

**AVANCE TECHNOLOGIES
LIMITED**

26th

ANNUAL REPORT

2009-2010

AVANCE TECHNOLOGIES LIMITED

Regd Office: Unit No. 505, Midas Chambers, Off Link Road, Andheri (W), Mumbai-400 053.

BOARD OF DIRECTORS

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

BANKERS

Axis Bank Ltd.

AUDITORS

M/s. Ramesh Batham and Co.
Chartered Accountants,
C-36/101/103, Sector 5, Shanti Nagar, Meera Road,
Mumbai- 401 107

REGISTERED & CORPORATE OFFICE

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

SHARE TRANSFER AGENTS

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

LISTED AT:

Bombay Stock Exchange Limited.

AVANCE TECHNOLOGIES LIMITED

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AVANCE TECHNOLOGIES LIMITED

NOTICE is hereby given that Twenty-Sixth Annual General Meeting of the Members of AVANCE TECHNOLOGIES LIMITED will be held on Friday, 31st day of December, 2010, at 9:30 AM at its Registered Office situated at: Unit No 505, Midas Chambers, Off Link Road, Andheri (W), Mumbai - 400053 to transact, the following items of business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the Audited Balance Sheet as on 31st March, 2010 and the Audited Profit & Loss Account for the year ended on that date, together with the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Rajeev Anand, who retires by rotation, but being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Srikrishna Bhamidipati, who retires by rotation, but being eligible, offers himself for re-appointment.
4. **To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**

"RESOLVED THAT M/s. RAMESH BATHAM AND Co., Chartered Accountants be and is hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration in addition to the reimbursement of the traveling and other out-of-pocket expenses incurred incidental to their functions, as may be mutually agreed to between the Board of Directors of the Company and the Auditors."

SPECIAL BUSINESS:

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

"RESOLVED THAT Mr. Bimal Kamdar who was appointed as an Additional Director of the Company by the Board in its meeting held on 20th February, 2010 and who holds office up to the date of this Annual General Meeting and in respect of whom a notice in writing has been received from a member signifying his/her intention to propose him as a candidate for the office of Director of the Company, under the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company liable to retire by rotation."

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

"RESOLVED THAT pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956, Foreign Exchange Management Act, 1999, directions issued by Reserve Bank of India and other applicable provisions and subject to such approvals, consents, sanctions and permissions of appropriate authorities, departments or bodies as may be necessary, consent of the Company be and is hereby accorded to Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee which the Board may have constituted or may hereinafter constitute to exercise its powers including the power conferred by this resolution) to make loan(s) and/or give any guarantee(s)/provide any security(ies) in connection with

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loan(s) made to and/or acquire by way of subscription, purchase or otherwise, the securities of any Body Corporate(s) up to an amount not exceeding Rs. 200,00,00,000/- (Rupees Two Hundred Crores only) at any time together with the existing loan(s), investment(s) and guarantee(s), notwithstanding that such investments, outstanding loan given or to be given and guarantee(s) & security(ies) provided are in excess of the following limits prescribed under section 372A of the Companies Act, 1956

- 60 percent of the Paid Up Share Capital and Free Reserves of the Company
- or
- 100 percent of the Free Reserves of the Company,
Whichever is more,

RESOLVED FURTHER THAT for the purpose of giving effect to the above- mentioned resolution, the Board be and is hereby authorized to do all such acts, deeds, and things as may be deemed necessary and expedient in connection with the resolution.”

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

“**RESOLVED THAT** pursuant to the provisions of Section 31 and other applicable provisions of the Companies Act, 1956, the Articles of Association of the Company, be and is hereby altered by replacing of a **article 116 and article 117** in respect of the **Capitalization of the Reserves** and the same be inserted after article 115 as under:

- 116 (1) Subject to the provisions of the Act and regulations made there under or any other applicable law/guidelines, any **Board Meeting** may resolve that any amounts standing to the credit of the Share Premium Account or the Capital Redemption Reserve Account or any moneys, investments or other assets forming part of the undivided profits (including profits or surplus monies arising from the realization and, where permitted by law, from the appreciation in value of any capital assets of the Company) standing to the credit of the General Reserve or Reserve Fund or any other Reserve or Fund of the Company or in the hands of the Company and available for dividend, **be capitalized:-**
- (a) By issue and distribution as fully paid up shares, of the Company as Bonus Shares;
 - Or
 - (b) By crediting shares of the Company which may have been issued to and are not fully Paid-up with the whole or any part of the sum remaining unpaid thereon.

Provided that any amounts standing to the credit of the Share Premium Account or the Capital Redemption Reserve Account shall be applied only in crediting the payment of capital on shares of the Company to be issued to members (as therein provided) as fully paid Bonus Shares.

- (2) Such issue and distribution under sub-clause (1)(a) above and such payment to credit of unpaid capital under sub-clause (1)(b) above shall be made to, among and in favour of the members or any class of them or any of them entitled thereto and in accordance with their respective rights and interests and in proportion to the amount of capital paid up on the shares held by them respectively in respect of which such distribution under sub-clause (1)(a) or payment under sub-clause (1)(b) above, shall be made on the footing that such members become entitled thereto as capital.

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- (3) Such issue under sub-clause (1) (a) above shall also be made to, among and in favour of the holders of Convertible Equity Warrant and/or Other Instruments Convertible into Equity Shares (hereinafter referred to as Convertible Securities), provided that the holders of such Convertible Securities opt to Convert the said Securities into Equity Shares of the Company within the prescribed time limit and the terms of their issue entitles such Convertible Securities to Bonus Shares.
- (4) The Board shall give effect to any such business and apply such portion of the profits, General Reserve or Reserve Fund or any other fund or account as aforesaid as may be required for the purpose of making payment in full for the shares, debentures or debentures stock, bonds or other obligations of the Company so distributed under sub-clause (1)(a) above or (as the case may be) for the purpose of paying, in whole or in part, the amount remaining unpaid on the shares which may have been issued and are not fully paid up under sub-clause (1)(b) above; provided that no such distribution or payment shall be made unless recommended by the Directors and, if so recommended, such distribution and payment shall be accepted by such members, as aforesaid in full satisfaction of their interest in the said capitalized sum.
- (5) For the purpose of giving effect to any such business, the Board may settle any difficulty which may arise in regard to the distribution or payment as aforesaid, as they think expedient, in particular, they may issue fractional certificates and they may fix the value for distribution of any specific assets and may determine that cash payment be made to any members on the footing of the value so fixed and may vest any such cash, shares, debentures, debenture stock, bonds or other obligations in trustees upon such trusts for the persons entitled thereto as may seem expedient to the directors and generally may make such arrangements for the acceptance, allotment and sale of shares, debentures, debenture stock, bonds or other obligations and fractional certificates or otherwise as they may think fit.
- (6) Subject to the provisions of the Act and these Articles, in cases where some of the shares of the company are fully paid and others are partly paid, only such capitalization may be effected by the distribution of further shares in respect of the fully paid shares, and by crediting the partly paid shares with the whole or part of the unpaid liability thereon but, so that, as between the holders of fully paid shares, and the partly paid shares the sums so applied in the payment of such further shares and in the extinguishment or diminution of the liability on the partly paid shares shall be so applied pro-rata in proportion to the amount then already paid or credited as paid on the existing fully paid or partly paid shares respectively.
- (7) When deemed requisite, a proper contract shall be filed in accordance with the Act and the Board may appoint any person to sign such contract on behalf of the members entitled as aforesaid and such appointment shall be effective.

Place: Mumbai

Date : 6th December, 2010

Registered Office :

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

By Order of the Board

Sd/-
Director

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NOTES:

- a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
- b) The explanatory statement setting out the material facts concerning the special business mentioned under item No. 5, 6 and 7 of the Notice as required under Section 173(2) of the Companies Act, 1956 is annexed hereto.**
- c) The Register of Members and the Shares Transfer Books of the Company will be closed from 27th December, 2010 to 29th December, 2010(Inclusive of Both the Days).**
- d) Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representatives to attend and vote on their behalf at the Meeting.**
- e) Members are requested to bring their attendance slip along with their copy of annual report to the meeting.**
- f) In case of the joint holders attending the meetings, only such joint holder who is higher in the order of names will be entitled to vote.**
- g) Relevant documents referred to in the accompanying notice are open for inspection by the members at the registered office of the Company on all working days, except Saturdays and public holidays, between 11.00 a.m. and 1.00 p.m. up to the date of the meeting.**
- h) *Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with by whom they are maintaining their Demat accounts. Members holding shares in physical form are requested to advice any change of address immediately to the / Registrar and Shares transfer Agents, M/s. Purva Shareregistry (India) Pvt. Ltd.***
- i) Members/Beneficial Owners are requested to quote their full name as per Company's record, Folio No. /DP and Client ID Nos. as the case may be, in all correspondence with the Company.**

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EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF ITEMS OF THE NOTICE.

ITEM NO 5.

Mr. Bimal Kamdar was appointed as an Additional Director of the Company with effect from 20th Feb, 2010. Pursuant to Section 260 of the company Act, 1956 Mr. Bimal Kamdar will hold the Office as Director only up to the date of this Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956, from the member of the Company signifying his intention to proposed Mr. Bimal Kamdar for appointment as an Independent Director at the forthcoming Annual General Meeting.

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

None of the Directors are except Mr. Bimal Kamdar is concerned or interested in the proposed resolution.

ITEM NO 6:

Pursuant to Section 372A of the Companies Act, 1956, the company can make loans, give guarantees, provide securities, give guarantee to and make investment in the securities of the other bodies corporate to the extent of 60% of its paid up share capital and free reserve or 100% of its free reserves, whichever is higher with the approval of the Board of Directors. Where the aggregate of loans and investment made, guarantees given and securities provide exceeds the aforesaid limits, prior approval of the Shareholders is required by way of special resolution.

The Company is constantly reviewing opportunities for expansion of its business operations either directly or through joint ventures/associate companies/body corporate, in order to achieve the greater financial flexibility and to able to optimal financial structure to facilitate speedy implementations of various project of such Companies.

It is, therefore, proposed that Board of Directors of the Company be authorized to make loans, give guarantees/ provide securities to and to invest in one or more of the entities, at the discretion of the Board, by way of Subscription and/ or purchase of securities, from time to time, an amount not exceeding Rs. 200 crores.

The requirement of funds for making these investments would be met from surplus funds generated by the Company through the operation or from such other sources as the Board may deem appropriate.

Since the future investments, loans, guarantees and/or securities proposed together with the aggregate of loans made, guarantees given, securities provided and investments made from time to time by the Company may exceed the limit prescribed under Section 372A of the Companies Act, 1956, prior approval of the shareholders is required for the same.

The proposal outlined above is in the interest of the Company and the Board commends the resolution set out in the accompanying notice.

None of the Director of the Company is in any way concerned or interested in the resolution, except to the extent of shareholding held by them.

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ITEM NO 7:

Pursuant to Clause 92 (a) of Chapter IX of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 the Articles of Association of the Company shall contain a provision for Capitalization of Reserves in case of Bonus Issue. At present your Company's Articles of Association has provision for Capitalization of Reserves, however the same has to be replaced with the new clause keeping in mind the requirements of the Company.

Thus to give effect to the same, the proposed Article needs to be replaced in place of Article 116 & 117 of the Articles of Association.

None of the Directors of your Company is interested or concerned in this Resolution.

The Board of Directors commends the Resolution for approval of the shareholders.

Place: Mumbai

Date : 6th December, 2010

Registered Office :

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

By Order of the Board

Sd/-
Director

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DIRECTORS REPORT

TO THE MEMBERS,

The Directors are delighted to present their **26th ANNUAL REPORT** on the business and operation of the Company along with the Audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 2010.

1. FINANCIAL RESULTS :

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

Particulars	Schedule	For the year ended 31 st March, 2010	For the year ended 31 st March, 2009
Income			
Sales	I	727716124	768190374
Other Income	J	1801788	3332369
Increase/Decrease in Stock	K	27102841	16322446
Total Income		756620753	787845189
Expenditure			
Purchases		748047896	781765819
Employees Remuneration/cost		486257	639343
Administrative Expenses	L	3112057	599557
Selling Expenses	M	44710	38507
Financial Expenses	N	21208	7984
Depreciation	E	730226	510032
Total Expenditure		752442354	783561241
Profit/(Loss)		4178399	4283947
Provision for FBT		-	6513
Provision for Income Tax		1313426	695577
Income Tax Paid		484043	64045
Provision for Deferred Tax		109455	769398
Profit/(Loss) after Tax		2271475	2748414
Balance b/f from Previous Year		60218810	57470395
Less: Reserve used for issue of Bonus shares		58697250	—
Balance b/f		1521560	—
Balance carried to the Balance Sheet		3793034	60218810
Profit considered for arriving at EPS		2271475	2748414
Earnings per Share (Basic)		0.04	0.572
Earnings per Share (Diluted)		0.49	0.587

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2. OPERATIONS AND PERFORMANCE :

Your Company in the Financial Year ended 31st March, 2010 clocked total income of Rs. 75,66,20,753/- and closed the year with net profit standing at Rs. 41,78,399/-. This has been in line with the Company's estimates as the industry is going through a consolidation phase and had seen slowdown in demand in the second half of the year.

As your Company has a diversified portfolio of products it has managed to maintain its income and profitability in these turbulent times. We are comfortably placed to accelerate our top line and bottom line in the next financial year.

3. DIVIDEND :

Keeping in view the Company's need for capital for its various growths plans and with the intent to finance such plans through internal accruals to the maximum, your Directors are of the opinion that it is prudent that no dividend be declared for the year under review.

4. PREFERENTIAL ALLOTMENT:

Pursuant to the section 81(1A) of the Companies Act, 1956, Company has passed Special Resolution for allotment of Convertible Equity Warrants (hereinafter referred to as warrants) on preferential basis to the various allottees at the Extra - Ordinary General Meeting of the Company held on Tuesday, January 12, 2010.

Your company allotted 40,00,00,000 warrants on 5th February, 2010 to Non- promoters on preferential basis at a price of Rs.3.50 per Warrant including a premium of Rs.2.50/- with each warrant convertible into one equity share of Re. 1/- each within a period of 18 months from the date of allotment.

Company has converted the warrants into Equity Shares in two tranches through Board Meetings held on 20th February, 2010 and 27th March, 2010.

5. DIRECTORS:

Mr. Rajeev Anand who was appointed as a Non-Executive Director of the Company, liable to retire by rotation, being eligible has offered himself for re-appointment on terms and conditions as agreed between the Board and Mr.Rajeev Anand.

Mr. Srikrishna Bhamidipati who was appointed as an Executive Director of the Company, liable to retire by rotation, being eligible for reappointment has offered himself for reappointment on terms and conditions as agreed between the Board and Mr. Srikrishna Bhamidipati.

Mr. Bimal Pravindchandra Kamdar, Additional Director of the Company, has been proposed to be appointed as a Director liable to retire by rotation upon the notice received in writing from a member of the Company along with the deposit of Rs.500/- signifying his intention to propose the said Additional Director as candidate for the Office of Directors.

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6. AUDITORS :

M/s Ramesh Batham & Co., Chartered Accountants, Statutory Auditors of the Company, retires in the ensuing Annual General Meeting. Your Directors recommend their re-appointment for the ensuing year. The Company has received a certificate from them stating that appointment is within the prescribed limit u/s 224(1B) of the Companies Act, 1956.

7. PARTICULARS OF EMPLOYEES :

During the year under review, no employee of the Company was in remuneration exceeding the sum prescribed under section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975 and no other provision of the aforesaid section are applicable to the Company for the financial year under review.

8. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO:

Conservation Of Energy

The Company is not involved in any manufacturing activity and hence has low energy consumption level. Nevertheless, the Company makes all efforts to conserve and optimize the use of energy by using the energy-efficient fittings and equipments.

Technology Absorption and Research and Development

The Company's Research and Development activities are focused on developing new frameworks, processes and methodologies to improve the speed and Quality of Service delivery.

9. DIRECTORS RESPONSIBILITY STATEMENT :

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

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

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10. PERSONNEL:

The Company continued to have cordial relations with its employees with exception of some untoward incidents in the field at the instance of External unions, etc.

11. PUBLIC DEPOSITS :

The Company has not accepted any public deposits.

12. LISTING :

STOCK EXCHANGE	ADDRESS
The Bombay Stock Exchange Limited	P.J.Towers, 14 th Floor, Dalal Street, Fort, Mumbai- 400 001.

13. AUDIT COMMITTEE:

The Company has an Audit Committee duly constituted as per the provisions of Sec 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.

14. CORPORATE GOVERNANCE :

The Report on Corporate Governance and Management Discussion and Analysis Report form an integral part of this Report and are set out as separate annexure to this Report. Your directors confirm that the Company is fully compliant with SEBI Guidelines on Corporate Governance, which have been included in Clause 49 of the Listing Agreement with the Stock Exchange. A Report on the subject together with the Report of the Statutory Auditors on the Compliance by the Company, form part of this Directors' Report.

15. MANAGEMENT DISCUSSION & ANALYSIS REPORT :

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

16. ACKNOWLEDGEMENT :

Your Company outperformed the industry in a challenging year and continues to maintain its leadership position. It also continues to build value for its Shareholders.

Your Directors wish to convey their appreciation to the employees for their enormous effort, hard work as well as their collective contribution to the Company's performance during the year. The Directors would also like to thank the Bankers R&T Agents, Stock Exchange and other authorities for their able guidance & support.

Your directors thank all you customers for the confidence you have reposed in the Company.

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17. ADDITIONAL INFORMATION

The Company was in receipt of an ex-parte order of Winding up u/s. 433 and 434 against the Company on 19th July, 2010 in which the Petitioner-Della Technica Interior Design and Project Management Limited (the then Creditors of the Company) claimed recovery of a sum of Rs. 2,87,875/- from the Company.

Our Advocate on due search of the relevant documents drafted a report stating that, no statutory notice as well as the Petition after acceptance and also the notice under Rule 28 of the Company Court Rules were served on the Company and thus an ex-parte order came to be passed without service upon the company.

Hence, the Company is in the process of filing an Application wherein it has stated the relevant facts about the Company's progress in its field and also prayed that apart from the alleged claim of the Petitioner there are no claims received from any other creditor of the Company and further the alleged claim of the Petitioner is relatively small and it would be just and equitable and in the interest of the justice that the aforesaid ex-parte order of winding up dated 19th July, 2010 be set aside and or permanently stayed.

For and on behalf of Board of Directors

Sd/-
Director

Place: Mumbai
Date : 6th December, 2010

AVANCE TECHNOLOGIES LIMITED

REPORT ON CORPORATE GOVERNANCE (Pursuant to Clause 49 of the Listing Agreement)

Corporate Governance is the application of best management practices, compliance of law in the true letter and spirit and adherence to ethical standards for effective management and distribution of wealth and discharge of social responsibility for sustainable development of all stakeholders, employees, customers and society at large.

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

Your Company works on a simple principle "United we stand and Divided we fall". Hence, it has been our objective to synchronize our goals with that of our employees, stakeholders at large, and our society. This would help us work more efficiently and responsibly for the betterment of all. Thus, employee welfare and development has always been at the crux of our thinking.

The Company lays great emphasis on team building and motivation. A contented and well developed worker is a valuable asset who will drive the organization through the road to success. Your Company has strong faith in innate and infinite potential of its human assets and strongly believes in the creative abilities of its people. It is very imperative for us to invest in their development and growth to lay a foundation for strong Organization.

The Board of Directors present the Corporate Governance Report for the year 2009-2010 based on the disclosure requirement under Clause 49 of the Listing Agreement entered into with the Stock Exchange.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE :

The Company's philosophy on Corporate Governance is founded upon a rich legacy of fair, ethical and transparent governance practices, many of which were in place even before they were mandated, by adopting highest standards of professionalism, honesty, integrity and ethical behavior. Your Company is committed to execute sustainable business practices and creating long-term value for all its stakeholders. To pursue this objective, the Company believes high degree of transparency and accountability in its business operation and business practices and continues to adopt all measure to raise the benchmark.

We have adopted best practices towards preserving the environment and adherence to the highest safety standards has been at the core of our operations. Company value systems are based on the foundation of the fair and ethical practices in all its dealing with stakeholders, customer, venders, contractors, suppliers, employees and all others who are part of the Company's business value chain.

2. BOARD OF DIRECTORS :

The Board represents and is accountable to the Shareholders of the Company. The Board's responsibilities are active, not passive, and include the responsibility to regularly evaluate the strategic direction of the Company, management policies and the effectiveness with which management implements them. The Board's responsibilities also include overseeing the structure and composition of the Company's top management and monitoring legal compliances and the management of risks related to the Company's operations.

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(i) **Composition of the Board:**

The Board of Directors provides thrust to the operations of the Company. The Board consists of six Directors out of which four are Independent Directors.

The Composition to the Board and other relevant detail to the Directors are depicted below:

Name of Directors	Category	No. of Board Meetings attended	Attendance at last AGM
Mr. Deepak Goyal	Executive Director	12	Yes
Mr. Shrikrishna Bhamidipati	Executive Director	12	Yes
Mr. Rajeev Anand	Non Executive Independent Director	12	Yes
Mr. Randhir Marwa	Non Executive Independent Director	11	Yes
Mr. Anand chaudhary	Non Executive Independent Director	11	Yes
Mr. Bimal Kamdar	Non Executive Independent Director	1	No

(ii) **Number of Board Meetings held during the year:**

Twelve Board meeting were held during the Financial Year ended 31st March, 2010. viz., 30th April, 2009, 20th June, 2009, 27th June, 2009, 31st July, 2009, 10th Aug, 2009, 12th Aug, 2009, 31st October, 2009, 15th December, 2009, 30th January, 2010, 5th February, 2010, 20th February, 2010 and 27th March, 2010.

(iii) **Board Agenda:**

The Board Meetings are scheduled well in time and Board members are given a notice well in advance of the meeting date. The Board members are provided with well structured and comprehensive agenda papers. All major agenda items are backed by in-depth background information and analysis, wherever possible, to enable the Board to take appropriate and informed decisions.

3. **Audit Committee:**

A Key element in the Corporate Governance process of the Company is its Audit Committee. The battle for the financial statement integrity and reliability depends on balancing the pressures of multiple stakeholders, including management, regulators, investors and the public interest. Your Company has put in place appropriate mechanism to protect the interest of all concerned and to ensure the integrity of this information.

Regulatory Framework:

The Regulatory Framework with regard to Audit Committee is covered under:

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- Clause 49 of the Listing Agreement.
- Section 292A of Companies Act, 1956.

The Role of the Audit Committee shall include the following:

- Overlook the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - ❖ Matters required to be included in the Director's Responsibility Statement forming part of the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
 - ❖ Changes, if any, in accounting policies and practices and reasons for the same.
 - ❖ Major accounting entries involving estimates based on the exercise of judgment by management.
 - ❖ Significant adjustments made in the financial statements arising out of audit findings.
 - ❖ Compliance with listing and other legal requirements relating to financial statements.
 - ❖ Disclosure of any related party transactions.
 - ❖ Qualifications in the draft audit report.
 - ❖ Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
 - ❖ Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
 - ❖ Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 - ❖ Discussion with internal auditors any significant findings and follow up there on.

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- ❖ Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- ❖ Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- ❖ To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
- ❖ Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee shall mandatorily review the following information:

- Management discussion and analysis of financial condition and results of operations.
- Statement of significant related party transactions (as defined by the audit committee), submitted by management.
- Management letters/letters of internal control weaknesses issued by the statutory auditors.
- Internal audit reports relating to internal control weaknesses.
- The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

Member	Designation	Meeting Attended
Randhir Marwa	Chairman	4
Rajeev Anand	Member	4
Deepak Goyal	Member	4

4. Remuneration Committee:

Remuneration Committee is constituted by a Company to determine the remuneration packages of Executive Directors, Managing Directors, Directors, Senior Officials and other staff members.

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

5. Investor Grievance Committee:

Investor Grievance Committee is formed to specifically look into the redressal of shareholders and investors complaints. All applications for transfer/transmission are initially verified and passed by Purva Sharegistry India Pvt. Ltd. who is the Registrar and Share Transfer (R&T) Agents of the Company and thereafter the statement of such transfers etc. is duly considered and approved by the Committee.

AVANCE TECHNOLOGIES LIMITED

Member	Designation
Randhir Marwa	Chairman
Rajeev Anand	Member
Deepak Goyal	Member

6. General Body Meeting:

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

Year	AGM/EGM	Location	Date	Time
2007	AGM	C-4, 1 st Floor, Society No.67 Sankalp CHS, S.V.Nagar, Andheri(W). Mumbai - 400053	27/09/2007	10.30 A.M.
2007	EGM	32/115 Laxmi Industries Estate, New Link Road, Andheri(W), Mumbai - 400053	20/02/2007	10.00 A.M.
2008	AGM	A/704, 7 th Floor, Prime Rose, Lokhandwala Complex, Andheri (W), Mumbai - 400053	30/09/2008	9.30 A.M.
2009	AGM	505, Midas Chambers, Off Link Road, Andheri (w) , Mumbai - 400053	21/07/2009	9.30 A.M.
2009	EGM	505, Midas Chambers, Off Link Road, Andheri (W), Mumbai -400053	12/01/2010	10.30 A.M.

7. Disclosures:

During the year, there were no transactions of material nature of the Company with the Promoters, Directors, Management, their relatives, or subsidiaries of the Company, etc. that had potential conflict with the interest of the Company at large.

8. Means Of Communication :

The Company publishes its quarterly, half yearly financial results in national and regional newspapers.

GENERAL SHAREHOLDER INFORMATION:

1. Annual General Meeting Scheduled to be held :

- DATE : 31st December,2010
- TIME : 9.30 A.M
- VENUE: Unit No. 505, Midas Chambers, Off Link Road, Andheri (W), Mumbai – 400053.

AVANCE TECHNOLOGIES LIMITED

2. Book Closure :

Register of Member & Share Transfer Book will remain closed from Monday, 27th December, 2010 to Tuesday, 29th December, 2010. (Both days inclusive)

3. Financial Calendar :

Financial reporting for the year 2010	Month of reporting
Unaudited Financial Result for the Quarter ending 30 th June, 2009	July 2009
Unaudited Financial Result for the Quarter ending 30 th September, 2009	October 2009
Unaudited Financial Result for the Quarter ending 31 st December, 2009	January 2010
Unaudited Financial Result for the Quarter ending 31 st March, 2010	May 2010

4. Listing on Stock Exchanges:

Bombay Stock Exchange Limited, P.J.Towers, Dalal Street, Mumbai- 400 001.

5. Stock code:

SCRIP CODE: 512149

ISIN: INE758A010158

6. Market Information:

Monthly wise high and low price of the Company's shares at Bombay Stock Exchange Limited (BSE) during the year 2009-2010.

Month	Bombay Stock Exchange Limited	
	High (Rs.)	Low (Rs.)
April 2009	8.13	4.72
May 2009	20.37	8.53
June, 2009	37.80	18.10
July, 2009	69.40	32.50
August, 2009	2.70	1.47
September, 2009	3.29	2.42
October, 2009	3.47	2.55
November, 2009	3.69	2.60
December, 2009	3.47	3.01
January, 2010	6.42	3.17
February, 2010	5.59	4.05
March, 2010	5.25	4.45

AVANCE TECHNOLOGIES LIMITED

7. Distribution of the Shareholding as on 31st March, 2010:

Shareholding of Nominal value of Rs.	In Rs.	% of Holding
Up to 5000	14267707	2.23
5001-10000	8133794	1.27
10001-20000	9209910	1.44
20001-30000	10198048	1.59
30001-40000	7212981	1.13
40001-50000	10990021	1.72
50001-100000	36309378	5.67
100001 & Above	544065661	84.96
Total	640387500	100.00

8. Shareholding Pattern as on 31st March, 2010 :

Category	No. of Shares Held	% of Shareholdings
(A) Promoter & Promoter Group		
(1) Indian		
(a) Individuals /HUF	2,71,08,112	4.23
Sub Total (A)(1)	2,71,08,112	4.23
(2) Foreign	0	0
Sub Total (A) (2)	0	0
Total shareholding of Prom. & Prom. Grp.(A)=(A) (1) + (A) (2)	2,71,08,112	4.23
(B) Public Shareholding		
(1) Institutions		
Financial Institutions/ Banks	45,000	0.01
Foreign Institutional Investors	1,00,000	0.02
Sub Total (B)(1)	1,45,000	0.02
(2) Non-Institutions		
(a) Bodies Corporate	41,18,30,393	64.31
Individuals		
(b) (i) Individual holding nominal share capital < Rs1Lacs	9,21,00,308	14.38
(ii) Individual holding nominal share capital > Rs1Lacs	10,83,45,814	16.92
(c) Any other		
(i) Non-Resident Indians	8,37,873	0.13
(ii) Foreign Corporate Bodies	20,000	—

AVANCE TECHNOLOGIES LIMITED

Category	No. of Shares Held	% of Shareholdings
Total Public Shareholding (B)(2)	613,134,388	95.74
Total Public shareholding (B)=(B)(1)=(B)(2)	613,279,388	95.77
TOTAL (A+B)	640,387,500	100.00
(C) Shares held by Custodians and against which Depository Receipts have been issued	-	-
TOTAL (A+B+C)	640,387,500	100.00

9. Registrar and Transfer Agent :

Purva Sharegistry India Pvt. Ltd.
No 9 Shih shakier Industrial Estate, Ground Floor,
J R Boricha Marg, Opp Kasturba Hospital,
Lower Parel Mumbai - 400011

10. Share Transfer System :

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

11. Allocation of Share Capital :

		Number of Shares	% of Total Issued Capital
1.	Issued Capital	640387500	100
2.	Listed Capital (Exchange-wise as per Company records) Mumbai Stock Exchange	240387500	37.54
3.	Held in Dematerialized form in CDSL	103366966	16.14
4.	Held in Dematerialized form in NSDL	130330684	20.35
5.	Physical	406689850	63.51
6.	Total number of Shares	640387500	100

****Company has issued 40,00,00,000 Equity Shares and Listing Approval is Awaited from BSE as on 31.03.2010.**

12. Compliance with Corporate Governance Norms:

The Company has complied with the mandatory requirements of the Code of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchange. The Company has submitted the compliance reports in the prescribed format to the stock exchanges for the quarters ended 30th June 2009, 30th September 2009, 31st December 2009 and 31st March 2010 as stipulated in clause 49 of the Listing Agreements with the Stock Exchanges.

AVANCE TECHNOLOGIES LIMITED

13. Code of Conduct & Prevention of Insider Trading:

The Company has framed a Code of Conduct for prevention of insider trading based on SEBI (Insider Trading) Regulations, 1992. Insider trading is a serious deterrent to the growth and development of capital markets. Regulation and prevention of insider trading is of vital importance in terms of good corporate governance.

In simple terms, insider trading refers to the misuse of “unpublished price sensitive” information for private gain by persons who have access to such information. Economists refer to insider trading as abuse of “information asymmetry” for economic gain.

The Board of Directors of the Company adopted the code of conduct for the prevention of insider trading and the code of corporate disclosures and practices (the code) to be followed by the Directors, Officers and other employee. The code is based on the principle that Directors, Officers and other employee of Avance Technologies Ltd owns a fiduciary duty to among others, and the shareholders of the Company to place the interest of the shareholders above their own and conduct their personal securities transactions in manner that does not create any conflicts of interest of solution. This Code is applicable to all Directors/officers/designated employees. The Code ensures the prevention of dealing in Company's shares by persons having access to unpublished price sensitive information.

14. Additional Information

The Company had issued Equity shares in lieu of Convertible Equity Warrants in two tranches 20th February, 2010- 17725000 Equity Shares and on 27th March, 2010- 382275000 Equity shares and has received Listing Approval and other approvals from the Bombay Stock Exchange as well as from NSDL and CDSL after the end of the Financial Year.

For and on behalf of Board of Directors

Sd/-
Director

Place: Mumbai

Date : 6th December, 2010

AVANCE TECHNOLOGIES LIMITED

CERTIFICATION ON CORPORATE GOVERNANCE

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

We have examined the compliance of conditions of Corporate Governance by **Avance Technologies Limited**, for the year ended 31st March, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with Bombay Stock Exchange Limited (BSE). We have obtained all the information and explanations, which to the best of our knowledge and believe were necessary for the purpose of certification.

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

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

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

For **RAMESH BATHAM AND CO.**

Chartered Accountants

Sd/-

RAMESH BATHAM

Proprietor

Membership No.114178

Firm Reg. No. 123638W

Place: Mumbai

Date : 6th December, 2010

AVANCE TECHNOLOGIES LIMITED

MANAGING DIRECTOR / DIRECTORS' CERTIFICATION

To,
The Board of the Directors,
Avance Technologies Limited.

We hereby certify to the Board that;

- a. We have reviewed the financial statements and the cash flow statements for the year ended 31st March, 2010 and to the best of our knowledge and believe:
- (i) These statements do not contain any materially untrue statement or omit any material fact or nor contain statements that might be misleading.
 - (ii) These statements together present a true and fair view of Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- b. These are, to the best of my knowledge and belief, there were no transactions entered into by the Company during the ended 31st March, 2010 which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept the responsibility for establishing and maintaining the internal controls for financial reporting of the Company. We hereby certify that we have evaluated the effectiveness of the internal control systems of the Company pertaining to the financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operations of such internal controls, if any, of which we are aware and step we have taken to rectify these deficiencies.
- d. We have indicated to the auditors:
- (i) Significant change in internal controls over financial reporting during the year ended 31st March, 2010.
 - (ii) Significant change in accounting Policies during the year ended 31st March, 2010 and that the same have been disclosed in the notes to financial statement; and
 - (iii) Instances of significant fraud, if any which we have become aware, and involvement therein, if any, of the management or an employee having a significant role in Company's internal control system over financial reporting.

For AVANCE TECHNOLOGIES LIMITED

Sd/-
Director

Sd/-
Director

Place: Mumbai

Date : 6th December, 2010

AVANCE TECHNOLOGIES LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

Your Company with its core business being Mobile Marketing has successfully gone for a logical business extension into the Mobile Value Added Services (MVAS). Mobile VAS industry in India is undergoing a lot of structural changes and is poised to grow and contribute greater revenues to the telecom industry in years to come.

In the age of convergence, the prominent growth driver of MVAS has been the consumers' desire of getting more from their mobile phones. Among the youth, entertainment related services would be popular, as compared to the other consumers who would also look for utility based services like location information, mobile commerce (M-Commerce) for mobile transactions and Local content rich services.

The extensive range of services that your Company offers in the MVAS space includes - short code services, mTex, Web based SMS Broadcast Tool, SMS API, Mobile Marketing Solutions, Campaign Studio, Email Web Integration, Ad Insertion programme etc.

In any organisation, the marketing function plays a significant role, for without marketing a product cannot establish itself in the market. The marketing tool provided by AVANCE integrates the most modern technology and thus it can be termed as a boon to the business growth of any organization using this technology.

MOBILE VAS SECTOR INDIA

Over the last 5 years, the telecom industry has understood the importance of MVAS. Given the declining ARPU and increasing competition among operators it's imperative to focus on alternate revenue streams. That's where there is a need felt for capitalizing on the Value Added Services Market.

DEMAND SIDE DRIVERS

➤ **Need for Entertainment:**

The youth segment that makes up 30% of the total handsets market in India seeks entertainment on mobile.

Currently, about 44% of MVAS revenue in India is driven by short messaging service applications. The youth segment will also continue to drive the market, particularly in the entertainment MVAS.

After P2P SMS, MVAS would be driven by music. As far as the technology or product is concerned, currently in voice based services CRBT rules the game.

➤ **Mcommerce and Transaction based services:**

In years to come, money transfers, driven by lack of banking infrastructure seem to be a key service need. Mcommerce would be a large growth driver in 2-3 years time. With a lot of companies offering bill payment for utility services through mobile will help grow Mcommerce. This will largely come from urban because Mcommerce is related very strongly with bank accounts, credit cards which are largely an urban phenomenon. Though extensive opportunities generated on the back of strong rural penetration would also factor in 3-4 years time, escalating the revenues from this segment.

AVANCE TECHNOLOGIES LIMITED

➤ **Local Content:**

Unfortunately, in today's world Local content is not adequately available. The content partners currently are not developing content specific to even big metropolitan towns such as Durg or Raipur, relative smaller towns not to be a question of fact. Therefore there is a great need of investing right resources in developing rich content, to which millions of users will start subscribing.

DIFFERENT MVAS CATEGORIES

All the value added services address some need of the end consumer whether it is psychological, monetary or convenience. Based on the need fulfillment of the end user, Mobile VAS has been grouped into three broad categories.

➤ **Entertainment VAS**

The key differentiating factor of Entertainment VAS is the mass appeal it generates. These provide entertainment for leisure time usage. These not only generate heavy volume (owing to its mass appeal) but also heavy usage. An example of these kinds of services is Jokes, Bollywood Ringtones, CRBT (Caller Ring Back Tone) and games. These services continue to be popular and have been key revenue generators for the Indian mobile VAS market. This is a high value MVAS and will continue to show growth. Other popular Entertainment VAS driving the market are dating and chatting services. The service was first introduced 4 years back and is now being offered by all the operators. Each circle generates about Rs 30 lakhs per month. This service is not only growing fast but also witnessing less churn as compared to other MVAS. Owing to its sticky nature, it requires comparatively less marketing efforts and cost. Entertainment VAS has the potential to remain a key contributor to Mobile VAS industry. To sustain the MVAS growth, it is the responsibility of the industry to keep discovering/innovating killer applications like CRBT (Caller Ring Back Tone) at regular intervals

➤ **Info VAS**

These services are characterized by the useful information it provides to the end user. The user interest comes in from the personal component and relevance of the content. Apart from mobile, alternate modes are available to access Information VAS like Newspaper, TV, and Internet. For Example, Info VAS is information on movie tickets, news, banking account etc. They also include user request for information on other product categories like real-estate, education, stock updates, etc. Information VAS needs to target the right person at the right time with the right content.

➤ **M-Commerce VAS (Transactional services)**

These are the services which involve some transaction using the mobile phone. An example of this kind of service is buying movie tickets using mobile phone or transfer of money from one bank account to the other. These can broadly be classified into 2 types - Mobile banking and Mobile payments.

AVANCE TECHNOLOGIES LIMITED

COMPANY'S FINANCIAL PERFORMANCE AND FUTURE OUTLOOK

Your Company has entered into a strong turnaround phase by recording an overall Top line of Rs. 7566.21 Lacs for FY 2009-10 coupled with a Positive Bottom line of Rs. 22.72 Lacs in the current fiscal. The remarkable business extension by your Company into the MVAS Space has made substantial contribution in the Top line and bottom line. This has helped your company to create a strong base to capitalize on any opportunity in the future. As your Company has made firm arrangements to finance any future projects, it shall help us to leverage our expertise to achieve higher growth.

The market for Company's product is growing at a healthy rate and it is expected that the trend shall continue for at least next five years. Further, the expected growth in the industry coupled with increasing disposable income in the hands of the consumers would accelerate the demand for our products and services.

In the first phase, we shall focus on the urban consumers as they are more tech-savvy. This will help us to consolidate our customer base and revenues. In the second phase, we shall target the rural consumers who shall drive growth in the next leg.

Thus, your company is very confident of outperforming its peers on all the counts and takes a bigger piece of the market pie.

INTERNAL CONTROL SYSTEM

The Company has adequate and effective system of Internal Control designed to provide high degree of assurance regarding the effectiveness and efficiency of operations, the adequacy of safeguards of assets, the reliability of financial controls and compliance with the applicable laws and regulations.

The Company has also implemented suitable controls to ensure that all resources are utilized optimally and financial transactions are reported with accuracy.

The Internal Control Systems are further supplemented by a Audit Program conducted by Management Auditors who periodically present their observations to the Audit Committee.

The Audit Committee reviews the adequacy and effectiveness of the Internal Control Systems and suggests improvements.

KNOWLEDGE MANAGEMENT

Knowledge Management continues to be an area of importance for Avance. Having realized the potential for leveraging learning from various businesses that the Company now pursues, the focus is to enable the employees across the domains and businesses to share knowledge on products, processes, people, policies, partners, projects, performance, assets, customers, technology and strategies.

HUMAN RESOURCES

Hiring the talent, motivating and retaining them and ensuring their development is a foremost challenge in today's business environment. Your Company emphasizes on building an expert talent pool. We groom existing talent as well as fresh entrants in a variety of areas to enable them to take on positions with greater responsibilities. Your Company is also committed to groom its human assets by conducting periodic on and Off-Job training programs that are organized through internal and external resources.

AVANCE TECHNOLOGIES LIMITED

Further, the Company has stable and experienced middle and senior level management team, many of whom have been with the Company since incorporation.

TRAINING AND DEVELOPMENT

Our training, continuing education and career development programs are designed to ensure that our professionals enhance their businesses skills.

PERCEIVED BUSINESS RISKS

The Company's business activities are such that it exposes the Company to a variety of risks, in particular Market risk, Technology risk, Credit risk, Operational risk, Liquidity risk and Interest rate risk. Identification and management of these risks are essential to its success and financial soundness. The Company is implementing an Enterprise Risk Management (ERM) framework that adopts an integrated approach to managing all types of risks.

OPPORTUNITIES AND THREATS

The Company's business has its own opportunities which are addressed and the threats faced by the Company include competitive risks and technology obsolescence risks. The Company's risk management process addresses the same.

CAUTIONARY STATEMENT

Statements in this Management Discussion and Analysis Report describing the Company's Objectives, Projections, Estimates and Expectations may be forward looking statements within the meaning of applicable Laws and Regulations. Actual results might differ materially from those either expressed or implied.

The Company undertakes no obligations to publicly update or revise any forward looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such statements.

AVANCE TECHNOLOGIES LIMITED

AUDITOR'S REPORT

To
The Shareholders of
AVANCE TECHNOLOGIES LIMITED

1. We have audited the attached Balance Sheet of **AVANCE TECHNOLOGIES LIMITED** as at 31st March 2010 and also the Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluation the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Audit Report) order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks of books and records of the Company as were considered appropriate and the information and explanations given to us during the course of our audit, we enclosed in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - iii. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts.
 - iv. In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v. On the basis of written representations received from the directors, as on 31st March 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

AVANCE TECHNOLOGIES LIMITED

vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with notes give the information required by the Companies Act, 1956, in the manner so required and subject to Note No.2, 4,,8,9 & 11 read with Significant Accounting Policies included therein, give a true and fair view in conformity with the accounting principles generally accepted in India.

- In case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010
- In the case of the Profit and Loss Account, of the profit for the year ended on that date.

And

- In case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Place: Mumbai

Date : 30th September, 2010

For RAMESH BATHAM AND CO.

Chartered Accountants

Sd/-

RAMESH BATHAM

Proprietor

Membership No.114178

Firm Reg. No. 123638W

AVANCE TECHNOLOGIES LIMITED

ANNEXURE TO THE AUDITORS' REPORT

Re:- Avance Technologies Limited – F.Y. 2009-10
Referred to in paragraph 3 of our report of even date,

(I) FIXED ASSETS

- (a) The Company is generally maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Assets have been physically verified by the management during the year. According to the information and explanations given to us, there is regular programme of verification which, in our opinion is reasonable having regards to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) Based on our scrutiny of the records of the company and the information and explanation received by us, we report that there was no sale of fixed assets. Hence, the question of reporting whether the sale of any substantial part of fixed assets has affected the going concern of the company does not arise.

(ii) INVENTORIES

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

(iii) LOANS AND ADVANCES

The company has neither taken nor granted any loans or advances in nature of loans to parties covered under register maintained under section 301 of the Companies Act, 1956. Hence, the question of reporting whether the terms and conditions of such loans are prejudicial to the interest of the Company, whether reasonable steps for the recovery / repayment of over dues of such loans are taken does not arise.

(iv) INTERNAL CONTROL

In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control except as stated above.

AVANCE TECHNOLOGIES LIMITED

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

- (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, there is no transaction made with related parties in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 aggregating the value of rupees five lakhs or more in respect of any party during the year.

(vi) DEPOSITS FROM PUBLIC

In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. However, unsecured loan outstanding to the extent of Rs.20, 00,000/- (Previous Year Rs.20, 00,000/-).

(vii) INTERNAL AUDIT SYSTEM

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

(viii) COST RECORDS

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

(ix) STATUTORY DUES

- (a) According to the records of the Company, undisputed statutory dues including provident fund, sales tax, custom duty, excise duty, cess and other statutory dues have been regularly deposited with the appropriate authorities.
- (b) According to the information and explanation given to us details of disputed Income tax which have not been deposited as on 31st March, 2010 on account of any dispute are given below. Otherwise there are no disputed Liabilities on account of Sales Tax, Custom Duty, Wealth Tax, Service Tax, Excise duty and Cess as on 31st March, 2010.

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.	73,14,776/-	A.Y.2001-02	I.T Tribunal
Income Tax	Proceeding U/s 271(1)	6,47,978/-	A.Y.2006-07	CIT Appeal
Income Tax	Proceeding U/s 271(1)(c)	2,33,521/-	A.Y.2003-04	CIT Appeal
Income Tax	Wealth tax	1,82,573/-	A.Y.2002-03	CIT Appeal

AVANCE TECHNOLOGIES LIMITED

(x) SICK INDUSTRY

The Company has No accumulated losses and has not incurred any cash losses during the financial year 2009-2010, covered by audit. Further, the Company has no cash losses in the immediately preceding financial year.

(xi) DUES TO FINANCIAL INSTITUTIONS

Based on our audit procedures performed and on the information and explanation given by the management, we are of the opinion that the Company has yet to repay to Allahabad Bank Rs.1,66,97,612/- (Previous Year Rs. 2,22,97,612/-) for a period over 12 months.

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

(xii) SECURED LOANS AND ADVANCES GRANTED

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

(xiii) CHIT FUND, NIDHI OR MUTUAL BENEFIT COMPANY

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

(xiv) INVESTMENT COMPANY

In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investment. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor Report) Order, 2003 are not applicable to the Company.

(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.

AVANCE TECHNOLOGIES LIMITED

(xviii) PREFERENTIAL ISSUE

According to the information and explanations given to us, The Company issued 40,00,00,000 Nos. Convertible equity warrants each of Rs.3.50/- on preferential basis to individuals and Corporate belonging to non promoter category. Out of the said warrants 17725000 warrants converted into equity shares on 20th February, 2010 and 382275000 warrants converted into equity shares on 27th March, 2010. At face value of Re.1/- the balance amount of Rs.2.50 per warrant transfer to share premium account. The price charge is as determine as per SEBI guidelines. The price charge for preferential allotments are not prejudicial to the interest of the company.

(xix) DEBENTURES

According to the information and explanations given to us, during the period covered by our audit report, the Company has not issued any debentures.

(xx) PUBLIC ISSUE

The Company has not raised any money by the public issue during the year covered by our audit report.

(xxi) FRAUD

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

Place: Mumbai

Date : 30th September, 2010

For **RAMESH BATHAM AND CO.**

Chartered Accountants

Sd/-

RAMESH BATHAM

Proprietor

Membership No.114178

Firm Reg. No. 123638W

AVANCE TECHNOLOGIES LIMITED

BALANCE SHEET AS AT 31ST MARCH 2010

PARTICULARS	SCHEDULE	As at 31st March 2010	As at 31st March 2009
SOURCES OF FUNDS			
SHAREHOLDERS' FUND			
Share Capital	A	640,387,500	48,077,500
Reserve & Surplus	B	1,003,793,034	193,831,559
LOAN FUNDS			
Secured Loans	C	16,697,612	22,297,612
Unsecured Loans	D	2,000,000	2,000,000
	TOTAL	1,662,878,146	266,206,671
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	E	34,085,959	34,085,959
Less:-Depreciation		29,991,255	29,261,029
Net Block		4,094,704	4,824,930
INVESTMENT			
	F	476,090,248	193,249,578
CURRENT ASSETS LOANS & ADVANCES			
Cash & Bank Balance	G	5,010,081	848,057
Loans & advances	G	1,182,787,061	41,080,099
Sundry Debtors	G	197,992,504	557,117,210
Inventories		125,892,365	98,789,524
	TOTAL (A)	1,511,682,010	697,834,890
Less: Current Liabilities & Provisions	H		
Current Liabilities		325,340,512	627,533,168
Provisions		3,743,035	2,295,867
	TOTAL (B)	329,083,547	629,829,035
Net Current Assets (A-B)		1,182,598,463	68,005,855
MISC. EXPENDITURE			
Preliminary Expenses		94,731	126,308
(To the extend not Written off)			
	TOTAL	1,662,878,146	266,206,671

Notes forming part of balance sheet

O

AS PER OUR REPORT OF EVEN DATE

For **RAMESH BATHAM & CO.**
Chartered Accountants

Sd/-

RAMESH BATHAM
Proprietor
Firm Registration No. 123638W

For & on behalf of the Board of
AVANCE TECHNOLOGIES LIMITED

Sd/-
DIRECTOR

Sd/-
DIRECTOR

Place : MUMBAI

Date : 30th September, 2010

AVANCE TECHNOLOGIES LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

PARTICULARS	SCHEDULE	For the Year Ended 31st March 2010	For the Year Ended 31st March 2009
INCOME			
Sales	I	727,716,124	768,190,374
Other Income	J	1,801,788	3,332,369
Increase/Decrease In Stock	K	27,102,841	16,322,446
	TOTAL	756,620,753	787,845,189
EXPENDITURE			
Purchases		748,047,896	781,765,819
Employees Remuneration/Cost		486,257	639,343
Administrative Exp.	L	3,112,057	599,557
Selling Expenses	M	44,710	38,507
Financial Expenses	N	21,208	7,984
Depreciation	E	730,226	510,032
		752,442,354	783,561,242
Profit/ (loss)		4,178,399	4,283,947
	TOTAL	756,620,753	787,845,189
Profit/(Loss) before Tax		4,178,399	4,283,947
Provision for FBT		-	6,513
Provision for Income Tax		1,313,426	695,577
Income Tax Paid		484,043	64,045
Provision for Differed Tax		109,455	769,398
Profit/ (Loss) after Tax		2,271,475	2,748,414
Balance B/F from Previous Year		60,218,809	57,470,395
Less : Reserve used for issue of bonus shares		58,697,250	
Balance b/f		1,521,559	
Balance carried to Balance Sheet		3,793,034	60,218,809
Profit Considered for arriveing at EPS		2,271,475	2,748,414
Earning per Share (Basic)		0.003	0.572
Earning per Share (Diluted)		0.013	0.587
Number of Sahares used in computing			
- Earning per Share (Basic)		640,387,500	4,807,750
- Earning per Share (Diluted)		176,922,993	4,684,188

Read with Accounting Policies and Notes on Accounts.

AS PER OUR REPORT OF EVEN DATE

For **RAMESH BATHAM & CO.**

Chartered Accountants

Sd/-

RAMESH BATHAM

Proprietor

Firm Registration No. 123638W

For & on behalf of the Board of
AVANCE TECHNOLOGIES LIMITED

Sd/-
DIRECTOR

Sd/-
DIRECTOR

Place : MUMBAI

Date : 30th September, 2010

AVANCE TECHNOLOGIES LIMITED

	As at 31st March 2010	As at 31st March 2009
SCHEDULE - A		
SHARE CAPITAL		
AUTHORISED SHARE CAPITAL		
65,00,00,000 Nos of Equity Shares of Re.1/- each. (Previous Year 60,00,000 Nos of Equity Shares of Rs.10/- each) (See Note - 11)	650,000,000	60,000,000
ISSUED, SUBSCRIBED & PAID UP		
640387500 Nos. of Equity Shares of Re.1/-each.fully paid up (Previous Year 4807750 Nos. of Equity Shares of Rs.10/- each) (Out of the above 19,23,10,000 equity shares, Nos Equity Share each of Re 1/- fully paid, Issued as bonus shares by capitalization of Share Premium, Genral Reserve and Profit and Loss Surplus Account (Previous year - "NIL") (See Note - 11)	640,387,500	48,077,500
	640,387,500	48,077,500
SCHEDULE - B		
RESERVE & SURPLUS		
Share Premium (Ref.11 Note)		
Opening Balance B/f	103,600,750	101,400,750
Add : Premium on conversion of convertible equity warrants	1,000,000,000	2,200,000
	1,103,600,750	103,600,750
Less : Utilized for issue of bonus shares	103,600,750	-
Balance C/f	1,000,000,000	103,600,750
General Reserve		
Opening Balance B/f	30,012,000	30,012,000
Less : Utilized for issue of bonus shares	30,012,000	-
Balance C/f	-	30,012,000
Brought from P & L A/c	3,793,034	60,218,809
	1,003,793,034	193,831,559
SCHEDULE - C :		
SECURED LOANS		
Allahabad Bank, C C Account (Secured against Hypothecation of charges on entire stocks/ book debts and other current assets of the company both current and future along with colletral security of the equitable mortgage of plot of lan with building situated at belapur, navi mumbai and personal guarantee of all directors) (See Note - 2)	16,697,612	22,297,612
	16,697,612	22,297,612
SCHEDULE - D :		
UNSECURED LOANS		
From Companies	2,000,000	2,000,000
	2,000,000	2,000,000
SCHEDULE - G :		
Debtors (Unsecured and Considred Good, Unless otherwise Stated)		
Over Six Month (Considered Good)	129,582,674	181,181,982
Other (Considred Good)	68,409,830	375,935,228
	197,992,504	557,117,210

AVANCE TECHNOLOGIES LIMITED

	As at 31st March 2010	As at 31st March 2009
CASH & BANK BALANCES		
Cash in Hand	122,026	696,301
Balance With Banks In Current Account	4,888,055	151,756
	5,010,081	848,057
SCHEDULE - G :		
Loans & Advances : For MSEB	109,140	109,140
	109,140	109,140
OTHER CURRENT ASSETS - :		
Advance Income Tax & TDS	574,624	398,690
Advance For Investment and Other	1,179,406,947	37,875,919
VAT Credit Available	1,196,350	1,196,350
Share Application (Utsav Polymers Ltd.)	1,500,000	1,500,000
	1,182,677,921	40,970,959
	1,182,787,061	41,080,099

AVANCE TECHNOLOGIES LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31ST MARCH, 2010

PARTICULARS	Current Year 2009-10		Previous Year 2008-09	
	No. of Shares	Amount Rupees	No. of Shares	Amount Rupees
SCHEDULE : "F"				
INVESTMENTS (AT COST)				
LONG TERM INVESTMENTS :				
(A) In Shares (Quoted)				
BSEL Information Systems Ltd.	1,100,420	20,151,074	1,100,420	20,151,074
Hitech Entertainment Ltd.	195,515	3,783,993	195,515	3,783,993
Yogi Sung Won (India) Ltd.	135,024	328,511	135,024	328,511
Madhya Pradesh Gylchem Inds. Ltd.	800,000	8,000,000	800,000	8,000,000
Available Finance Ltd.	250,000	2,500,000	250,000	2,500,000
Prraneta Industries Limited	594,075	19,015,670	-	-
(Market Value As on 31.03.2010 Rs. 486.03lacs)				
Total ' A '	3,075,034	53,779,248	2,480,959	34,763,578
(B) In Shares (Unquoted)				
Investments in Shares	4,859,550	422,311,000	2,263,800	158,486,000
Total ' B '	4,859,550	422,311,000	2,263,800	158,486,000
Total 'A' + 'B'	7,934,584	476,090,248	4,744,759	193,249,578

AVANCE TECHNOLOGIES LIMITED

	As at 31st March,10	As at 31st March,09
SCHEDULE - H :		
CURRENT LIABILITIES AND PROVISION		
Provision		
Differred Tax Liability	1,020,872	911,416
Provision for Taxation Ass Yr 2004-05	259,924	259,924
Provision for FBT - Ass Yr 2006-07	12,054	12,054
Provision for FBT - Ass Yr 2007-08	12,197	12,197
Provision for FBT - Ass Yr 2008-09	8,787	8,787
Provision for FBT - Ass Yr 2009-10	6,513	6,513
Provison for Income Tax Ass Yr.2006-07	4452	4,452
Provison for Income Tax Ass Yr.2007-08	-	76,579
Provison for Income Tax Ass Yr.2008-09	3,792	3,792
Provison for Income Tax Ass Yr.2009-10	695,577	695,577
Provison for Income Tax Ass Yr.2010-11	1,313,426	-
Tds Payable on Contractor	13,957	13,957
Service tax payable -A.Y.2009-10	329,256	269,179
Professional Tax Payable	26,715	21,440
Vat Payable A.Y. - 10-11	35,513	
	3,743,035	2,295,867
Current Liabilities:		
Advance Received from cutomers	47,382,261	38272485
Directors Current Account	388,700	388700
Sundry Creditors	273,524,551	586076982.7
Preferencial FCD - Application Money	2,795,000	2,795,000.00
Preferencial Convertible Warrants Application Money	1,250,000	-
	325,340,512	627,533,168
	329,083,547	629,829,035
SCHEDULE - I :		
Sales		
Software Sales	513,298,940	768190374
Hardware Sales	214,417,184	-
TV Serial Sales	-	-
Sales	-	-
	727,716,124	768,190,374
SCHEDULE - J :		
Other Income :		
Dividend Income	-	-
Service Charges Received	1,047,627	2,928,600.00
Forex Rate Diff	-	0
Interest Call Money	-	0
Interest On Bank FD	-	0
Discount and Rebates Received	-	237,215.00
Other Income	754,161	166554
	1,801,788	3,332,369
SCHEDULE - L:		
Administrative & Selling Expenses :-		
Auditors Remuneration	19,500	19,000
Communication Expenses	16,170	31,557
Courier Charges	27,461	20,108

AVANCE TECHNOLOGIES LIMITED

	As at 31st March,10	As at 31st March,09
Loss on sales of investments	29,653	270,000
Order Cancncellation Charges	843,000	-
Electricity Charges	27,321	26,771
Listing Fees	132,640	10,100
Printing & Stationery	34,869	7,592
Professional Fees & Legal Charges	79,545	84,885
Professional Tax Company	-	2,500
Repair Maintenance	4,750	5,779
Rent, Rates and Taxes	263,603	48,000
Share Transfer Fees (RTA Charges)	103,799	15,000
Office Expenses	16,800	-
Share Issue Expenses W/o	31,577	31,577
Legal Advertisement	26,705	11,109
Vehical Expenses	16,771	15,579
Stamp Duty on issue of shares	1,437,893	-
	3,112,057	599,557
SCHEDULE - M :		
Travelling & Conveyance	34,578	32,490
Meeting & Conference Expenses	10,132	6,017
	44,710	38,507
SCHEDULE -N :		
Bank Charges	21,208	7,984
Bank Interest	-	-
	21,208	7,984

AVANCE TECHNOLOGIES LIMITED

SCHEDULE - K INVENTORIES

PARTICULARS	Current Year 2009-10		Previous Year 2008-09	
	Quantity (Units)	Amount Rupees	Quantity (Units)	Amount Rupees
Stock of Software				
Opening Stock	1,041	98,204,696	1,041	81,882,250
Add : Purchases	2,900	349,030,156	4,745	781,162,491
Service Charges	-	-	-	-
Less : Sale	3,067	351,243,331	4,745	768,190,375
Closing Stock	874	99,327,125	1,041	98,204,696
Stock of Hardware				
Opening Stock	77	584,828	77	584,828
Add : Purchases	2,860	244,978,193	-	-
Less : Sale	2,831	212,487,414	-	-
Closing Stock	106	26,565,240	77	584,828
Grand Total		125,892,365		98,789,524
Less Closing Stock of Previous Year		98,789,524		82,467,078
Net Increase/Decrease in Stock		27,102,841		16,322,446

AVANCE TECHNOLOGIES LIMITED

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2010 & PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING 31^{AT} MARCH 2010.

SCHEDULE: "O "

Notes to the Accounts

1. Significant Accounting Policies

a Basis for Preparation of Financial Statements

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

b Revenue Recognition

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

c Expenditure

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

d Inventory

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

e Fixed Assets

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

f Depreciation

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

g Research and Development

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

AVANCE TECHNOLOGIES LIMITED

h Investments

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

i Retirement Benefits

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

j. Taxation

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

Current tax

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

Deferred tax

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

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain to be realized.

k. Earnings per share ('EPS')

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

l. Provisions and Contingent Liabilities

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

AVANCE TECHNOLOGIES LIMITED

m. Cash Flow Statement

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

n. Service Tax

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

2 Secured Loan from Bank

The outstanding amount due to Allahabad Bank is Rs.1,66,97,612 /-(Previous Year Rs. .2,22,97,612/ - no provision for interest is made (Previous Year Rs. Nil) up to 31st March 2010. The Company's proposal for one time settlement has been inprinipal accepted by ARCIL, and the Company has paid Rs.56,00,000/- as part payment towards the settlement.

3 Previous year's figures

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

4 Loans & Advances

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

5

	<u>2009-10</u>	<u>2008-09</u>
Earnings and Expenditure in Foreign Currency.		
Earning in foreign currency	NIL	NIL
Expenditure in foreign currency	NIL	NIL

6 Auditors Remuneration

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

7 Related Party Disclosure

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

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

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

AVANCE TECHNOLOGIES LIMITED

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

11 During the financial year 2009-10, the Company has increased Authorized Capital and Paid-Up Capital as Follows;

A. Increase in Authorized Capital:

- i Increased from Rs.6,00,00,000/- divided into 60,00,000 Equity shares of Rs.10/- each to Rs.25,00,00,000/- divided into 2,50,00,000 Equity Shares of Rs.10/- each on 21st July, 2009 by creation 1,90,00,000 additional Equity Shares.

The equity shares of Face value of Rs10/- each subdivided into 10 equity shares of the face value of Re.1/-.

- ii. Authorized capital Increased from Rs. 25,00,00,000/- divided into 25,00,00,000 Equity shares of Re.1/- each to Rs.65,00,00,000/- divided into 65,00,00,000 Equity Shares of Re.1/- each on 12th January 2010 by creation 40,00,00,000 additional Equity Shares.

B. Increase/Change in Paid-up Capital:

- I. The equity shares of face value of Rs.10/- has been subdivided into Re.1/- face value hence the number of shares has been increased from 4807750 equity shares to 48077500
- II. The Company has issued and allotted bonus shares 19,23,10,000 Nos., in the ratio of 4:1 by capitalizing general reserve, share premium account and surplus of profit and loss account. As a result the paid-up capital increased to Rs. 24,03,87,500/- divided into 24,03,87,500 equity shares of Re.1/- each fully paid-up.
- III. On 5th February, 2010, The Company issued 40,00,00,000Nos. Convertible equity warrants each of Rs.3.50/- on preferential basis to individuals and Corporate belonging to non promoter category. Out of the said warrants 17725000 warrants converted into equity shares on 20th February, 2010 and 382275000 warrants converted into equity shares on 27th March, 2010. At face value of Re.1/- the balance amount of Rs.2.50 per warrant transfer to share premium account

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

13 Micro, Small and Medium Enterprises:-

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

14 Quantitative Particulars:-

a) Capacities:-

License Capacity - not Applicable

Install Capacity - not Applicable

AVANCE TECHNOLOGIES LIMITED

b) Purchase, Turnover, and Stock (Trading)

PARTICULARS	Current Year 2009-10		Previous Year 2008-09	
	Quantity (Units)	Amount Rupees	Quantity (Units)	Amount Rupees
Stock of Software				
Opening Stock	1,041	98,204,696	1,041	81,882,250
Add : Purchases	2,900	349,030,156	4,745	781,162,491
Service Charges	-	-	-	-
Less : Sale	3,067	351,243,331	4,745	768,190,375
Closing Stock	874	99,327,125	1,041	98,204,696
Stock of Hardware				
Opening Stock	77	584,828	77	584,828
Add : Purchases	2,860	244,978,193	-	-
Less : Sale	2,831	212,487,414	-	-
Closing Stock	106	26,565,240	77	584,828
Grand Total		125,892,365		98,789,524

As per our Report of Even Date Attached

For **RAMESH BATHAM & CO.**

Chartered Accountants

Sd/-

RAMESH BATHAM

Proprietor

Firm Registration No. 123638W

For & on behalf of the Board of
AVANCE TECHNOLOGIES LIMITED

Sd/-
DIRECTOR

Sd/-
DIRECTOR

Place : MUMBAI

Date : 30th September, 2010

AVANCE TECHNOLOGIES LIMITED

Additional information as required under part IV of Schedule VI to the Companies Act 1956

BALANCE SHEET ABSTRACT AND COMPANIES BUSINESS PROFILE			
I	Registration Details	L 51900 MH 1985 PLC 035210	State Code 11
	Balance Sheet Date	31st March,10	
II	Capital raised during the year (Amount in Rupees Thousand)		
	Public Issue	NIL	Right Issue\Conversion of Warrants 592,310.00
	Bonus Issue	NIL	Private Placement NIL
III	Position of Mobilisation and Development of funds: (Amount in Rupees Thousand)		
	Total Liabilities	1,662,878	Total Asstes 1,662,878
	Sources of Funds		
	Paid up Capital	640,388	Reserves & Surplus 1,003,793
	Secured Loans	16,698	Unsecured Loans 2,000
	Application of Funds		
	Net Fixed Assets	4,095	Investments 476,090
	Net Current Assets	1,182,598	Misc. Expenditure 95
IV	Performance of Company		
	Turnover	727,716	Total Expenditure 752,442
	Profit/Loss (Before Tax)	4,178	Profit/Loss (After Tax) 2,271
	Earning per Share In Rs.	0.04	Dividend Rate (%) -
V	Generic Names of One Principal Product/Services of the Company (As per Monetary terms)		
	Item Code No.	N.A.	Product Description N.A.

For & on behalf of the Board of
AVANCE TECHNOLOGIES LIMITED

Place : MUMBAI
Date : 30th September, 2010

Sd/-
DIRECTOR

Sd/-
DIRECTOR

AVANCE TECHNOLOGIES LIMITED

Regd Office: Unit No. 505, Midas Chambers, Off Link Road, Andheri (W), Mumbai-400 053.

ATTENDANCE SLIP

I/ We hereby record my/ our presence at the Twenty-Sixth Annual General Meeting of the Company to be held on Friday, 31st day of December, 2010, at 9:30 AM at Registered Office situated at: Unit No 505, Midas Chambers, Off Link Road, Andheri (W), Mumbai - 400053.

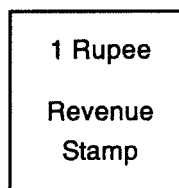
DP ID No.*:	L. F. No.:
Client ID No.*:	No. of Shares held:
Name and address of the Shareholder(s)	
If Shareholder(s), Please sign here	If Proxy, Please sign here

PROXY FORM

I / we _____ of _____ in the district of _____ being a member / members of the above named company, hereby appoint _____ of _____ or failing him / her _____ of _____ as my / our Proxy to vote for me / us on my / our behalf at the Twenty-Sixth Annual General Meeting of the company to be held on Friday, 31st day of December, 2010, at 9:30 AM at Registered Office situated at: Unit No 505, Midas Chambers, Off Link Road, Andheri (W), Mumbai - 400053.

Signed this _____ day of _____ 2010

Signature :



Note: This form duly completed and signed should be deposited at the Registered Office of the company not later than 48 hours before the time of the meeting.

BOOK-POST

If undelivered Please return to :

AVANCE TECHNOLOGIES LIMITED

Unit No. 505, Midas Chambers,

Off Link Road, Andheri (W),

Mumbai-400 053.