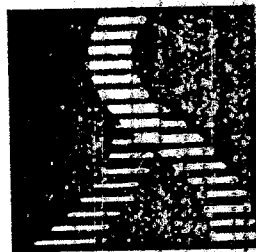


# SIXTH ANNUAL REPORT 1997 - 98

MD	✓		EXC	✓
CS	NA		DEV	NA
RO	✓		TR	✓
TRA	✓		SH	✓
AGM	✓	✓		✓
YE	✓	✓		

Report  Junction.com



**SYNERGIC**

**ADVANCED SYNERGIC  
MICROSYSTEMS LIMITED**

**ADVANCED SYNERGIC MICROSYSTEMS LIMITED****Board of Directors**

Dr. S. Srikantan	<i>Chairman</i>
Mr. S. Rabindra	<i>Managing Director</i>
Mr. K. Sundar	<i>Managing Director</i>
Dr. R.P. Shenoy	<i>Director</i>
Mr. M. Ravindra Vikram	<i>Director</i>
Smt. K. Nagaraj	<i>Nominee Director of IDBI</i>

**Auditors**

M/s. Sudhakar Pai Associates  
Chartered Accountants  
Bangalore - 560 002

**Bankers**

State Bank of India  
Bangalore City Branch  
J.C. Road  
Bangalore - 560 002

**Registered Office**

80/2, Lusanne Court  
Richmond Road  
Bangalore - 560 025

<i>Contents</i>	<i>Page No.</i>
Notice	1
Directors' Report	3
Auditors' Report	5
Balance Sheet	6
Profit & Loss Account	7
Schedules	8
Notes on Accounts	12
Cash Flow Statement	14

# ADVANCED SYNERGIC MICROSYSTEMS LIMITED

## NOTICE

Notice is hereby given that the Sixth Annual General Meeting of the Company will be held at 10.00 a.m. On Thursday the 31st December, 1998 at Universal Raj Sri Party Hall, No. 4013, K.R. Road, Banashankari, 2nd Stage, Bangalore - 560 070 to transact the following business.

### ORDINARY BUSINESS

1. To receive, consider, approve and adopt the Balance Sheet as at 31.03.1998, the Profit and Loss Account for the year ended 31.03.1998 and the Cash Flow Statement for the year ended 31.03.1998 together with the report of the Auditors and Directors thereon.
2. To Declare dividend.
3. To appoint a Director in place of Dr. R.P.Shenoy who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint auditors and fix their remuneration. M/s Sudhakar Pai Associates the retiring auditors are eligible for re-appointment.

### SPECIAL BUSINESS

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

**"RESOLVED THAT** Mr. M. Ravindra Vikram who holds the office as an Additional Director up to the date of this meeting under Section 260 of the Companies Act, 1956, read with Clause 115 of the Articles of Association of the Company and being eligible for appointment and in respect of whom the Company has received a notice in writing under Sec.257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, is liable to retire by rotation as per the provisions of Section 255 of the Companies Act, 1956."

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

**"RESOLVED THAT** pursuant to the provisions of Sections 198,269,309 and other applicable provisions if any, of the Companies Act, 1956 and subject to such other approvals as may be necessary the company be and is hereby approves the appointment of Mr.S.Rabindra as Managing Director of the company for a period of five years with effect from 8.11.1998 on a remuneration of Rs. 40000/- per month including perquisites payable to him as Managing Director and the minimum remuneration payable to him in case of absence or inadequacy of profits in any year.

**FURTHER RESOLVED THAT** in the event of any statutory amendments or modifications or relaxation in the provisions relating to the appointment and payment of remuneration to the managerial persons or to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorized to vary or increase the remuneration including salary, commission, perquisites, etc., with such prescribed limits.

**FURTHER RESOLVED THAT** the Board of Directors of the Company be and is hereby authorised to take such steps expedient or desirable to give effect to this resolution."

7. 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 94(1)(a) and Section 81(1A) of the Companies Act, 1956, 1000000 Equity shares of Rs.10/- each forming part of the Authorised Capital of the Company and remaining un-subscribed be issued and allotted to the persons, including promoters, as the Board of Directors may decide and this issue of shares is subject to the Memorandum and Articles of Association and subject to the approval, consent or permission of IDBI, SEBI, Stock Exchange and other statutory and appropriate authorities as may be required."

**REGD. OFFICE**  
80/2, Lusanne Court,  
Richmond Road,  
Bangalore - 560 025

By Order of the Board

**RABINDRA SRIKANTAN**  
Managing Director

Date: 31.10.1998

### NOTES

1. A Member entitled to attend and vote at a meeting is entitled to appoint a proxy and such proxy need not be a member of the Company. Proxies to be valid should be deposited forty eight hours before the Meeting at the Registered Office of the Company.
2. Members are requested to notify immediately any change in their address to the Company / Karvy Consultants Limited, Share Transfer agents at T.K.N Complex, No. 51/ 2, Anivilla Road, Opp. National College, Basavanagudi, Bangalore - 560 004.
3. The Registrar of Companies, Bangalore has permitted extension of time upto 31.12.1998 to hold the Sixth Annual General Meeting vide their letter number. Extn. / STA/ 13421/98 dt. 6.11.1998.
4. For the convenience of the members, attendance slip is annexed to the proxy form. Members are requested to fill in and affix their signature at the space provided and hand over the attendance slip at the entrance place of the meeting. Proxy representative of a member should mark on the attendance slip as "PROXY" or "REPRESENTATIVE" as the case may be.
5. Members desiring any information on the accounts at the AGM are requested to write to the Company at least ten days in advance so as to enable the company to keep the information ready.
6. As a measure of economy copies of the Annual Reports will not be distributed at the AGM. Members are requested to kindly bring copies of the Annual Report to the Meeting.
7. Pursuant to Sec. 205 A (5) as amended by the Companies (Amendment) Ordinance 1998 which has come into effect from 31.10.1998 the unclaimed dividend which has remained unclaimed/unpaid shall be transferred to the Central Government on completion of the fifth year from the date of such transfer.
8. The Company has forfeited 9200 no. of shares for non-payment of allotment/call money in accordance with Regulation 29.30,31 of Table A of Companies Act, 1956. The company proposes to re-issue the forfeited shares and will follow the stipulations contained in the listing agreement with the stock exchanges.

**SIXTH ANNUAL REPORT 1997-98****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****Item No. 5**

Mr. M. Ravindra Vikram was appointed as an Additional Director of the Company with effect from 30th June 1998 and holds office upto this Annual General Meeting, pursuant to Section 260 of the Companies Act, 1956 and Clause 115 of the Articles of Association of the Company. Mr. M. Ravindra Vikram, being eligible offers himself for appointment at the Meeting. Notice, under Sec 257 of the said Act alongwith a deposit of Rs. 500/- has been received from a member of the company signifying his intention to propose the name of Mr. M. Ravindra Vikram for appointment as a Director of the company. Mr. M. Ravindra Vikram has filed with the company his consent to act as a Director pursuant to provisions of Section 264(1) of the Companies Act, 1956.

The Directors recommend his appointment as a member of the Board in the interest of the company. None of the Directors of the company in any way are interested not concerned in this resolution except Mr. M. Ravindra Vikram.

**Item No. 6**

The members are aware that Sri. S. Rabindra was appointed as Managing Director of the company for a period of five years from 8.11.1993 which appointment was approved by the Dept. of Company Affairs, Government of India. The term of office expired on 7.11.1998 and the Board of Directors in their meeting held on 31.10.1998 have re-appointed him as the Managing Director with effect from 8.11.1998 for a period of five years subject to the approval of the members of the company in the General Meeting and financial institutions, etc., and such other statutory authorities if any.

The terms of his appointment is as under:

Salary Rs. 40000/- per month inclusive of perquisites. However the following will not be included as perquisites :

1. Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent of these either singly or put together are not taxable under the Income Tax Act, 1961.

2. Gratuity payable @ not exceeding half a month's salary for each completed year of service.

3. Encashment of leave at the end of the tenure.

The above remuneration is within the limits prescribed under Sch. XIII as amended. The Directors are of the opinion that during the tenure of Shri S. Rabindra as the Managing Director the company made considerable progress and hence recommend passing the resolution.

This may also be treated as an abstract of the terms of appointment of Managing Director which is required to be given under Sec. 302 of the Companies Act, 1956.

None of the Directors of the company except Dr. S. Srikantan, Chairman, either directly or indirectly is interested or concerned in the resolution.

**Item No. 7**

In the past year our company expanded its business operations considerably to tap foreign markets aswell. However, for smoother day to day operations the Board of Directors consider it necessary to infuse funds towards working capital and for clearing major outstanding dues. The Board of Directors hence proposed to increase the paid up capital of the company by Rs. 1 Crore by private placement to the persons including promoters as the Board may decide subject to the approval of the shareholders, Memorandum & Articles of Association, IDBI, Stock Exchange and other statutory and appropriate authorities. Pursuant to Section 81 (1A) of the Companies Act, 1956 the company may by a special resolution offer its shares in any manner other than to the existing shareholders.

None of the Directors of the Company are in any way directly or indirectly interested nor concerned in this resolution except the promoter directors to the extent of shares that may be allotted to them.

Your Directors recommend the resolution for approval.

**REGD. OFFICE**  
80/2, Lusanne Court,  
Richmond Road,  
Bangalore - 560 025

By Order of the Board  
**RABINDRA SRIKANTAN**  
Managing Director

Date: 31.10.98

**ADVANCED SYNERGIC MICROSYSTEMS LIMITED****DIRECTORS' REPORT**

Your Directors have pleasure in presenting their Annual Report with the audited statement of accounts for the year ended 31st March, 1998.

**FINANCIAL HIGHLIGHTS**

Particulars	(Rs. in lacs)	
	Year ended March 31, 1998	Year ended March 31, 1997
Gross Receipts	675.35	1004.26
Profit before Financial Expenses, Depreciation & Tax	181.94	220.04
Financial Expenses	149.76	118.35
Depreciation	31.23	22.28
Profit before tax	0.95	79.41
Provision for tax	0.10	10.24
Profit after tax	0.85	69.17

**DIVIDEND**

During the year the Directors had declared an interim dividend of 5% which the director recommend as the final dividend for the year 97-98.

**Domestic Market**

The revenue of Rs.216.57 lacs from the domestic sales is mainly from the consultancy services and sale of software. There is a 64% reduction in domestic sales compared to the previous year sales of Rs.601.60 lacs. The reduction in domestic sales is due to lack of integrated sales of hardware and software to defense sector.

**Overseas Market**

The export revenue of Rs.458.78 lacs is mainly from offshore project to M/s Proslavia Systems AB Sweden and consultancy service on ERP projects. There is an increase in export turnover of 14% compared to the previous year export sales of Rs.402. 65 lacs.

**Subsidiary**

Your company has formed a wholly owned subsidiary namely M/s Advanced Synergic Pte Ltd. Singapore with a

capital investment of SGD 1,00,000.00. The main activity of the company is providing consultancy on Enterprise Resource Planning and implementation of the projects. In the first year of seven months operation Advanced Synergic Pte Ltd. achieved a sales turnover of SGD 6,46,692.00.

**Future outlook**

Efforts are underway to expand into the US markets. Some of the initial pilot projects have been executed. During the next fiscal year, the focus will be purely on overseas markets rather than the domestic market.

**DIRECTORS**

1. Dr. R.P.Shenoy, Director retires by rotation and is eligible for re-appointment.
2. During the year Mr. M. Ravindra Vikram was appointed as additional director to hold office until the conclusion of the ensuing AGM.

**PARTICULARS OF EMPLOYEES**

Information required pursuant to Section 217 (2A) of the Companies Act, 1956 is furnished in annexure forming part of this report.

**CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

- A. Conservation of energy: Not applicable
- B. Research and Development (R&D) : None
- C. Technology absorption, adoption and innovation : None
- D. Foreign Exchange earnings and outflow :
  1. Foreign exchange earnings :  
Rs. 4,58,78,031.00
  2. Foreign exchange utilized :  
Rs.1,01,88,359.00

**FIXED DEPOSITS**

The Company has not accepted any deposits from the public.

**REPLY TO THE QUALIFICATION IN THE AUDITORS REPORT**

1. The company is making contributions to the Employees Provident Fund and Employees State Insurance Corporation. However due to temporary cash flow problem the same could not be remitted in time.
2. Foreign travel advance paid to employees during January to March 98 pertains to overseas projects. Since, the project execution extended beyond March 1998 the exact amount of travelling expenses as of 31st March, 98 could not be ascertained. Employees have settled their accounts during the current financial year.

**AUDITORS**

M/s. Sudhakar Pai Associates, Chartered Accountants, the Auditors of the Company, retire at the ensuing Annual

General Meeting. They have confirmed their eligibility and willingness to accept office if re-appointed.

**ACKNOWLEDGMENTS**

Your Directors wish to place on record their deep appreciation for the continued co-operation by its shareholders and the devoted services rendered by its employees at all levels. The Directors also acknowledge the continued co-operation by the State and Central Governments, Software Technology Park, Reserve Bank of India, State Bank of India, Industrial Development Bank of India, Karnataka State Financial Corporation, vendors, customers and business associates.

On behalf of the Board of Directors

Place : Bangalore

**RABINDRA SRIKANTAN**

Date : 31.10.1998

Managing Director

Report Junction.com

**ANNEXURE TO THE DIRECTORS' REPORT**

Statement showing the information required to be furnished under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the directors report for the year ended 31st March, 1998.

Sl No.	Name	Designation	Age (yrs)	Qualification	Remuneration	Date of Joining	Last Employment
1.	Dr.M.V.S. Peri Sastry	Vice President & COO	53	Ph.D. in Computer Application & Techniques	5,31,000	04.01.95	CMC Limited
2.	Dr.K.Guru Prasad	DGM Simulation	40	Ph.D. in Mechanical Engineering	3,93,473	24.02.97	Satyam Computers Limited
3.	K.R.Kumar	Deputy General Manager	33	M.Tech in Mechanical Engineering	3,68,500	24.08.95	Aeronautical Development Agency



# ADVANCED SYNERGIC MICROSYSTEMS LIMITED

## AUDITORS' REPORT

To the members of M/s. Advanced Synergic Microsystems Limited

We have audited the attached Balance Sheet of M/s ADVANCED SYNERGIC MICROSYSTEMS LIMITED, as at 31st March, 1998 and Profit and Loss Account annexed thereto for the year ended on that date.

1. As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, as per the information and explanation given to us and the books and records examined by us in the normal course of our audit and to the best of our knowledge and belief, we report that :

- a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets as existing at the end of the previous financial year. These assets, have been physically verified by the management and no discrepancies were noticed.
- b) The Fixed Assets have not been revalued during the year.
- c) Physical verification has been conducted by the management at reasonable intervals in respect of finished goods, stores, spare parts and raw materials.
- d) In our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- e) Discrepancies noticed on physical verification of stocks as compared to book records were not material and the same has been dealt with in the books of accounts.
- f) In our opinion, the value of stocks is fair and proper (according to the certificate issued a Director technically qualified) in accordance with the normally accepted accounting principles. The basis of valuation is same as in the previous year.
- g) The Company has not taken loan from any company, firm or any person listed in the Register maintained under section 301 of the Companies Act, 1956.
- h) The company has not granted any loans, secured or unsecured to Companies, Firms or other parties listed in the register maintained under Section 301 or to the Companies under the same management as defined under Sub-section 1B of Section (370) of the Companies Act, 1956.
- i) The Company has not given any loans or advances in the nature of loans except interest free advances to employees which are being recovered generally as stipulated.
- j) As per the information and explanations given to us there is an adequate internal control procedure commensurate with the size of the company and to the nature of its business, for the purchase of stores, raw materials, plant and machinery, equipment and other assets and for the sale of goods.
- k) There were transactions of purchase and sale of goods, materials and rendering and availing the services in pursuance of contract entered in the Register maintained U/s 301 of the Companies Act, 1956, aggregating during the year to Rs. 50,000/- or more. In our opinion and according to the explanations given to us the rates prevailing in the market, however there were no transactions to compare since these were single time transactions.

- l) Unserviceable and damaged stores, raw materials and finished goods are determined and necessary provision for the loss has been made in the accounts.
- m) The company has not accepted from the public to which the provisions of the Section 58A of the Companies Act, 1956 are applicable.
- n) The operations of the Company do not generate by-products or scrap.
- o) The Company has an Internal Audit System commensurate with its size and the nature of its business.
- p) The Central Government has not prescribed the maintenance of cost records by the Company and under the Section 209(1) (d) of the Companies act, 1956.
- q) In case of Provident Fund and Employees State Insurance, the Company is making deduction and remitting the amount to the appropriate authorities generally not in time.
- r) There were no undisputed amounts payable in respect of Income-Tax, Sales Tax, Wealth Tax, Customs Duty and Excise Duty outstanding as at the last day of the financial year under audit, for a period of more than six months from the date they became payable.
- s) Personal expenses are not been charged to revenue account.
- t) The Company is not a Sick Industrial Company within the meaning of clause (o) of Sub-Section 3 of Sick Industrial Companies (Special Provisions) Act, 1985 (1 of 1986).

2. Further to our comments in paragraphs 1 above, we report that :

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books.
- c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts.
- d) In our opinion and to the best of our information and according to the explanations given to us, subject to non-provision & non ascertaining of travelling expenses detailed in point no. 13 of Notes on Accounts, to that extent profit is overstated and will have effect on the assets of the company and the said accounts read with the other notes there on give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
  - i) In case of Balance Sheet of the state of affairs of the company as at 31st March, 1998.
  - ii) In the case of the Profit and Loss Account of the Profit of the Company for the year ended on that date.

for SUDHAKAR PAI ASSOCIATES  
Chartered Accountants.

Place : Bangalore  
Date : 31.10.1998

B. SUDHAKAR PAI  
Proprietor