063,814,905</b>
<b><u>CASH FLOW FROM INVESTING ACTIVITIES</u></b>		
Sales / ( Purchase ) of Investment	429,187,446	(1,641,778,775)
Sales / ( Purchase ) of Fixed Assets	-	-
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>429,187,446</b>	<b>(1,641,778,775)</b>
<b><u>CASH FLOW FROM FINANCING ACTIVITIES</u></b>		
Share Allotment + Premium + Share Application Money	279,040,000	-
Application money Pending Allotment	1,353,110,000	637,850,000
Secured Loan received / (Repaid)	86,448,679	-
Unsecured Loan received / (Repaid)	-	37,000,000
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>1,718,598,679</b>	<b>674,850,000</b>
<b>Net Increase in Cash &amp; Cash Equivalent</b>	<b>(88,575,583)</b>	<b>98,106,453</b>
<b>Opening Cash &amp; Cash Equivalent</b>	<b>103,116,534</b>	<b>5,010,081</b>
<b>Closing Cash &amp; Cash Equivalent</b>	<b>14,540,951</b>	<b>103,116,534</b>
This is the Cash Flow referred to in our report of even date		
<b>For</b> <b>Ramesh Batham and Co.</b> Firm Reg. No:- 123638W Chartered Accountants sd/- <b>Ramesh Batham</b> Membership .No.114178 (Partner)	<b>For and on Behalf of the Board of Directors</b>  sd/- <b>(Director)</b>	
Place : Mumbai Date : 1st September, 2012		

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

### Note: 1

<b>SHARE CAPITAL</b>	<b>(Rs) AS AT 31.03.2012</b>	<b>(Rs) AS AT 31.03.2011</b>
<b>AUTHORIZED SHARE CAPITAL</b>		
<b>Authorized Shares Capital</b> 100,00,00,000 (2011 : 65,00,00,000) Equity Shares of Re. 1/- each	1,000,000,000	650,000,000
<b>Total</b>	<b>1,000,000,000</b>	<b>650,000,000</b>

<b>ISSUED, SUBSCRIBED AND PAID UP</b>	<b>(Rs) AS AT 31.03.2012</b>	<b>(Rs) AS AT 31.03.2011</b>
<b>Issued, Subscribed and Paid-Up capital</b> 640387500 (31 March 2011: 640387500 ) equity shares of Rs. 1/- Less: Calls in arrears	640,387,500 -	640,387,500 -
<b>Total</b>	<b>640,387,500</b>	<b>640,387,500</b>

<b>(ii) EQUITY WARRANTS</b>	<b>(Rs) AS AT 31.03.2012</b>	<b>(Rs) AS AT 31.03.2011</b>
<b>Equity Warrants</b> 128000000 Equity Warrants of Rs. 8.70/- each partly paid Rs.2.18/- per CEW ( 2011 : NIL )	279,040,000	-
<b>Total</b>	<b>279,040,000</b>	<b>-</b>

### DISCLOSURES

#### 1 Reconciliation of the shares outstanding

<b>i. Equity shares</b>	<b>31 March 2012</b>	<b>31 March 2011</b>
	<b>Numbers</b>	<b>Numbers</b>
i. At the beginning of the period	640,387,500	640,387,500
ii. Issued during the period-Bonus issue	-	-
<b>Outstanding at the end of the period</b>	<b>640,387,500</b>	<b>640,387,500</b>
<b>i. Equity Warrants</b>	<b>31 March 2012</b>	<b>31 March 2011</b>
	<b>Numbers</b>	<b>Numbers</b>
i. At the beginning of the period	-	-
ii. 1280000000 Convertible Equity Warrants of Rs.8.70/- issued during the year - partly paid 25%	128,000,000	-
<b>Outstanding at the end of the period</b>	<b>128,000,000</b>	<b>-</b>

2 \* Issued and paid up capital includes 19,23,10,000 No of shares issued as bonus shares during last five years

#### 3 Convertible Equity Warrants Issue under option :

During the year 30,00,00,000 (Thirty Crores) Convertible Warrants of Rs.8.70/-per warrant issued. (Previous NIL) as per terms and condition in para 1.6. Out of this 1280000000 warrants have been subscribed (Previous Year-NIL) 1280000000 Convertible Equity Warrants outstanding and the same will be convertible into 1280000000 equity shares of Rs.1 each at a exercise price of Rs.8.70/-per convertible warrant.

#### 4 Terms/Rights attached to equity shares and Convertible Equity Warrants :

- i. The Company has only one class of share capital, i.e. equity shares having face value of Re.1 per share. Each holder of equity share is entitled to one vote per share. The equity shareholders are entitled to receive dividends as and when declared.

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

- ii. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.
- iii. The Warrants holder will be entitled to convert each warrant held by them into One Equity Share, at any time after the date of allotment but on or before the expiry of 18 months from the date of allotment, in one or more tranches.
- iv. The Warrant holder(s) shall, on/before the date of allotment of Warrants, pay an amount equivalent to at least 25% of the total consideration per warrant.
- v. The Warrant(s) are transferable, however, a transfer shall be considered valid only if the same has been registered with the Company and shall be subject to provision of all applicable SEBI Guidelines viz. SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2009 etc.
- vi. The warrants outstanding at the expiry of the Warrants exercise period shall expire and the 25% of the total consideration per warrants shall stand forfeited.
- vii. The Warrant Holder shall be entitled to any future Bonus issue(s) of Equity Shares or any other security (ies), in the same proportion and manner as any other shareholder of the company. This entitlement is however subject to the exercise of the option by the warrant holder(s) to convert the warrants into Equity shares within the time limit specified in (iii) above.
- viii. The number of Warrants and the price per warrant shall be appropriately adjusted, subject to the companies Act, 1956 and SEBI Guidelines, for other corporate actions such as, stock split, consolidation, demerger and transfer of undertaking, sale of a division or any such capital or corporate restructuring.
- ix. The Equity Shares so issued in lieu of the Warrants shall rank *pari-passu* in all respects with the existing Equity Shares of the Company.
- x. The Equity Shares so issued upon conversion of the Warrants shall be subject to the relevant lock-in requirements as mentioned under chapter VII of the SEBI (ICDR) Regulations, 2009.
- xi. Shareholders holding more than 5% of equity shares as at the end of the year:

Name of the shareholders	As at 31-03-2012		As at 31-03-2011	
	Number of shares	Shareholding %	Number of shares	Shareholding %
NIL	NIL	NIL	NIL	NIL

### Note: 2

RESERVES & SURPLUS	(Rs) AS AT 31.03.2012	(Rs) AS AT 31.03.2011
<b>A. Security premium account</b>		
Balance at beginning of the year	1,000,000,000	1,000,000,000
<b>Less:</b> Capitalisation for issue of Bonus Shares	-	-
Balance at the end of the year	<b>1,000,000,000</b>	<b>1,000,000,000</b>
<b>B. Surplus-Balance in statement of Profit and Loss</b>		
Balance at beginning of the year	4,251,554	-
<b>Less:</b> Current year loss	(11,377,660)	4,251,554
Balance at the end of the year	<b>(7,126,106)</b>	<b>4,251,554</b>
<b>C. Profit &amp; Loss Account</b>		
Balance as per the last financial statements	-	3,793,034
<b>Add:</b> amount transferred from surplus balance in the statement of profit and loss	(11,377,660)	458,520
<b>Less:</b> Transfer to general Reserve	11,377,660	4,251,554
<b>Closing Balance</b>	-	-
<b>Total reserves and surplus (A+B)</b>	<b>992,873,894</b>	<b>1,004,251,554</b>

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

### Note: 3

3	<b>LONG TERM BORROWINGS</b>		(Rs) AS AT 31.03.2012		(Rs) AS AT 31.03.2011
	-		-		-
	<b>Total Long Term Borrowings</b>		-		-

### Note: 4

4	<b>DEFERRED TAX LIABILITY (NET)</b>		(Rs) AS AT 31.03.2012		(Rs) AS AT 31.03.2011
	Related to Fixed Assets		937,910		1,020,872
	Add : Deferred Tax Liabilities /( Assets )		(160,925)		(82,962)
			<b>776,985</b>		<b>937,910</b>
	Depreciation as per Books	730,226		730,226	
	Depreciation as per Income Tax	209,434		461,742	
	Difference		(520,792)		(268,484)
	Current Year Provision	30.90	(160,925)	30.90	(82,962)
	Add : Opening Balance		937,910		1,020,872
	Balance C/F		<b>776,985</b>		<b>937,910</b>

### Note: 5

5	<b>OTHER LONG TERM LIABILITIES</b>		(Rs) AS AT 31.03.2012		(Rs) AS AT 31.03.2011
	Excess Application Money Received from issue of Convertible Equity Warrants		1,250,000		1,250,000
			1,250,000		1,250,000
	<b>Long Term Borrowings from Finance Institute</b>				
	Allahabad Bank CC Account *		-		16,697,612
			-		16,697,612
	<b>Total</b>		<b>1,250,000</b>		<b>17,947,612</b>

\* Secured against Hypothecation of charges on entire stocks / books debts and other current assets of the company both currents and future along with collateral security of the equitable mortgage of fixed assets, and personal guarantee of all directors.

### Note: 6

6	<b>SHORT TERM BORROWINGS</b>		(Rs) AS AT 31.03.2012		(Rs) AS AT 31.03.2011
	Directors Current A/c		20,250,000		-
	Advance for Investment		65,971,715		226,965
	<b>Total</b>		<b>86,221,715</b>		<b>226,965</b>

### Note: 7

7	<b>TRADE PAYABLE</b>		(Rs) AS AT 31.03.2012		(Rs) AS AT 31.03.2011
	Trade Creditors		685,372,428		914,072,101
	<b>Total</b>		<b>685,372,428</b>		<b>914,072,101</b>

\* The Company has not received any memorandum (as required to be filed by the Supplier with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006 claiming their status as on 31st March 2012 as Micro, Small or Medium Enterprises. Consequently the amount paid / payable to these parties during the year is NIL.

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

**Note: 8**

8	<b>OTHER CURRENT LIABILITIES</b>		<b>(Rs) AS AT 31.03.2012</b>		<b>(Rs) AS AT 31.03.2011</b>
	Creditors for Expenses		140,805		73,041
	Advance from Customer		377,044,443		186,800,000
	<b>Total</b>		<b>377,185,248</b>		<b>186,873,041</b>

**Note: 9**

9	<b>SHORT TERM PROVISIONS</b>		<b>(Rs) AS AT 31.03.2012</b>		<b>(Rs) AS AT 31.03.2011</b>
	Provision for Expenses *		114,879		61,997
	Statutory Provisions		3,025,731		3,413,898
	<b>Total</b>		<b>3,140,610</b>		<b>3,475,895</b>

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

**Note: 11**

11	<b>NON CURRENT INVESTMENTS</b>		<b>(Rs) AS AT 31.03.2012</b>		<b>(Rs) AS AT 31.03.2011</b>
	<b>(a) Investment property</b>		-		-
	<b>(b) Non-current Investment (Non-Trade)</b>		-		-
	<b>(c) Non-current Investment (Trade)</b>				
	Investment in Shares - Quoted				
	-G Tech Info Training Ltd. <b>95500</b> Shares ( Previous: 95500)	675,798		675,798	
	-Interworld Digital Digital Ltd. <b>76300</b> Shares ( Previous : 76300 )	223,461		223,461	
	-Prabhav Industries Ltd. <b>NIL</b> Shares (Previous : 2000)	-		241,406	
	-Prraneta Industries Ltd <b>NIL</b> Shares (Previous : 9815455)	-		580,089,577	
	-Shri Ganesh Spinners Ltd. <b>NIL</b> Shares (Previous : 2833194)	-		98,428,963	
	Allied Computers Int.(Asia) Ltd <b>4450000</b> ( Previous : 4450000)	44,500,000		44,500,000	
	Emporis Project Limited	236,291,000	281,690,259	236,291,000	960,450,205
	Investment in Shares - Un-Quoted		72,500,000		72,897,500
	Investment in Shares - Applied		665,004,318		1,054,816,318
	Investment in Pref . Shares - Un-Quoted		34,705,000		34,705,000
	<b>Total</b>		<b>1,053,899,577</b>		<b>2,122,869,023</b>

**Note: 12**

12	<b>LONG TERM LOANS &amp; ADVANCES</b>		<b>(Rs) AS AT 31.03.2012</b>		<b>(Rs) AS AT 31.03.2011</b>
	Loans & Advances		35,011,752		21,504,557
	Trade Advances		1,765,011,000		239,907,585
	<b>Total</b>		<b>1,800,022,752</b>		<b>261,412,142</b>

**Note: 13**

13	<b>OTHER NON CURRENT ASSETS</b>		<b>(Rs) AS AT 31.03.2012</b>		<b>(Rs) AS AT 31.03.2011</b>
	VAT Refund Receivable		-		1,298,429
	Preliminary Expenses		37,892		63,154
	<b>Total</b>		<b>37,892</b>		<b>1,361,583</b>

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

**Note: 10**

Name of Asset	Gross Block				Depreciation				Net Block	
	As at 01.04.11	Additio ns	Deletio ns	As at 31.03.12	As at 01.04.11	For the Year	Deletio ns	As at 31.03.12	As at 31.03.12	As at 31.03.11
A - Tangible Assets			-	-			-	-	-	-
1.1 Air Conditioner	90,000	-	-	<b>90,000</b>	50,715	4,275	-	<b>54,990</b>	35,010	39,285
1.2 Office Equipments	51,397	-	-	<b>51,397</b>	18,922	2,441	-	<b>21,363</b>	30,034	32,475
1.3 Kodak Camera	505,378	-	-	<b>505,378</b>	-	-	-	-	505,378	505,378
1.4 Lamination Mechine	27,650	-	-	<b>27,650</b>	-	-	-	-	27,650	27,650
2.1 Furniture & Fixture	1,221,601	-	-	<b>1,221,601</b>	1,221,601	-	-	<b>1,221,601</b>	-	-
3.1 Vehicals	373,283	-	-	<b>373,283</b>	287,485	35,462	-	<b>322,947</b>	50,336	85,798
4.1 Computer Svsstem	31,524,711	-	-	<b>31,524,711</b>	29,142,758	688,048	-	<b>29,830,806</b>	1,693,905	2,381,953
4.2 Computer Equipments	291,939	-	-	<b>291,939</b>	-	-	-	-	291,939	291,939
<b>Current Year</b>	<b>34,085,959</b>	-	-	<b>34,085,959</b>	<b>30,721,481</b>	<b>730,226</b>	-	<b>31,451,707</b>	<b>2,634,252</b>	<b>3,364,478</b>
<b>Previous Year</b>	34,085,959	-	-	<b>34,085,959</b>	29,991,255	730,226	-	<b>30,721,481</b>	3,364,478	

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

### Note: 14

14	CURRENT INVESTMENTS		(Rs) AS AT 31.03.2012		(Rs) AS AT 31.03.2011
	<b>Current Investment (Non-trade)</b>				
	Investment in Shares - Quoted		151,833,000		-
	Investment in Shares - Un-Quoted		163,809,000		-
	Investment in Shares - Share Applied		324,140,000		-
	Investment in Foreign Co - Un-Quoted				-
	<b>Total</b>		<b>639,782,000</b>		<b>-</b>

### Note: 15

15	INVENTORIES :		(Rs) AS AT 31.03.2012		(Rs) AS AT 31.03.2011
	<b>Inventories (valued at lower of cost and net realizable value)</b>				
	Stock-in-trade		177,494,290		180,763,447
	<b>Total</b>		<b>177,494,290</b>		<b>180,763,447</b>

### Note: 16

16	TRADE RECEIVABLES		(Rs) AS AT 31.03.2012		(Rs) AS AT 31.03.2011
	Over six months	183,469,572		55,827,164	
	Trades Receivable - Sales	518,854,781	702,324,353	676,292,539	732,119,703
	Receivable - Others		664,811,990		-
	<b>Total</b>		<b>1,367,136,343</b>		<b>732,119,703</b>

### Note: 17

17	CASH & CASH EQUIVALENTS		(Rs) AS AT 31.03.2012		(Rs) AS AT 31.03.2011
	Cash on Hand		598,229		1,805
	Bank balance with schedule Banks		13,942,722		103,114,728
	<b>Total</b>		<b>14,540,951</b>		<b>103,116,534</b>

### Note: 18

18	SHORT TERM LOANS & ADVANCES		(Rs) AS AT 31.03.2012		(Rs) AS AT 31.03.2011
	Staff Advances		41,000		39,750
	<b>Total</b>		<b>41,000</b>		<b>39,750</b>

### Note: 19

19	OTHER CURRENT ASSETS		(Rs) AS AT 31.03.2012		(Rs) AS AT 31.03.2011
	Deposit with MSEB		-		109,140
	Prepaid Income Tax		1,619,323		866,778
	<b>Total</b>		<b>1,619,323</b>		<b>975,918</b>

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

**Note: 20**

20	<b>REVENUE FROM SALES</b>	(Rs) AS AT 31.03.2012	(Rs) AS AT 31.03.2011
	Income from Sales	1,558,104,828	1,763,797,890
	Mobile SMS Services	-	376,160
	<b>Total</b>	<b>1,558,104,828</b>	<b>1,764,174,050</b>

**Note: 21**

21	<b>OTHER REVENUE INCOME</b>	(Rs) AS AT 31.03.2012	(Rs) AS AT 31.03.2011
	Interest Received	2,579,119	2,362,452
	Dividend Received	750	119,324
	Other Income	40,247	1,971,535
	Profit on Sales of Investment	102,492,597	16,741,350
	<b>Total</b>	<b>105,112,713</b>	<b>21,194,661</b>

**Note: 22**

22	<b>PURCHASE OF STOCK IN TRADE</b>	(Rs) AS AT 31.03.2012	(Rs) AS AT 31.03.2011
	Cost of Trading Purchase	1,557,452,551	1,815,792,338
	VAT Expenses	1,298,429	
	<b>Total</b>	<b>1,558,750,980</b>	<b>1,815,792,338</b>

**Note: 23**

23	<b>STOCK IN TRADE</b>	(Rs) AS AT 31.03.2012	(Rs) AS AT 31.03.2011
	Opening Stock	180,763,447	125,892,365
	Closing Stock	177,494,290	180,763,447
	<b>Total</b>	<b>3,269,157</b>	<b>(54,871,082)</b>

**Note: 24**

24	<b>EMPLOYEE BENEFIT EXPENSES</b>	(Rs) AS AT 31.03.2012	(Rs) AS AT 31.03.2011
	Staff Expenses	85,809	36,454
	Salary Expenses	1,049,664	657,169
	Incentive , Bonus & Leave Allowance	-	-
	<b>Total</b>	<b>1,135,473</b>	<b>693,623</b>

**Note: 25**

25	<b>FINANCIAL COST</b>	(Rs) AS AT 31.03.2012	(Rs) AS AT 31.03.2011
	Bank Charges	14,553	24,616
	Bank Interest	3,552,388	-
	<b>Total</b>	<b>3,566,941</b>	<b>24,616</b>

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

### Note: 26

26	<b>DEPRECIATION AND AMORTIZATION EXPENSES</b>	<b>(Rs) AS AT 31.03.2012</b>	<b>(Rs) AS AT 31.03.2011</b>
	Depreciation	730,226	730,226
	<b>Total</b>	<b>730,226</b>	<b>730,226</b>

### Note: 27

27	<b>OTHER EXPENSES</b>	<b>(Rs) AS AT 31.03.2012</b>	<b>(Rs) AS AT 31.03.2011</b>
	Legal Advertisement Expenses	47,458	28,265
	Auditor's Remuneration	25,000	25,000
	Communication Expenses	8,423	10,434
	Conveyance Expenses	34,797	2,397
	Electricity Expenses	8,050	7,520
	Interest on Late Payment	13,923	-
	Listing & ROC Fees	312,313	3,341,362
	Office Expenses	9,580	2,900
	Printing & Stationery	4,581	28,091
	Professional Fee and Legal Fees	169,320	50,000
	Loss on Sales of Investment	105,946,678	17,954,591
	Rates and Taxes	20,060	42,614
	Repairs & Maintenance - Others	15,861	-
	Sundry Balance Written Off	462,799	363,362
	Preliminary Expenses Written Off.	25,262	31,577
	Travelling and Conveyance Expenses	4,776	48,161
	Shares Trading Expenses	148,196	-
	Courier & Postage Expenses	13,806	-
	VAT paid	32,466	-
	<b>Total</b>	<b>107,303,349</b>	<b>21,936,274</b>

### Note: 28

28	<b>CURRENT TAXES</b>	<b>(Rs) AS AT 31.03.2012</b>	<b>(Rs) AS AT 31.03.2011</b>
	Provision for Income Tax	-	687,158
	<b>Total</b>	<b>-</b>	<b>687,158</b>

### Note: 29

29	<b>DEFERRED TAX</b>	<b>(Rs) AS AT 31.03.2012</b>	<b>(Rs) AS AT 31.03.2011</b>
	Deferred Tax Provision	(160,925)	(82,962)
	<b>Total</b>	<b>(160,925)</b>	<b>(82,962)</b>

### 30 Other Notes to Accounts

#### 30.1 Contingent Liabilities & Comments

- a Guarantee Given by the Company's banker as at March 31, 2012 is Rs.NIL ( previous year : Rs. NIL )
- b Income Tax Liability Rs.222,78,678/- (Previous Year Rs.233,73,358/-). Company has filed appeals in Appellate Tribunals and expect the decision in favour of Company.

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

**30.2 25.2 Quantitative Particulars**

**a ) Capacities :-**

License Capacity **Not Applicable**

Install Capacity **Not Applicable**

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

Particulars	Current Year 2011-12		Previous Year 2010-11	
	Quantity (Units)	Amount ( Rs )	Quantity (Units)	Amount ( Rs )
<b>Stock of Softwares</b>				
Opening Stock	17548	155,440,870	874	99,327,125
Add : Purchase	199523	1,471,459,191	85684	1,462,729,305
Service Charges			0	-
Less : Sales	206837	1,479,650,209	69010	1,408,668,737
<b>Closing Stock</b>	<b>10234</b>	<b>172,589,328</b>	<b>17548</b>	<b>155,440,870</b>
<b>Stock of Hardware</b>				
Opening Stock	3783	25,322,577	106	26,565,240
Add : Purchase	30051	85,993,360	14726	352,790,557
Less : Sales	30295	78,454,619	11049	355,129,153
<b>Closing Stock</b>	<b>3539</b>	<b>4,904,962</b>	<b>3783</b>	<b>25,322,577</b>
<b>Grand Total</b>	<b>13773</b>	<b>177,494,290</b>	<b>21331</b>	<b>180,763,447</b>
Less : Closing Stock of Previous Year		180,763,447		125,892,365
<b>Net ( Increase ) / Decrease in Stock</b>		<b>3,269,157</b>		<b>(54,871,082)</b>

**30.3 Related Party Transaction**

**a) Key Managerial Person**

Bimal Pravinchand Kamdar

b) Transaction with related parties for the year ended are as follows :		AS AT 31.03.2012	AS AT 31.03.2011
Transaction /Nature of relationship	Nature of Relationship		
Name of Related Party			
1) Purchases for Trading			
IRIS Mediaworks Limited	Bimal Kamdar (Director)	340,276,139	-
2) Advances			
IRIS Mediaworks Limited	Bimal Kamdar (Director)	29,100,000	-
3) Current Liabilities-Directors Current Accounts			
Deepak Goyal	Director	20,250,000	

**c) The balance receivable from and payable to related parties as at March 31,2012 are as follows :**

**1) Amount Payable**

IRIS Mediaworks Limited 37,818,198  
Deepak Goyal 20,250,000

**2) Amount Receivable**

IRIS Mediaworks Limited 29,100,000

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

30.4	<b>Auditors Remuneration</b>	<b>AS AT 31.03.2012</b>	<b>AS AT 31.03.2011</b>
	Audit Fees	12,500	12,500
	Tax Audit Fees	10,000	10,000
	Other Services	2,500	2,500
	<b>Total</b>	<b>25,000</b>	<b>25,000</b>

30.5	<b>Earnings Per Share</b>	<b>Current Year</b>	<b>Previous Year</b>
	Net Profit for the year attributable to the Ordinary Shareholders	(11,377,660)	458,520
	Weighted average number of Equity Shares of Re 1/- each	640,387,500	640,387,500
	Basic and Diluted Earning Per Share of Re 10/- each	(0.018)	0.003

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

## **STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012.**

### **1. ACCOUNTING CONVENTION**

1.1 Financial statements are prepared in accordance with generally accepted accounting principles including accounting standards in India under historical cost convention except so far as they relate to revaluation of certain land and buildings.

1.2 All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in the Revised Schedule VI to the companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the company has determined its operating cycle as twelve months for the purpose of current-non- current classification of assets and liabilities.

#### 1.3 Use of estimates

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

### **2 FIXED ASSETS**

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

### **3 INVESTMENTS**

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

### **4 INVENTORY**

Inventories are valued at cost or 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.

### **5 EXPENDITURE**

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

### **6 SEGMENT REPORTING**

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

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

8 There are no delays in payments to micro, small and medium enterprises as required to be disclosed under "The Micro, Small and Medium Enterprises Development Act.2006."

### **9 REVENUE RECOGNITION**

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



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

## **10 RESEARCH AND DEVELOPMENT**

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

## **11 RETIREMENT BENEFITS**

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

## **12 TAXATION**

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

### **σ Current tax**

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

### **σ 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.



### **13 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.

### **14 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.

### **15 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.

As per our Report of Even Date Attached

**For RAMESH BATHAM AND CO.**

**Chartered Accountants**

sd/-

Ramesh Batham

Proprietor

**For Avance Technologies Limited**

sd/-

Director

sd/-

Director

**Firm Reg. No 123638W**

**M.No.114178**

**Date : 1<sup>st</sup> September, 2012**

**Place: Mumbai**

If undelivered, please return to,

**AVANCE TECHNOLOGIES LIMITED**

Office No. 209, 2nd Floor, Kapadia Chambers, 599, J.S.S. Road, Marine Lines- East,  
Mumbai- 400 002.