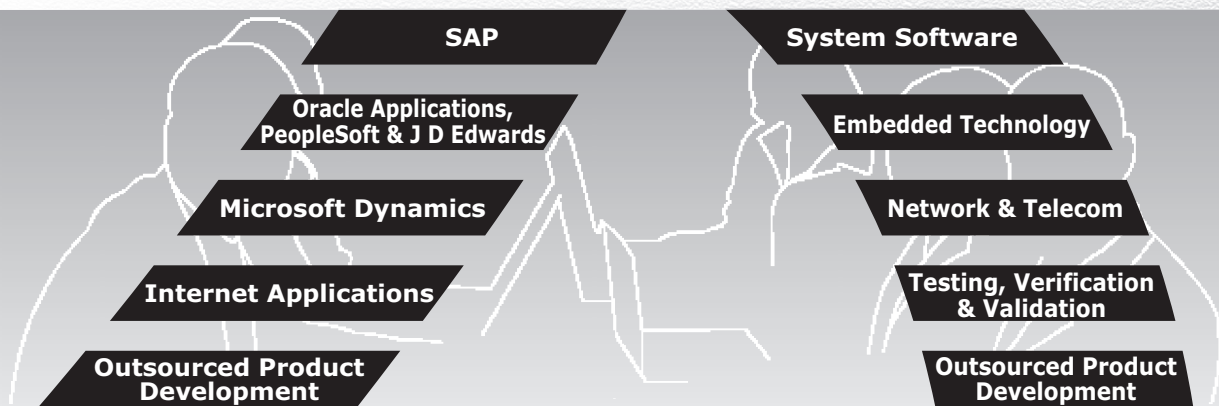




# ASM TECHNOLOGIES LIMITED



**Annual Report  
2009-10**

[www.asmltd.com](http://www.asmltd.com)

**Registered Office****India**

# 80/2  
Lusanne Court  
Richmond Road  
Bangalore 560 025, India  
Tel : +91 80 6696 2300-02  
Fax : +91 80 2227 3606

**Branch / Subsidiary Others****USA**

Pinnacle Talent Inc.  
# 2020  
Calamos Court  
Suite 200, Naperville  
IL 60563-2793, USA  
Tel : +1 630 799 1563  
Fax : +1 630 799 1562

**USA**

ESR Associates Inc.  
# 7071  
W. Central Avenue  
Toledo  
Ohio 43617, USA  
Tel : +419 843 2571  
Fax : +419 843 2702

**Singapore**

Advanced Synergic Pte Ltd.  
30 Toh Guan Road  
# 08-03A  
ODC Distri Center  
Singapore 608 840  
Tel : +65 62705737  
Fax : +65 6324 5345

**UK**

ASM Technologies (UK) Ltd.  
Nufford Place  
# 24-25  
Marble Arch  
London W1H5YN, UK  
Tel : +207 569 3285  
Fax : +207 569 3001

**Board of Directors**

Mr. M.R. Vikram  
Mr. Rabindra Srikantan  
Dr. R.P. Shenoy  
Prof. B.S. Sonde

Chairman  
Managing Director  
Director  
Director

**Audit Committee**

Mr. M.R. Vikram  
Prof. B.S. Sonde  
Dr. R.P. Shenoy

Chairman  
Member  
Member

**Share Transfer & Investor Grievance Committee**

Prof. B.S. Sonde  
Mr. Rabindra Srikantan

Chairman  
Member

**Remuneration Committee**

Prof. B.S. Sonde  
Dr. R.P. Shenoy  
Mr. M.R. Vikram

Chairman  
Member  
Member

**Company Secretary**

Ms. P.N. Lakshmi

**Auditors**

**M/s. Sudhakar Pai Associates**  
Chartered Accountants  
C-4, Unity Buildings  
J.C. Road  
Bangalore 560 002, India

**M/s. Mallesh B. Hullatti & Co.**  
# 68/155/4B, 'Shivasiri'  
Harinagar Cross, Kathanur, Anjanapura Post  
Bangalore 560 062, India

**M/s. N. Rajan Associates**  
10, Jalan Besar,  
# 10-12, Sim Lim Tower  
Singapore 208 787

**Jack Iyer CPA**  
# 39120 Argonaut Way No.684  
Fremont, CA 94538  
USA

**Company Law Advisor**

**Mr. M.R. Gopinath**  
"Rukmini", # 252/B, 2nd "C" Main,  
1st Phase, Girinagar,  
Bangalore 560 085, India

**Legal Advisors**

**Mr. Kiran S. Javali**, Advocate  
# 37, 11th Main, Vasanthnagar,  
Bangalore 560 052, India

**M/s. Michael A. Cottleer & Associates**  
# 207, N. Washington  
Wheaton, Illinois 60187, USA

**Bankers****State Bank of India**

Overseas Branch, # 65, St. Marks Road,  
Bangalore 560 001, India

**SBI Global Factors Ltd.,**

S-821/822, Manipal Centre, 47  
Dickenson Road, Bangalore 560 042, India

**State Bank of India**

# 19, La Salle Street,  
Chicago, Illinois 60603, USA

**Indian Bank**

Bharat Building, # 3, Raffles Place  
Singapore 048 617

**Stock Exchanges**

(Where the shares of the Company are listed)

**Bombay Stock Exchange Limited**

Phiroze Jeejeebhoy Towers  
25th Floor, Dalal Street  
Mumbai 400 001, India

**Bangalore Stock Exchange Limited**

# 51, Stock Exchange Towers  
1st Cross, J.C. Road  
Bangalore 560 027, India

**Stock Code**

BgSE - ADVSYNER  
BSE - 526433

**Demat ISIN No. in NSDL & CDSL for Equity Shares**

INE867C01010

**Investor Relation Cell**

Secretarial Department  
# 80/2, Lusanne Court  
Richmond Road  
Bangalore 560 025, India  
Tel : +91 80 6696 2309

**Registrars & Share Transfer Agents****Karvy Computershare Private Limited**

Plot No. 17 to 24, Near Image Hospital  
Vittalrao Nagar, Madhapur, Hyderabad 500 081, India  
Tel : 040 23420818-824, Fax : 040 23420814

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## Corporate Vision

“To be a global leader, committed to the customer  
in providing technology solutions with  
the highest degree of excellence, quality and value  
by an agile team using efficient processes”

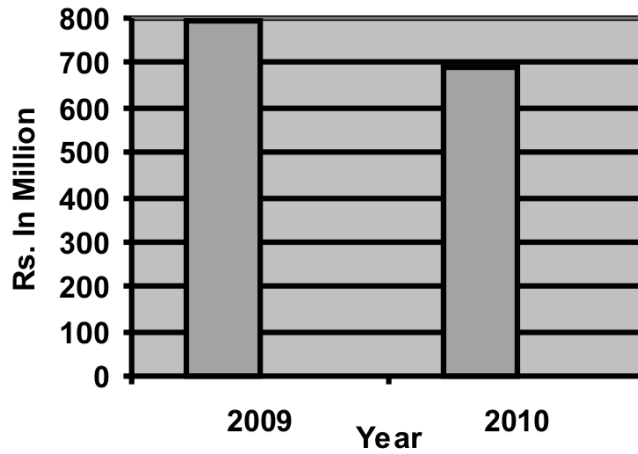
## ASM Board of Directors



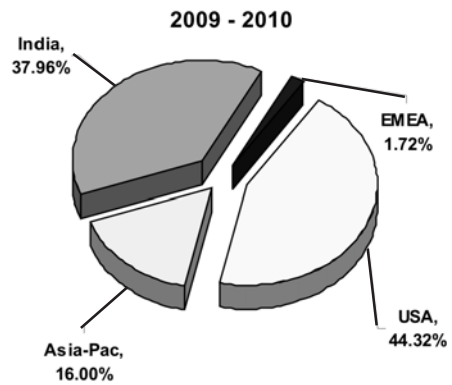
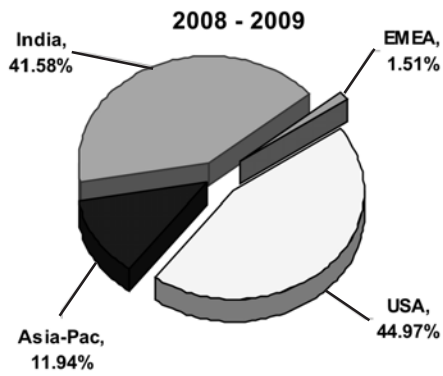
From left Prof. B.S. Sonde, Director, Dr. R.P. Shenoy, Director, M.R.Vikram, Chairman, Rabindra Srikantan, Managing Director

## ASM GROUP INFORMATION

### ASM Group Revenue (Net of Inter-Company Sales)



### Geographical Distribution of Revenue



**NOTE : Group consists of :**

- ASM Technologies Ltd. (India)
- Pinnacle Talent Inc. (USA)
- Advanced Synergic Pte. Ltd. (Singapore)
- ESR Associates Inc. (USA)

## CEO's Letter to the Shareholder

**Dear Shareholder,**

The beginning of the new decade heralded the slow but steady end of the worst recession in the recent past. Improving economic conditions signifying return of consumer confidence and renewal of business growth is expected to drive IT spending forward. IT services is expected to grow by 2.4% in 2010, and 4.2% in 2011 as companies coming out of recession harness the need for information technology to create competitive advantage. As per Nasscom Strategic Review 2010 Domestic IT-BPO revenues are expected to grow at almost 8.5% to reach INR 1,088 billion in FY 2010.

As one looks back at 2009, one cannot think of any other year which has witnessed so many different challenges. With all your support - ASM has demonstrated the resilience to sustain and come out much stronger from the downturn. Some of the highlights include- an all time high employee head count, invested in new sales initiatives in different regions, deeper relationships with ERP majors and invested for growth in new projects including Agri solution for the sugar industry, transaction based remote DBA support, ERP license sales and some others

For ASM ( consolidated) the group revenue for the year ended 31st March 10 was Rs 689.33 million. Consolidated EBIDTA was at Rs. 53.19 million, while consolidated net profit ( after tax) was Rs. 30.90 million.

As for ASM ( standalone) the total revenue from operations stood at Rs.427.92 million for the year ended 31st March, 2010. EBIDTA was Rs. 58.56 million while Net Profit ( after tax) was at Rs.34.28 million

The Board of Directors has recommended for approval of the members a dividend of Rs. 1.20 on the par value of Rs. 10/- per share for the financial year 2009-10.

### Future Outlook

With the global economy showing signs of recovery, the future looks set for a spring back to a reasonable growth and maturity in the coming years for the industry.

ASM will leverage this phase in consolidating and growing the relationship with the existing clients, delivering value and offering more services across geographies. Further, new client acquisition will be the thrust for this year. For ASM this is an opportunity to provide greater value to existing clients and add new clients with its global delivery model. ASM looks to garner more work from the US and other region markets by leveraging on the offshore work delivery and thereby reducing the Total Cost of Ownership and Operating Costs to the clients.

### Geographical Areas of Operation

The company continues to strengthen its market initiatives in India, Asia and US.

### Business Focus Area

#### ◆ Current Areas :

This year the Company has strengthened its core areas of-

- Enterprise Application- Packaged ERP implementation, Application Maintenance and Support ( AMS), Database Support and Custom Enterprise Apps
- Application Development Integration
- Technology Service & Product Engineering Services- System Software, Embedded Software and Firmware.
- Engineering Services

#### New offerings last year:

- Launched Industry Specific Solution for the Sugar Industry (ACMS) to run on any ERP ( SAP, Oracle etc)
- Launched an unique Remote Database Support Services (YoDBA.com) on "pay per incident / ticket model" addressing the mid and the small enterprises globally. This is supported by a dedicated 24X7 Offshore Support Center in India and connecting remotely to the client servers through secure connectivity thereby addressing issues like optimization, enhancing speed, data cleansing applying patches etc.
- Launched e-Learning tool ( ePrism) for collaborative learning, creating client specific Knowledge Portal.
- Expanded the GRC initiatives (Governance Risk and Compliance) offerings - launched Digital Forensics offerings for the BFSI space

◆ **Future Expansion Areas :**

**More Industry Specific ERP Applications:**

The need to quickly deploy the ERP Solutions specifically designed for the different industry sectors is gaining momentum. ASM is addressing the needs of the Agriculture Based Industry, Process Industry, Consumer Products, Hi-Tech Industry and Services Industry. These Industry Specific solutions configured to the Global ERPs will ensure rapid implementation and the clients can reap the benefits of an integrated information system.

**Additional offerings to Enterprise Applications:**

**Development of Adaptors for Enterprise Solutions:** With diverse applications used by various clients based on their business needs, ASM has embarked on Development of Adaptors in partnership with ERP ISVs ( Independent Software Vendors) which will seamlessly integrate multiple Enterprise Applications.

**Business Intelligence and Data Warehousing:** With large amount of data getting generated across enterprises, the need for providing meaning to the data is imperative. Hence a separate practice is built around market leading tools on the Business Intelligence and Data Warehousing.

**Product Lifecycle Management (PLM):** With new product development activities / initiatives across the world gaining high momentum, there is a need to provide scientific ways of managing the Product Lifecycle and the Company is moving towards building expertise and practice in providing PLM solutions tightly integrated with the Enterprise Applications.

**Eco and Energy Initiatives:** With a good awareness to conserve energy and to develop a green eco-system, ASM is building a vertical to address the energy conservation, monitoring and controlling software for the Enterprise. This would substantially benefit the customers with a high ROI and also champion the cause of the Corporate Social Responsibility.

**Convergence Technologies:** With good experience in both the Enterprise Applications and the Technology solutions, there is a great client need to converge on the two. In this regard, initiatives and expertise is being built for providing RFID ( Radio Frequency Identification) mobility solutions for the Enterprise Applications for large Corporations.

Expand on the GRC initiatives - Digital Forensics offering currently for BFSI to be expanded to other industry verticals Retail, Brokerages, Manufacturing, HR.

**Engagement Models**

Various Client Engagement Models to meet the requirement of the sound delivery system with a distinct cost advantage has been effected. Blended Onsite – Offshore model, Offsite support and Development Center and Offshore Development Center (ODC) are the current trends which will continue with more volumes in the coming years.

**Technology**

The Company will continue to focus on Enterprise Applications, Engineering Services and Technology Solutions. The drive will be to develop more industry focused solutions for quick deployment of the applications.

Employees are our asset and we attribute our success to an experienced management team and to a customer- oriented organization that is dedicated to excellence. Vesting faith in the resilience of our business model and driven by the talent and commitment of our people we look forward to overcoming challenges that lie ahead of us.

On behalf of the management of the company and on my behalf, I take this opportunity to thank

- \* Our esteemed customers, shareholders, vendors, business partners, advisors and consultants for their support
- \* Valuable employees of the company for their valuable contribution, efforts and spirit of dedication
- \* State Bank of India, Overseas Branch, Bangalore, State Bank of India, Chicago, SBI Global Factors Ltd. Bangalore and Indian Bank, Singapore, for their support and guidance.
- \* Central and State Government, Customs, Reserve Bank of India, Software Technology Parks (STPI) and NASSCOM

Place : Bangalore  
Date : 29th May, 2010

**RABINDRA SRIKANTAN**  
Managing Director

## Our Board of Directors

### **Mr. M.R. Vikram, Chairman**

M.R. Vikram, Chartered Accountant and Financial Services Consultant, is a partner in a firm of Chartered Accountants, M. Anandam & Co, in Secunderabad. He is the Secretary of M. Venkatarangaiya foundation (MVF), a voluntary organization doing pioneering work in the field of child literacy. MVF, has mobilized 400000 illiterate children into schools in the past 15 years. M.R. Vikram has conducted Special and Investigation audits to report to the Reserve Bank of India, IDBI, IFCI and ICICI and other premier Financial Institutions in the country and also conducted compliance studies for the RBI's Forex Reserves. He serves as an Advisor, Auditor and Director of many companies which include Glochem Industries Ltd., GTN Industries Ltd., Normak Fashions (P) Ltd., etc.

### **Mr. Rabindra Srikantan Managing Director**

Mr. Rabindra Srikantan holds a MS degree in Computer Engineering and Computer Science from the University of Louisiana, USA. As the Managing Director and one of the founders of ASM Technologies Ltd, Mr. Rabindra Srikantan is a seasoned, team-oriented business entrepreneur with a highly successful track record of building businesses based on sound strategic analysis. He has professional experience in a wide range of software systems in the areas of engineering, manufacturing, enterprise applications and Internet technologies. Mr. Rabindra Srikantan is an effective leader who is heading the team of ASM in providing medium and long-term business plans on leading edge technologies. He has implemented operational strategies to improve Quality and customer satisfaction ratings and has provided consulting services to more than 50 clients including multinational Companies. His philosophy of driving continuous business reformation by leveraging on state-of-the-art technologies, backed by a strong customer driven service perspective, has enabled ASM to emerge as one of the leading IT consulting and software services Company.

Mr. Rabindra Srikantan is also the President of Pinnacle Talent Inc., USA, the Director of Advanced Synergic Pte Ltd, Singapore the wholly owned subsidiaries of the Company and the President of ESR Associates Inc., USA.

### **Dr. R.P. Shenoy Director**

Dr. R.P. Shenoy who holds a Ph.D. in Electrical Engineering from University of Winconsin, USA. served the Defence R&D Organization of the Government of India till he retired in 1989 as Distinguished Scientist. He is a recipient of Padma Shree Award (Presidential award) for his contributions to the field of military electronics in India, During his service with the government of India, he was closely associated with the Indian Institute of Science, Bangalore, which invited him to be a Visiting Professor for a period of two years after his retirement. Dr. R.P. Shenoy is a fellow of Indian National Academy of Engineers and a Distinguished Fellow of the Institution of Electronics and Telecommunication Engineers. In the year 2000 he was the recipient of the prestigious Aryabhata award and the Distinguished Alumnus Award for the Indian Institute of Science, Bangalore. In particular, he is known for his contributions to the development and growth of radar technology in India for which he received the Life Time Achievement Award from the Defence R&D Organization, Government of India in 2001.

### **Prof. B.S. Sonde Director**

Prof. B.S. Sonde holds a Ph.D. from the Indian Institute of Science (IISc), Bangalore. His field of academic and research interest encompass Microelectronics, Instrumentation, Digital Technology and its applications in Electronics and Communication Engineering. Prof. B.S. Sonde has been associated with IISc, Bangalore for more than three decades, holding various senior positions. He has held the post of Dean, Faculty of Engineering, and was Vice Chancellor of Goa University between February 1997 and February 2002, and has served on the Advisory / Review committees of several universities and also served as Visiting Professor at Stanford University, California, USA and other foreign universities. He is also a distinguished fellow of the Institution of Electronics and Telecommunication Engineers.

## Our Assets – Our Employees

At ASM Technologies, human resources are the most valued assets. We are proud of every one of our employees as it is their dedication and commitment which has helped us to achieve our goals of being the chosen provider of end-to-end solutions. ASM invests in its employees, supports them with training facilities and enables them to work independently, so that they can grow as individuals and shape their careers.



## Our Core Business

ASM Technologies Limited, established in 1992, is a pioneer in providing world Class Consulting Services in Enterprise Solutions for the Packaged ERP implementation, Enterprise Product Development, Engineering Services and in Technology Solutions covering Embedded Systems and System Software to its Global Clientele.

ASM offers a broad spectrum of enterprise services such as configuration, implementation, customization, end-user training and documentation, Post Implementation Support & Maintenance across leading commercial off-the-shelf products like SAP, Oracle Applications, PeopleSoft, JD Edwards and Microsoft Dynamics.

ASM has been providing consulting Services (Product Engineering, Development, Product Support, Porting, Testing and Test Automation) to its Global Clientele in the Embedded Software and System Software space.

### Profile :

- Publicly Listed Company in India
- 700+ employees worldwide
- Offices in India, Singapore, USA (Chicago and Toledo) & UK (London)
- Focus on Enterprise Applications and Technology Solutions
- ISO-9001 : 2000 & CMMI Maturity Level 3 Company
- Successful Offshore Development & Support Centers in India and Overseas

### Highlights of Enterprise Applications :

- 4500+ Person years of Experience
- ERP Package Services (SAP, Oracle, PeopleSoft, Microsoft Dynamics)
  - Implementation, Rollout, Upgrade, IT Audit, End User Training & Process Documentation
  - Support & Maintenance
  - 150+ ERP Projects
  - ERP Product Development Service

### Highlights of Technology Solutions :

- 1000+ Person years of Product Engineering
- Involved in Engineering 45+ Products and 120+ Product Releases

### Service Offerings :

#### Enterprise Applications, SCM, CRM

Oracle Apps | SAP | PeopleSoft | Microsoft Business Solutions | Siebel

#### Business Intelligence and Data Warehousing

SAP BW | Cognos | Hyperion | DataStage | Oracle Express

#### Business Process Modeling (BPM) tools

ARIS | Savvion

#### Internet / SOA

.Net | J2EE | Websphere | Weblogic | Webmethods

#### Embedded Technologies

RTOS (VxWorks, MQX, WinCE, Embedded Linux) | BSP, PSP & Device Drivers (ARM, Freescale, PowerPC & Samsung) | Board Design

## Engineering Services

CAD / CAM / CAE | CATIA | Teamcenter | PRO\*E | UG

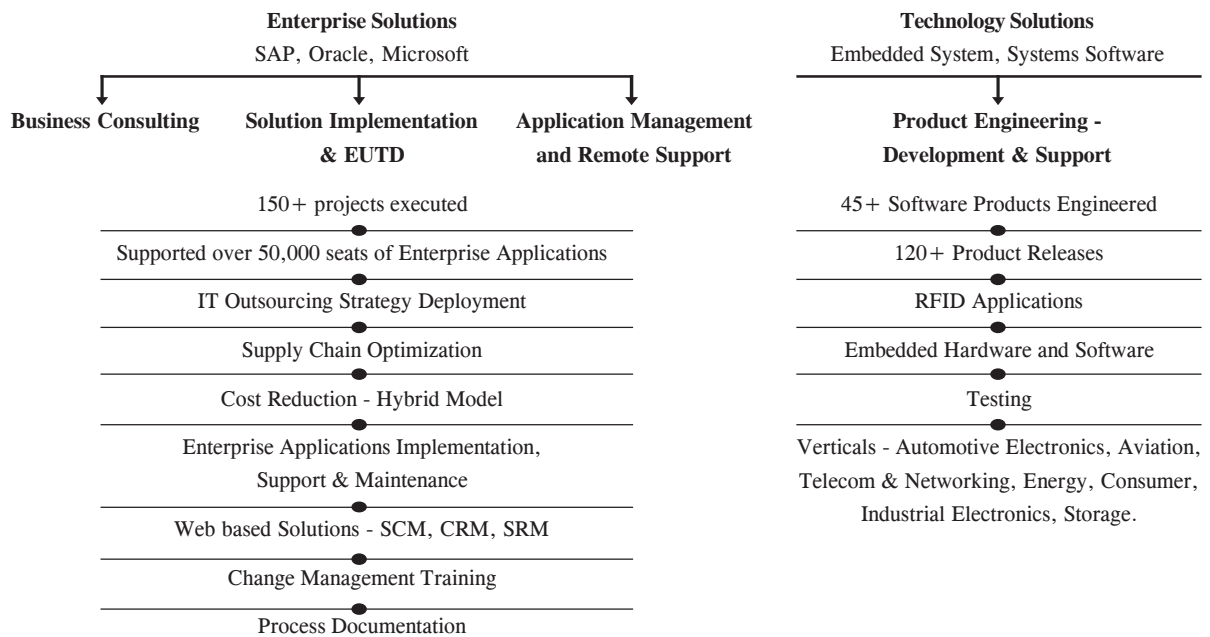
## System Software

Storage Management | Backup & Restore | PC Disaster Recovery | Network Identity Appliance | Application Deployment

## Proven Global Delivery :

- ◆ ASM Offices in USA, UK, Singapore & India
- ◆ Offshore / Offsite Delivery & Support Centers in India, US, Singapore
- ◆ Proven Delivery through Flexible & Cost Effective Engagement Models
- ◆ Combination of Onsite / Offsite / Onshore / Offshore Services
- ◆ Combination of Onsite / Offsite / Onshore / Offshore Services

## SERVICE OFFERINGS



## TECHNOLOGY SOLUTIONS

### Embedded Systems :

- Integrated Real time Solutions and Turnkey development
- Developed Stacks, RTOS, BSP, Device Drivers, Encryption & Decryption
- RF Systems for Telecom
- Extensive work on Embedded File Systems
- Extensive Processor Knowledge
- Network Products and Communication Stacks
- Expertise in Embedded File Systems RTOS Porting and Testing services

### System Software :

- Product Engineering
- Testing & QA
- Test Automation
- Product Support
- Core Areas
- Storage Management
- PC Disaster Recovery
- Network Identity Appliance
- Application Deployment
- Technical Expertise
- File Systems
- Network Protocols
- Pre-Boot Technologies
- Middleware
- Test Tools

## OUTSOURCED PRODUCT DEVELOPMENT

<b>Telecom and Networking</b>	<ol style="list-style-type: none"><li>1. Shared Radio</li><li>2. HDSL and Loop carrier systems</li><li>3. Telemetry</li></ol>
<b>RF and Wireless</b>	<ol style="list-style-type: none"><li>1. RFID based customer ID and resource allocation</li><li>2. RF systems for Telecom</li><li>3. Wireless Energy Meter</li></ol>
<b>Automotive Electronics</b>	<ol style="list-style-type: none"><li>1. Audio validation in Automobiles</li><li>2. Audio codec validation</li></ol>
<b>PC Disaster Recovery</b>	PC Disaster Recovery
<b>Network Identity Appliance</b>	DNS Appliance
<b>PC / Storage Management</b>	<ol style="list-style-type: none"><li>1. Deploy Center</li><li>2. Volume Manager</li><li>3. Recovery CD</li></ol>
<b>ISVs</b>	Professional Services Implementation and Support, Core Software Product Engineering, Product Life Cycle Management, Sustenance Engineering and Maintenance Support
<b>Startup Product Companies</b>	<ol style="list-style-type: none"><li>1. ERP product for SME Market</li><li>2. ERP data collectors for Security and Records Compliance Product</li></ol>
<b>Mobile Applications</b>	<ol style="list-style-type: none"><li>1. SMS Application</li><li>2. Mobile Backup</li><li>3. Gaming Applications</li><li>4. J2ME based Mobile Applications integrated with backend ERPs (SAP, Oracle)</li></ol>
<b>Knowledge Management</b>	Web based end user Performance Support and Knowledge Management Tool (E-PRISM)

### Software Products of ASM

1. ERP Solution for the Sugar Industry - ACMS
2. ERP Process Documentation and Collaboration Tool - Prism
3. Incident based Reomte Database Management Solutions - Yo DBA

PARTIAL CLIENT LIST

Consumer Products



**PHILIPS SONY**

Manufacturing



Oil & Gas, Energy



Telecom



Retail



Hi - Tech



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Technology

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System Integrators

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Pharma

/

Health Care

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PARTNERSHIPS



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ASM - a services partner

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## Notice

Notice is hereby given that the 18th Annual General Meeting of the Company will be held on Saturday the 10th of July, 2010 at 11.30 a.m. at Pai Vijay Hall, No. 530/58, 33rd Cross, 11th Main, 4th Block, Jayanagar, Bangalore 560 011 to transact the following business.

### ORDINARY BUSINESS

1. To receive, consider, approve and adopt the Balance Sheet as at March 31, 2010, the Profit and Loss Account for the year ended March 31, 2010 and the Cash Flow Statement for the year ended March 31, 2010 together with the report of the Auditors and Directors thereon.
2. To declare dividend for the financial year ended March 31, 2010.
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 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 and subject to such approvals including FEMA as may be necessary and including any statutory modification or re-enactment thereof for the time being in force, the consent of the Company be and is hereby accorded to the Board of Directors of the company to invest an amount aggregating to approximately US\$ 8.00 million ( Rupees Thirty Seven Crores approximately ) representing the total issued and outstanding stock in the capital of M/s. Abacus Inc., in one or more tranches, being purchase consideration for acquisition of M/s Abacus Inc., as wholly owned subsidiary of the company, notwithstanding the fact that such investment together with all other investments made by the company exceeds 60% of the paid-up Share Capital and Free Reserves of the investing company or 100% of the Free Reserves of the investing company whichever is higher, as prescribed under Section 372A of the Companies Act 1956.”

“**RESOLVED FURTHER** that the Board of Directors of the Company are hereby authorised to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the such investment exceeding the ceiling prescribed under Section 372A of the Companies Act, 1956, and to settle all matters arising out of and incidental thereto, and to sign and execute all deeds, applications, documents and writings that may be required, on behalf of the Company and also to delegate all or any of the above powers to the Committee of the Board of Directors and generally to do all acts, deeds, matters and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution

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

“**RESOLVED THAT** in accordance with the provisions of Section 309(4) and other applicable provisions, if any, of the Companies Act 1956 and Article 117 of the Articles of Association of the company, approval of the members be and is hereby accorded for the payment of commission, at a rate not exceeding one percent per annum of the Net profits of the Company calculated in accordance with the provisions of Sections 198, 349 and 350 of the Act, to the Directors of the Company (other than Managing/Wholtime Director) in such amounts or proportion and in such manner and in all respects as may be directed by the Board of Directors and such payment shall be made in respect of the profits of the Company for each year, for a period of five years commencing from 1st April 2010”.

“**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary, desirable or expedient to give effect to this resolution.”

7. 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 Section 228 and other applicable provisions, if any, of the Companies Act, 1956, the Board of Directors be and is hereby authorised to appoint, such person or persons qualified for appointment as Auditor or Auditors of the Company`s Branch Offices in Chicago, USA., and UK to examine and audit the accounts for the financial year 2010-2011 on such remuneration, terms and conditions as the Board may deem fit or authorise the Statutory Auditors of the Company to audit the Branch Accounts and comply with the provisions of the Companies Act 1956.”

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

Date : 29.05. 2009

**By Order of the Board**

Sd/-  
**RABINDRA SRIKANTAN**  
Managing Director

## Notes

1. The relative Explanatory Statements pursuant to Section 173 of the Companies Act, 1956 in respect of the business under items 5,6&7 set out above are annexed here to and forms part of the Notice.
2. 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 commencement of the Meeting at the Registered Office of the Company.
3. Members holding shares in physical form are requested to notify any change in their address to the Company/Karvy Computershare Private Limited, Plot No. 17 to 24 , Near Image Hospital, Vittalrao Nagar, Madhapur, Hyderabad 500081 . Members holding shares in electronic form are requested to direct change of address notifications and updations of their bank accounts details to their respective depository participants.
4. The Register of Members of the Company will remain closed from 07.07. 2010 to 10.07. 2010 (both days inclusive).
5. 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.
6. 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.
7. The Register of Directors` shareholding, maintained under Section 307 of the Companies Act, 1956, will be available for inspection by the members at the AGM.
8. Subject to the provisions of Section 206A of the Companies Act 1956, dividend as recommended by the Board of Directors, if declared at the meeting , will be payable on or after 10th July, 2010, to those members whose names appear on the Register of Members as on 6th July, 2010.
9. Payment of Dividend through ECS :
  - a) **Members holding shares in physical form are advised to submit particulars of their bank account , viz, name and address of the bank, 9 digit MICR code of the branch, type of account and account number latest by 6th July, 2010 to the Registrars, Karvy Computershare Pvt. Ltd, Plot No 17 to 24 Vittal Rao Nagar, Madhapur Hyderabad - 500 081, Fax : 040-23420814 , Phone : 040 - 23420818 - 824**
  - b) **Members holding shares in demat form are advised to inform the particulars of their bank account to their respective Depository participants.**
10. Members are requested to update their e-mail addresses with the depository participant. This will enable the company to send communications such as quarterly financial updates etc through e- mails.
11. Members who have not received or encashed the dividend warrants (in respect of the dividend declared for the year 2007-08 and 2008-2009) are requested to correspond with the Registrars / Company Secretary at the Company`s Registered Office.

## **ADDITIONAL INFORMATION ON DIRECTORS RECOMMENDED FOR APPOINTMENT OR SEEKING ELECTION AT THE ANNUAL GENERAL MEETING AS REQUIRED UNDER CLAUSE 49(VI)(A) OF THE LISTING AGREEMENT.**

The relevant information relating to the Directors proposed to be re-appointed vide Ordinary Business No. 3 in the Notice of the AGM is given below :

Dr.R.P Shenoy who holds a Ph.D. in Electrical Engineering from University of Winconsin, USA. served the Defence R&D Organization of the Government of India till he retired in 1989 as Distinguished Scientist. He is a recipient of Padma Shree Award (Presidential award) for his contributions to the field of military electronics in India, During his service with the government of India, he was closely associated with the Indian Institute of Science, Bangalore, which invited him to be a Visiting Professor for a period of two years after his retirement. Dr R P Shenoy is a fellow of Indian National Academy of Engineers and a Distinguished Fellow of the Institution of Electronics and Telecommunication Engineers. In the year 2000 he was the recipient of the prestigious Aryabhata award and the Distinguished Alumnus Award for the Indian Institute of Science, Bangalore. In particular, he is known for his contributions to the development and growth of radar technology in India for which he received the Life Time Achievement Award from the Defence R&D Organization, Government of India in 2001. Dr. R.P. Shenoy holds 1000 equity shares of the company and does not hold directorship in any other company.

### **Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956 :**

#### **Item No. 5**

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

The company has been constantly reviewing opportunities for expansion of its business operations either directly or through its wholly owned subsidiaries. With this intension the proposal to acquire Abacus Inc, a US based firm, is placed before you for your approval. The acquisition would go a long way in improving the financial and business strength of the company in the years to come. It is therefore proposed that the Board of Directors of the company be authorized to invest a sum not exceeding US\$8.00million by way of subscription and / or purchase of securities of M/s. Abacus Inc., a US based firm in one or more tranches, being purchase consideration for acquisition of Abacus Inc., as a wholly owned subsidiary.

None of the Directors of the company are in any way concerned or interested in the said resolution

The proposal outlined above is in the interest of the company and the Board commends the resolution for your approval.

#### **Item No. 6**

At the Annual General meeting of the company held on the 29th of September, 2000, the Members approved inter-alia, payment of remuneration by way of commission to the Directors( other than Managing/wholetime Director) of the Company.

The aforesaid resolution being valid for five years the company is passing a special resolution afresh seeking approval of the members for payment of such remuneration.

In recognition of the efforts and contributions made by the Directors, other than Managing/Wholetime Director, in the management of the company and to continue to avail the benefits of professional expertise of the eminent personalities on the Board of the Company it is proposed remunerate them by way of commission of a sum not exceeding one percent per annum of the Net profits of the company calculated in accordance with the provisions of Section 198, 349 and 350 of the Companies Act 1956 for a period of five years from 1st April 2010.

All the Directors of the Company who are neither Executive nor promoter may be deemed to be concerned or interested in the Resolution to the extent of the commission that may be paid to them.

The Board recommends the resolution for adoption.

#### **Item No.7**

During the years 1999-2000 & 2001-2002 the company had opened branch offices in Chicago, USA and in UK. It is necessary to appoint Auditors, under the provisions of Sec.228 of the Companies Act 1956 for auditing the accounts of the Branches of the company. Your approval is sought by the proposed resolution to be passed authorizing the Board of Directors of the company to appoint, such person or persons qualified for appointment as Auditor or Auditors of the Company`s Branch Offices in Chicago, USA., and UK, to examine and audit the accounts for the financial year 2010-2011 on such remuneration, terms and conditions as the Board may deem fit or authorise the Statutory Auditors of the Company to audit the Branch Accounts and comply with the provisions of the Companies Act 1956.

None of the Directors is directly or indirectly concerned or interested in the Resolution.

Your Directors commend the resolution for your approval.



## Directors' Report

To the Members,

We are pleased to present the 18th Annual Report together with the Audited Accounts of the Company for the year ended March 31, 2010.

### Financial Results

(Rs. in millions)

	2009 - 2010	2008 - 2009
Gross Revenue	427.92	462.30
Profit before Interest Depreciation & Tax (EBIDTA)	53.19	58.57
Other Income	2.50	2.15
Interest	11.47	11.75
Depreciation	3.00	2.80
Profit / -Loss before Tax (EBT)	41.22	46.17
Provision for Tax	8.22	7.13
Deferred Tax Income / -Expense	(1.28)	1.26
Net Profit / -Loss (PAT)	34.28	37.78
Amount available for appropriation	67.00	43.58
Dividend	6.00	5.00
Dividend Tax	1.01	0.85
Transfer to General Reserve	5.00	5.00
Balance in Profit & Loss A/c	54.99	32.73

In the year under review the Company Registered a total revenue of Rs. 427.92 million. Domestic sales was Rs. 261.69 million while Export sales was Rs. 166.22 million an increase by 26.62% to that of the previous year. EBIDTA was at Rs. 53.19 million while Net Profit was Rs. 34.28 million.

### Dividend

In sustaining the Company's policy to reward shareholders, the Directors of the Company are pleased to recommend for approval of the members, a dividend of Rs.1.20 per share (12% on the par value of Rs. 10/-) for the financial year 2009-10. The dividend, if declared as above would involve an outflow of Rs.6.00 million towards dividend and Rs.1.01 million towards dividend tax, resulting in a total outflow of Rs. 7.01 million.

### Subsidiaries

**Advanced Synergic Pte Ltd.**, – achieved a gross revenue of Rs.106.57 million for the year ended 31st March, 2010 as against Rs. 95.44 million for the same period last year. The Company registered a pre tax profit of Rs. 1.24 million for the year under review.

**Pinnacle Talent Inc, USA-** achieved a gross revenue of Rs.257.77 million for the year ended 31st March 2010, as against Rs. 417.11 million for the same period last year. The Company registered a pre-tax profit of Rs. 1.48 million for the year under review.

**ESR Associates Inc., USA** – achieved a gross revenue of Rs. 85.14 million for the year ended 31st March, 2010

The statement of Accounts of the Subsidiary Companies viz., M/s Pinnacle Talent Inc., USA, Advanced Synergic Pte Ltd. Singapore and Enterprise Software Resources Associates, Inc. for the year ended 31st March 2010 along with the Report of the Board of Directors thereon are attached as per the provisions of the Section 212 of the Companies Act 1956.

### Future Outlook

With the global economy showing signs of recovery, the future looks set for a spring back to a reasonable growth and maturity in the coming years for the industry.

ASM will leverage this phase in consolidating and growing the relationship with the existing clients, delivering value and offering more services across geographies. Further, new client acquisition will be the thrust for this year. For ASM this is an opportunity to provide greater value to existing clients and add new clients with its global delivery model. ASM looks to garner more work from the US and other region markets by leveraging on the offshore work delivery and thereby reducing the Total Cost of Ownership and Operating Costs to the clients.

### Geographical Areas of Operation

The Company continues to strengthen its market initiatives in India, Asia and US.

## Business Focus Area

### ◆ Current Areas :

This year the Company has strengthened its core areas of

1. Enterprise Application - Packaged ERP implementation, Application Maintenance and Support (AMS), Database Support and Custom Enterprise Apps
2. Application Development Integration
3. Technology Service & Product Engineering Services - System Software, Embedded Software and Firmware.
4. Engineering Services

### New offerings last year:

- Launched Industry Specific Solution for the Sugar Industry (ACMS) to run on any ERP ( SAP, Oracle etc)
- Launched an unique Remote Database Support Services (YoDBA.com) on “pay per incident / ticket model” addressing the mid and the small enterprises globally. This is supported by a dedicated 24X7 Offshore Support Center in India and connecting remotely to the client servers through secure connectivity thereby addressing issues like optimization, enhancing speed, data cleansing applying patches etc.
- Launched e-Learning tool ( ePrism) for collaborative learning, creating client specific Knowledge Portal.
- Expanded the GRC initiatives (Governance Risk and Compliance) offerings - launched Digital Forensics offerings for the BFSI space

### ◆ Future Expansion Areas :

#### More Industry Specific ERP Applications :

The need to quickly deploy the ERP Solutions specifically designed for the different industry sectors is gaining momentum. ASM is addressing the needs of the Agriculture Based Industry, Process Industry, Consumer Products, Hi-Tech Industry and Services Industry. These Industry Specific solutions configured to the Global ERPs will ensure rapid implementation and the clients can reap the benefits of a integrated information system.

#### Additional offerings to Enterprise Applications:

Development of Adaptors for Enterprise Solutions: With diverse applications used by various clients based on their business needs, ASM has embarked on Development of Adaptors in partnership with ERP ISVs ( Independent Software Vendors) which will seamlessly integrate multiple Enterprise Applications.

Business Intelligence and Data Warehousing: With large amount of data getting generated across enterprises, the need for providing meaning to the data is imperative. Hence a separate practice is built around market leading tools on the Business Intelligence and Data Warehousing.

Product Lifecycle Management (PLM): With new product development activities / initiatives across the world gaining high momentum, there is a need to provide scientific ways of managing the Product Lifecycle and the Company is moving towards building expertise and practice in providing PLM solutions tightly integrated with the Enterprise Applications.

Eco and Energy Initiatives: With a good awareness to conserve energy and to develop a green eco-system, ASM is building a vertical to address the energy conservation, monitoring and controlling software for the Enterprise. This would substantially benefit the customers with a high ROI and also champion the cause of the Corporate Social Responsibility.

Convergence Technologies: With good experience in both the Enterprise Applications and the Technology solutions, there is a great client need to converge on the two. In this regard, initiatives and expertise is being built for providing RFID ( Radio Frequency Identification) mobility solutions for the Enterprise Applications for large Corporations.

Expand on the GRC initiatives - Digital Forensics offering currently for BFSI to be expanded to other industry verticals Retail, Brokerages, Manufacturing, HR.

## Engagement Models

Various Client Engagement Models to meet the requirement of the sound delivery system with a distinct cost advantage has been effected. Blended Onsite – Offshore model, Offsite support and Development Center and Offshore Development Center (ODC) are the current trends which will continue with more volumes in the coming years.

## Technology

The Company will continue to focus on Enterprise Applications, Engineering Services and Technology Solutions. The drive will be to develop more industry focused solutions for quick deployment of the applications.

## Corporate Social Responsibility

An essential component of our Corporate Social Responsibility is to care for the community. In recognizing the imperative need the company has continued its contribution for the year 2009-10 by donating a sum of Rs.1,25,000/- to the Akshaya Patra Foundation (ISCKON) towards providing Free Midday Meal for under privileged children in School. and also contributed a sum of Rs. 1,00,000/- towards Chief Minister`s Flood Relief Fund-

## Listing Fees

The Annual Listing fees for the year under review has been paid to Bombay Stock Exchange Limited and Bangalore Stock Exchange Ltd ,where your Company`s shares are listed.

## Management Discussion and Analysis Report

The Report on Management`s Discussion and Analysis covering matters listed inter alia in Clause 49 of the Listing Agreement for the year under review is attached to this Report.

## Directors Responsibility Statement

Pursuant to the provisions of Section 217(2AA) of the Companies Act 1956, the Directors based on all representations received from the operating management confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards has been followed along with proper explanation relating to material departures;
2. The Company had selected the 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 and of the profit or loss of the company for that period;
3. The Company had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. The annual accounts of the company are prepared on a going concern basis.

## Corporate Governance Report

As required vide Clause 49 of the Listing Agreement , a Report on Corporate Governance is provided elsewhere in this Annual Report along with Auditor`s Certificate on compliance thereof.

## Statutory Compliances

Your company has continued to comply with the procedures of Software Technology Parks of India, NASSCOM and other statutory bodies. The licenses, approvals and clearances are current.

## Directors

During the year Mr. M. R. Vikram was appointed as the Chairman of the Board.

Dr. R. P. Shenoy, Director, retires by rotation and is eligible for reappointment.

Brief profile of the Director proposed for re-appointment is given after the Notes of the Notice to the ensuing AGM.

## Particulars of employees

Information as per Section 217 (2A) of the Companies Act 1956 read with Companies (Particulars of Employees) Rules, 1975, forming part of this report – Expenditure on employees employed for the year/part of the year who were in receipt of remuneration which in the aggregate is not less than Rs. 2,00,000 per month is give in an Annexure forming part of this report.,

## Conservation of energy, technology absorption :

The company`s operations involve low energy consumption. However the efforts to conserve and optimize the use of energy through improved operational method and other means will continue.

The Company has not imported any technology during the year.

### Foreign exchange earnings and outgo

During the year, the Foreign Exchange earned was Rs 107.68 million and Foreign Exchange used was Rs 149.84 million.

### Fixed Deposits

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

### Auditors

M/s. Sudhakar Pai Associates, Chartered Accountants, the Auditors of the Company, retire at the ensuing Annual General Meeting and are eligible for re-appointment. They have expressed their willingness to accept office if re-appointed and the company received certificate from them confirming that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such appointment, within the meaning of Sub-sections (3) and (4) of Section 226 of the Companies Act, 1956.

### Acknowledgements

The Directors take this opportunity to express their gratitude to

- \* Our esteemed customers, employees, shareholders, vendors, business partners, advisors and consultants for their unstinted support.
- \* State Bank of India, Overseas Branch, Bangalore, SBI Global Factors Ltd. Bangalore, SBI Chicago and Indian Bank, Singapore for their support and guidance
- \* Central & State Governments, Software Technology Park (STPI) and NASSCOM. for their continued support.

**For and on behalf of the Board**

Place : Bangalore  
Date : 29.05.2010

**M.R. Vikram**  
Chairman

**Rabindra Srikantan**  
Managing Director

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## ANNEXURE TO THE DIRECTOR'S REPORT

Information as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules, 1975, and forming part of the Directors' Report for the year ended March 31, 2010.

Name	Designation	Qualification	Age	Joining date	Experience (yrs)	Gross Remuneration Rs.	Previous employment, designation
Rabindra Srikantan	Managing Director	M.S.	49	10.08.1992	25	30,00,000	Center of Advanced Computer Studies, USA
Narayanan Krishnan	Asst. V.P. Business Development	BE	44	19.07.1999	21	24,76,800	Bluechip Computer Consultants (P) Ltd., Manager, Business Development

#### Notes :

1. Remuneration comprises basic salary, allowances and taxable value of perquisites but does not include the Company's contribution to Provident Fund and other Funds.
2. Mr. Rabindra Srikantan and Mr. Narayanan Krishnan are not related to any Director of the Company.

## REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges)

### I. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Corporate Governance is about how an organization is managed, the commitment to values and ethical business conduct. Effectual Corporate governance requires a clear understanding of the respective roles of the Board and the senior management and their relationships with others in the corporate structure. We believe that sound Corporate Governance is vital to enhance and retain investor trust.

At the core of its corporate governance practice is the board, which oversees management policies towards protection of long-term interests of all the stakeholders of the company. The Board of Directors fully support and endorse Corporate Governance practices and attempt to go beyond the statutory requirements.

### II. BOARD OF DIRECTORS

The Board is primarily responsible for the overall management of the Company's business. Currently the Board consists of 4 members, three of whom are independent directors and one promoter director who is the Managing / Whole-time director. The Managing Director is responsible for Corporate strategy, planning and other management matters. The Managing Director and the senior management personnel are responsible for achieving annual business targets, acquisitions, new initiatives and investments. They make periodic presentations to the Board on their responsibilities and performance.

Board meetings are held at our Registered Office Bangalore, India. The agenda for each Board meeting along with explanatory notes are distributed in advance to the directors. The Board meets at least once a quarter to review the quarterly results and other items of agenda and also on the occasion of the Annual General meeting of the shareholders.

During the financial year 2009 - 2010, 6 meetings of the Board were held, on 06.05.2009, 20.06.2009, 25.07.2009, 31.10.2009, 25.01.2010 & 29.03.2010.

The Composition of the Directors and their attendance at the Board meetings during the year and at the last AGM is as follows.

Name & Designation	Category	No. of Board Meetings held	No. of Board Meetings attended	Attendance at the last AGM	No. of Directorships in other public Companies	No. of Committee Positions held in Other Companies	
						Member	Chairman
Mr. M.R. Vikram Chairman	Independent - Non Executive Director	6	4	No	4	6	1
Mr. Rabindra Srikantan Managing Director	Executive Director	6	6	Yes	NIL	NIL	NIL
Dr. R.P. Shenoy Director	Independent - Non Executive Director	6	3	Yes	NIL	NIL	NIL
Prof. B.S. Sonde Director	Independent - Non Executive Director	6	3	No	NIL	NIL	NIL

The Board has complete access to any information within the company. Updates provided to the Board include the following:

- Annual operating plans, budgets, capital budgets and updates.
- Quarterly results of business operations.
- General notices of interest.
- Dividend data
- Minutes of Committee meetings.
- Materially important litigations, show cause notice, prosecution and penalty notices.
- Details of joint ventures, acquisitions of companies or collaboration agreements.
- Information on recruitment and remuneration of senior officers immediately below the Board level.
- Non-compliance of any regulatory, statutory or listing requirements including shareholder services such as non-payment of dividend and delays in share transfer.
- Any major development in the Human resources front.
- Any issue involving public or product liability claims of a sizeable nature.
- Sale of material nature, of investments, subsidiaries and assets which are not in the normal course of business.

### III. BOARD COMMITTEES

The Board has three committees namely, Audit committee, Share transfer and investor grievance committee and Remuneration committee. The quorum for meetings is either two members or one-third of the members whichever is higher. Usually the committees meet four times a year and the recommendations of the committees are submitted to the Board for approval.

#### 1. Audit Committee

Each member of the committee is an independent director, according to the definition laid down in Clause 49 of the Listing Agreement with the Stock exchanges.

##### Terms of Reference :

The Board has constituted the Audit Committee with the following mandate :

- Oversee the Company's financial reporting process and the disclosure of its financial information.
- Recommend appointment and removal of statutory auditors, fixation of audit fee and also approve payment for other services.
- Review the adequacy of internal audit functions and adequacy of internal control systems with the Management, Statutory and Internal Auditors.
- Review the Company's financial and risk management policies.
- Review statement of significant related party transactions, and ensure compliance with accounting standards.
- Review with the Management, internal and the statutory auditor the Quarterly / Annual financial results before submission to the Board for approval.

##### Composition :

Sr. No.	Name of Director	Position	Status
1.	Mr. M.R. Vikram *	Chairman	Independent Director
2.	Dr. R.P. Shenoy	Member	Independent Director
3.	Prof. B.S. Sonde	Member	Independent Director
4.	Mr. Rabindra Srikantan (Special Invitee)		Executive Director

\* Member having financial and accounting knowledge

##### Secretary :

Ms. P.N. Lakshmi - Company Secretary

Meeting and attendance during the year

Members	No. of Meetings held	No. of Meetings attended
Mr. M.R. Vikram	4	4
Dr. R.P. Shenoy	4	1
Prof. B.S. Sonde	4	4

#### 2. Share Transfer & Investor Grievance Committee

##### Role of the Committee :

The Committee reviews and administers transfer of shares, transmission of shares, rematerialisation, transposition issuance of duplicate share certificates as and when required, redressal of investor complaints pertaining to transfer of shares, non-receipt of annual reports, non-receipt of dividend, etc. & reports the same to the Board periodically.

##### Share Transfers in Physical Mode :

In order to expedite the process of share transfers, the Board of Directors of the Company have delegated the power to the Registrar & Share Transfer Agents, Karvy Computershare Pvt Ltd, (The R&STA). The R&STA transfer the shares received in physical mode on a fortnightly basis. Summary of the shares transferred are sent to the Company to be approved by the share transfer committee and noted by the Board.

In compliance with the listing agreement and SEBI, every quarter, the system is audited by a Practicing Company Secretary and Compliance Certificate to that effect is issued and filed with the Stock Exchanges where the Company's shares are listed.

**Composition :**

Sr. No.	Name of Director	Position	Status
1.	Prof. B.S. Sonde	Chairman	Independent Director
2.	Mr. Rabindra Srikantan	Member	Executive Director

**Name and designation of Compliance Officer :**

Ms. P.N. Lakshmi - Company Secretary

Share Transfer & Investor Grievance Committee Meeting and attendance during the year

Members	No. of Meetings held	Attendance
Prof. B.S. Sonde	4	4
Mr. Rabindra Srikantan	4	4

During the year 2009-2010, 49 complaints were received all of which were resolved with nothing pending as on March 31, 2010. The shareholding in dematerialized mode as on March 31, 2010 as being 87.17 %.

BSE & BgSE have confirmed that as on 31.03.2010 there are no investor Complaints / queries pending to be solved by the Company / Registrars & Share Transfer Agents.

### 3. Remuneration Committee

The Managing Director, being the only Executive Director is paid remuneration within the limits envisaged under Schedule XIII of the Companies Act, 1956. The remuneration is approved by the Board, Remuneration Committee as well as the Shareholders of the Company. The Non-Executive Directors are paid remuneration only by way of sitting Fees.

**Terms of reference :**

Brief Terms of Reference is as follows -

- to determine salaries and benefits to Senior management Employees and Directors of the Company.
- develop and recommend to the Board Corporate Governance Guidelines applicable to the Company.
- lay down policies and procedures to assess the requirements for induction of new members on the Board

**Composition :**

Sr. No.	Name of Director	Position	Status
1.	Prof. B.S. Sonde	Chairman	Independent Director
2.	Mr. M.R. Vikram	Member	Independent Director
3.	Dr. R.P. Shenoy	Member	Independent Director

The Remuneration Committee did not hold any committee meeting during the year 2009-2010.

Details of Remuneration payable to Directors for the year FY 2009-10

Name of Director	Salary & perquisites	Sitting Fees
Mr. M.R. Vikram	—	Rs. 10,000
Mr. Rabindra Srikantan	Rs. 30,00,000	—
Dr. R.P. Shenoy	—	Rs. 7,500
Prof. B.S. Sonde	—	Rs. 7,500

Shareholding in the Company of Non-Executive Directors as on 31.03.2010

Name	No. of Equity shares held
Dr. R.P. Shenoy	1000
Prof. B.S. Sonde	NIL
Mr. M.R. Vikram	NIL

#### IV. SHAREHOLDERS MEETINGS

Date, time and venue of the last three AGM's

Year	Date	Venue	Time
2006 - 2007	6th August 2007	Pai Vijay Hall, 33rd Cross, 11th Main, 4th Block Jayanagar, Bangalore 560 011	10.00 a.m.
2007 - 2008	4th June 2008	Pai Vijay Hall, 33rd Cross, 11th Main, 4th Block Jayanagar, Bangalore 560 011	10.00 a.m.
2008 - 2009	20th June 2009	Pai Vijay Hall, 33rd Cross, 11th Main, 4th Block Jayanagar, Bangalore 560 011	10.30 a.m.

Special Resolutions passed in the previous three years.

At the Annual General Meeting of the company held on the 6th of August 2007 a Special Resolution was passed for increasing the remuneration payable to the Managing Director and a Special resolution was passed at the Annual General meeting held on the 20th June 2009 for re-appointment of the Managing Director. The resolutions were passed with the requisite majority.

Whether special resolutions were put through postal ballot last year, details of voting pattern, person who conducted the postal ballot exercise, proposed to be conducted through postal ballot and procedures for postal ballot.

None.

#### V. DISCLOSURES

Disclosures on materially significant related party transactions, transactions of the Company of material nature with its founders, the directors or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of the Company at large.

Details are provided in Note 11 under Schedule 14 to the Notes forming part of the Accounts in accordance with provisions of Accounting Standard 18.

Details of Non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets, during the last three years.

None

#### VI. MEANS OF COMMUNICATION

Quarterly Audited /Unaudited financial results and Annual results are published in a widely circulated newspaper, Financial Express and also in a Sanjayvani, a regional daily published from Bangalore. The results are also posted on the official website of the Company, www.asmltd.com. and Quarterly reports are being sent to each shareholder via email.



## VII. MANDATORY / NON-MANDATORY REQUIREMENTS

During the financial year 2009-2010, the Company

- (a) duly complied with all the mandatory requirements of the revised Clause 49 of the Listing Agreement.
- (b) did not adopt any of the non-mandatory requirements of Clause 49 of the Listing Agreement.

## VIII. CODE OF ETHICS

Annual declaration pertaining to compliance of Code of Ethics of the Company vide Clause 49(1)(d)(ii) of the Stock Exchange Listing Agreement

This is to confirm that all the Board members and senior management personnel of the Company have affirmed compliance of the Code of Ethics of the Company for the Financial Year 2009-2010.

Sd/-

Bangalore  
May 29, 2010

**Rabindra Srikantan**  
Managing Director

## IX. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Overview

The financial statements have been prepared in line with the requirements as specified under the Companies Act 1956, Securities Exchange Board of India (SEBI) and Generally Accepted Accounting Principles in India (GAPP). The estimates and judgments relating to the financial statements have been made on a reasonable basis so that the financial statements reveal a true and fair picture of the essence of the transactions and reasonably present the state of affairs, profits and cash flow of the company for the year. Our Management accepts responsibility for the objectivity of these financial statements as well as for the estimates and judgments used therein.

### 1. Industry Structure and Development

2009 ushered turmoil with countries around the world plunging into recession. While the recession impact on India was relatively moderate backed by robust fundamentals it however left its mark with declining GDP growth and rising unemployment. However prompt action by governments across the world and stimulus packages helped to contain this downfall and pave the way for revival by the end of 2009. The advent of 2010 has signaled the revival of outsourcing within core markets, along with the emerging markets increasingly adopting outsourcing for enhanced competitiveness. Though full recovery is expected in another two quarters, improved efficiency and changing demand outlook signifies early signs of recovery.

According to the NASSCOM Strategic Review 2010, IT-BPO industry is estimated to aggregate revenues of USD 73.1 billion in FY 2010 with the IT Software services industry accounting for USD 63.7 billion revenues. This review also estimates export revenues to gross USD 50.1 billion in FY 2010 and Software services exports (including BPO) accounting for over 99% of the total exports. The growth of IT and IT-enabled services (ITES) in India by India companies is attributed to factors such as high-quality delivery, abundant skilled resources, low cost of delivery and Infrastructure development.

### 2. Opportunities and Threats

According to the NASSCOM Strategic Review 2010, IT services is expected to grow by 2.4 percent in 2010 and 4.2 percent in 2011 as companies coming out of recession harness the need for information technology to create the competitive edge. Organisations expect IT to play a major role in reducing enterprise costs by changing business processes, workforce practices and information use. Government IT spending continues to rise across the world, focusing on infrastructure and security. Even though India has a 51% market share of the off-shoring market, there is tremendous headroom for growth as current off-shoring market is a miniscule of the outsourcing industry.

However, realization of the potential involves several challenges India faces currently, namely, rise in costs with wage inflation and increased attrition, heavy dependency on Tier-1 locations which generate over 90% of the revenues, and concerns around security-both physical and data related, in service delivery. We believe in our competitive strengths and with our Global Delivery Model consider to address the recession as an opportunity to provide greater value to existing clients and add new clients.

### 3. Outlook

This has been provided elsewhere in the Annual Report.

### 4. Risks and Concerns

#### a. Employee Risk

There is a growing need for highly skilled technology professionals in the market in which we operate. Costs are expected to rise with wage inflation and increased attrition. Rising attrition is a major risk in the industry in the background of increasing opportunities in the software outsourcing boom. The company is addressing this by ensuring job satisfaction by providing competence specific project opportunities apart from compensation policies that are competitive with the market conditions and also strives to create a conducive environment for work life balance.

#### b. Competition Risk

We operate in a highly competitive and challenging market and expect competition from firms establishing and building their off shore presence in countries with lower personnel costs than those prevailing in India. The market for outsourced IT services is becoming more global in nature. To counter this, the company is strengthening its offshore offerings for their overseas clients, exploring tier 2 centers, expanding into other geographies and providing cost-effective services.

#### c. New Technologies and Business Models

The Company operates in the Information Technology Services Industry where fast and dramatic changes in technology, business models and intense competition are a fact of life.

The company attracts and retains high quality technology professionals and also provides industry expertise to clients' business solutions. Our business will suffer if we fail to anticipate and develop newer services and enhance existing services so as to keep pace with changes in technology. However, the company continues to engage in newer business models in order to address changing requirements. This results in alliances, strategic investments and joint ventures.

#### d. Foreign Exchange Fluctuation

Volatility in currencies is one of the major risks faced by IT Companies each year. With dollar receipts matching the expenditure and domestic billing in rupees constituting a major part of the revenue the company is able to offset exchange fluctuations.

## 5. Internal Control System and their adequacy

The company has in place adequate systems of internal control commensurate with its size and the nature to facilitate smooth business operations. These have been designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements in accordance with generally accepted accounting principles. The company has an internal audit function, which is empowered to examine the adequacy and compliance with policies, plans and statutory requirements. The management duly considers and takes appropriate action on the recommendations made by the statutory auditors, internal auditors and independent Audit Committee of the Board of Directors.

## 6. Financial Condition and Operational performance

### a. Share Capital

The Company has at present only one class of shares. The authorized share capital is 70,00,000 Equity shares of Rs. 10/- each, constituting to Rs. 7,00,00,000. There was no increase in the paid up capital of Rs. 5,00,00,000 during the year under review.

### b. Reserves and Surplus

The company has voluntarily transferred Rs. 5 million, representing 14.5% of the profits for the year ended 31st March 2010, (previous year Rs. 5 million) to the general reserves account from the Profit and Loss account.

### c. Shareholder Funds

The total shareholder funds increased to Rs. 148.32 million as at 31st March, 2010 from Rs. 121.05 million as of the previous year end.

### d. Secured Loan

Secured loan stood at Rs. 52.97 million for the year ended 31st March 2010 as against Rs. 74.44 million the previous year end. The global economic recession in 2009 impelled the company to delay its investment plans, reducing the borrowings.

### e. Fixed Assets

During the year 2009-2010 the Company has added Rs. 20.35 million to the gross block of assets.

### f. Operating Profit(EBIDTA)

We earned as operating profit Rs.53.19 million representing 12.43% of Gross revenue as compared to Rs. 58.57 million representing 12.66% of Gross revenue the previous year.

### g. Developments in Human Resources/ Industrial Relations

The employee strength of the company as on 31st March, 2010 was 616 while in respect of the ASM group, the total strength including contractual employees was 711. The growth in manpower strength can be attributed to growth in new business

It is a well recognized fact that Human Resources are the most valuable assets, deployed and valued by an organization. Your company believes that people are the primary drivers in the success of an organization and hence people and HRD remain at the forefront of its mission. In this pursuit, the Company is providing timely and cost effective recruitment system for attracting the cream of talented professionals, ensuring a clear compensation and benefit policy in tune with the latest IT market trends.

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## AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

(under Clause 49 of the listing agreement)

To The Members of  
**M/s. ASM Technologies Limited**  
Bangalore 560 025.

We have examined the compliance of conditions of Corporate Governance by **M/s. ASM Technologies Limited** (the Company) for the year ended March 31, 2010, as stipulated in Clause 49 of the Listing Agreements of the Company with the Stock Exchange in India.

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

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

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Investors Grievances Committee.

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

for **Sudhakar Pai Associates,**  
Chartered Accountants,

**B. SUDHAKAR PAI**  
(Proprietor)  
Membership No. 18187

Place : Bangalore.  
Date : May 29, 2010

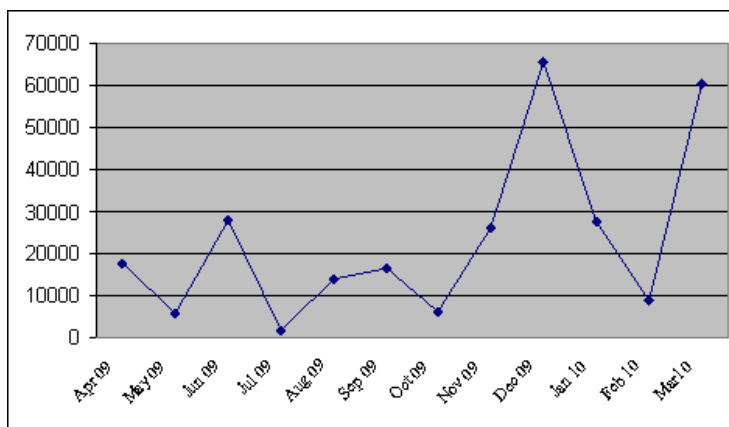
## X. GENERAL INFORMATION FOR SHAREHOLDERS

### 18th Annual General Meeting

1. Date & Time : 10th July, 2010 at 11.30 a.m.
2. Venue : # 530/58, Pai Vijay Hall, 33rd Cross  
11th Main, 4th Block Jayanagar  
Bangalore 560 011
3. Financial year of Company : April to March
4. Corporate & Registered Office : # 80/2, Lusanne Court, Richmond Road  
Bangalore 560 025
5. Exchanges Listed at : Bangalore Stock Exchange Limited (BgSE)  
Stock Exchange Towers, # 51, 1st Cross, J.C. Road  
BANGALORE 560 027  
  
Bombay Stock Exchange Limited (BSE)  
P.J. Towers, # 25, Dalal Street  
MUMBAI 400 001  
  
The Listing fees for the financial year 2010 - 2011 has been paid
6. Stock Code : BgSE - ADVSYNER  
BSE - 526433
7. D'mat ISIN No. in NSDL & CDSL  
for Equity Shares : INE867C01010
8. Date of Book Closure : 07.07.2010 to 10.07.2010 (both days inclusive)
9. Dividend Payment Date : On or after 10.07.2010 subject to shareholders' approval
10. Market Price Data : The month wise high and low prices and volume of shares  
of the Company traded on the Mumbai Stock Exchange (BSE)  
for the period April 2009 - March 2010 is given below :

Months	High (Rs.)	Low (Rs.)	Volume
April, 2009	44.00	34.25	17752
May	36.00	29.50	5907
June	39.00	32.05	28157
July	37.00	30.00	1978
August	34.10	29.20	14183
September	33.55	28.60	16763
October	31.95	27.20	6332
November	28.80	25.70	26185
December	36.00	25.15	65685
January, 2010	37.95	30.30	27726
February	33.15	28.10	8735
March	32.00	25.70	60379

#### ASML Volume of shares traded at BSE



11. Dematerialisation of Shares : 87.17 % of the capital has been dematerialised as on 31.03.2010
12. Market Capitalisation as on 31.03.2010 : Rs. 1547 Lakhs (as per closing price in BSE)
13. No. of Employees as on 31.03.2010 : 616  
 No. of Employees (Group) : 711  
 (Including contractual staff)
14. No. of Shareholders as on 31.03.2010 : 3999
15. Share Transfers : Physical shares sent for transfers or dematerialisation are generally registered and returned within a period of 15 days from the date of receipt of completed and validly executed documents. During the year there were 1806 physical transfer of shares.
16. Distribution of Shareholding as on 31.03.2010 :

No. of shares	No. of shareholders	% of holders	No. of shares	% to Total shares
1 - 5000	3685	92.15	541502	10.83
5001 - 10000	146	3.65	118813	2.38
10001 - 20000	66	1.65	98394	1.97
20001 - 30000	31	0.78	78375	1.56
30001 - 40000	12	0.30	42402	0.85
40001 - 50000	10	0.25	47488	0.95
50001 - 100000	21	0.52	164668	3.29
100001 & above	28	0.70	3908358	78.17
<b>TOTAL</b>	<b>3999</b>	<b>100.00</b>	<b>5000000</b>	<b>100.00</b>

17. Share holding in Physical & Electronic form as on 31.03.2010

Particulars	No. of shares	% of holding
Physical	641575	12.83
Electronic	4358425	87.17
<b>Total</b>	<b>5000000</b>	<b>100.00</b>

18. Shareholding pattern as on 31.03.2010 :

Category	No. of shares	%age
Indian Promoters (including Persons acting in concert)	2989216	59.78
Mutual Funds & UTI	900	0.02
Institutions / Banks	1100	0.02
Private Corporate Bodies	77680	1.55
Indian Public	1852331	37.05
NRI's / OCB's	78773	1.58
<b>TOTAL</b>	<b>5000000</b>	<b>100.00</b>

19. Investor Correspondence : All enquiries clarifications and Correspondences should be addressed to Registrars & Share Transfer Agents or to the Compliance Officer at the following address :

Registrars & Share Transfer Agents	Compliance Officer
Karvy Computershare Pvt. Ltd. Plot No. 17 to 24, Near Image Hospital Vittalrao Nagar, Madhapur Hyderabad 500 081, India  Tel : 040-23420818 - 824	Ms. P.N. Lakshmi Company Secretary # 80/2, Lusanne Court, Richmond Road Bangalore 560 025, India  Tel : 080-66962309 Fax : 080-22273606

## AUDITORS' REPORT

To the Members of  
**M/s. ASM Technologies Limited**  
Bangalore 560 025

We have audited the attached Balance Sheet of **ASM TECHNOLOGIES LIMITED** (the Company), as at March 31, 2010, the Profit and Loss Account of the Company and the cash flow statement of the Company for the year ended on that date, annexed thereto. 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.

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 misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditors) Order 2004, issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in Paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to 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 purposes 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, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
- (d) In our opinion, the Balance Sheet and the 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;
- (e) On the basis of written representations received from the directors, as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956;
- (f) In our opinion and to the best of our information and according to the explanation given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
  - (i) in the case of the Balance Sheet of the state of affairs of the Company as at March 31, 2010; and
  - (ii) in the case of the Profit and Loss Account of the Profit of the Company for the year ended on that date; and
  - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

for **Sudhakar Pai Associates,**  
Chartered Accountants,

**B. SUDHAKAR PAI**  
(Proprietor)  
Membership No. 18187

Place : Bangalore.  
Date : May 29, 2010

## THE ANNEXURE REFERRED TO THE AUDITORS' REPORT

To the Members of  
**M/s. ASM TECHNOLOGIES LIMITED** (the Company)  
for the year ended March 31, 2010. We report that :

1. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.  
  
The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified at reasonable intervals. In our opinion, physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.  
  
Fixed assets disposed of during the period were not substantial, and therefore, do not affect the going concern assumption.
2. The Company is a service Company, primarily engaged in developing software and allied services. Accordingly, Paragraph 4(ii) of the Order is not applicable.
3. The Company has neither granted nor taken any loans, secured or unsecured, to or from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, Paragraph 4(iii) of the Order is not applicable.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure system commensurate with the size of the Company and the nature of its business with regard to the purchase of fixed assets and the sale of services. The activities of the Company do not involve purchase of inventory and the sale of goods. We have not observed any major weakness in the internal control system during the course of the audit.
5. In our opinion and according to the information and explanations given to us, transactions that need to be entered into the register in pursuance of Section 301 of the Companies Act, 1956 have been so entered.  
  
According to the explanation given to us all the transactions entered by the Company are based on prices which are reasonable having regard to the prevailing market prices at relevant time.
6. The Company has not accepted any deposits from the public. Accordingly, Paragraph 4(vi) of the Order is not applicable.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for any of the services rendered by the Company. Accordingly, Paragraph 4(viii) of the Order is not applicable.
9. In our opinion, according to the information and explanations given to us and on the basis of our examination of the records of the Company, amount deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Customs Duty and any other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.
10. The Company is not having accumulated loss as on date. Accordingly, Paragraph 4(x) of the order is not applicable.
11. The Company has not defaulted in repayment of dues to any financial institution, banks or issued any debentures during the year. Accordingly, Paragraph 4(xi) of the Order is not applicable.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, Paragraph 4 (xii) of the Order is not applicable.
13. In our opinion and according to the information and explanations given to us, the Company is not a chit fund, nidhi / mutual benefit fund / society. Accordingly, Paragraph 4 (xiii) of the Order is not applicable.



14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, Paragraph 4 (xiv) of the Order is not applicable.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, Paragraph 4 (xv) of the Order is not applicable.
16. As per the information and explanations given to us and on an over all examination of the balance sheet of the company we report that the funds raised on long term basis during the year have been applied for long term investment and no funds raised on short term basis have been used for long term investment.
17. According to the information and explanations given to us and overall examination of the balance sheet, we are of the opinion that, the Company has not utilized the funds raised on short-term basis for long-term investment and vice versa. Accordingly, Paragraph 4(xvii) of the Order is not applicable.
18. The Company has not made any preferential allotment of shares to Companies / firms / parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly Paragraph 4(xviii) of the Order is not applicable.
19. The Company has not issued any debentures during the year. Accordingly Paragraph 4(xix) of the Order is not applicable.
20. The Company has not raised any money by public issues during the year. Accordingly Paragraph 4(xx) of the Order is not applicable.
21. According to the information & explanations given to us no fraud on or by the Company has been noticed or reported during the course of our audit.

for **Sudhakar Pai Associates,**  
Chartered Accountants,

Place : Bangalore.  
Date : May 29, 2010

**B. SUDHAKAR PAI**  
(Proprietor)  
Membership No. 18187

**FINANCIALS****M/s ASM Technologies Limited**

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

**Balance Sheet as at March 31, 2010**

(Amount in Rupees)

Particulars	Sch No.	31.03.2010	31.03.2009
<b>SOURCE OF FUNDS</b>			
<b>1. SHAREHOLDERS FUND</b>			
a. Share Capital	1	50,000,000	50,000,000
b. Reserves & Surplus	2	98,321,096	71,058,986
<b>2. LOAN FUNDS</b>			
a. Secured loan	3	52,972,392	76,440,386
<b>TOTAL</b>		<b>201,293,488</b>	<b>197,499,372</b>
<b>3. APPLICATION OF FUNDS</b>			
<b>i. FIXED ASSETS (NET BLOCK)</b>	4	<b>59,433,211</b>	<b>42,111,676</b>
Capital work-in-progress		7,188,600	6,040,400
<b>ii. INVESTMENTS</b>	5	<b>9,804,416</b>	<b>9,804,416</b>
<b>iii. DEFERRED TAX ASSET</b>		<b>3,436,524</b>	<b>2,150,297</b>
<b>iv. CURRENT ASSETS, LOANS, ADVANCE &amp; DEPOSITS</b>			
a. Sundry Debtors	6	151,214,903	151,104,140
b. Cash & Bank balances	7	19,896,432	23,368,940
c. Loans & Advances	8	39,665,065	36,589,790
d. Deposits		591,305	569,980
		<b>211,367,705</b>	<b>211,632,850</b>
Less : Current Liabilities & Provisions Liabilities & Provisions	9	<b>89,936,967</b>	<b>74,240,267</b>
Net current assets		<b>121,430,738</b>	<b>137,392,583</b>
Significant accounting policies and notes on accounts	14		
<b>TOTAL</b>		<b>201,293,488</b>	<b>197,499,372</b>

As per our report of even date  
for **SUDHAKAR PAI ASSOCIATES**  
Chartered Accountants

**M.R. Vikram**  
Chairman

**Rabindra Srikantan**  
Managing Director

**P.N. Lakshmi**  
Company Secretary

**B. Sudhakar Pai**  
(Proprietor)

Place : Bangalore  
Date : 29.05.2010

## ASM Technologies Limited

### Profit & Loss Account for the Year ended March 31, 2010

(Amount in Rupees)

Particulars	Sch No.	31.03.2010	31.03.2009
<b>INCOME</b>			
Domestic Sales		261,691,808	331,036,344
Export Sales		166,227,929	131,272,538
Other Income	10	3,073,620	2,424,478
<b>Total - A</b>		<b>430,993,356</b>	<b>464,733,360</b>
<b>EXPENDITURE</b>			
Software development expenses	11	355,522,219	377,109,287
Administrative expenses	12	19,183,779	26,906,543
Financial Charges	13	11,467,644	11,751,146
Depreciation		3,003,543	2,795,168
Provsion for Bad Debts		593,529	-
<b>Total - B</b>		<b>389,770,714</b>	<b>418,562,143</b>
<b>Profit / (Loss) before Tax</b>		<b>41,222,642</b>	<b>46,171,217</b>
Less : Provsion for FBT		-	549,256
Less: Income Tax		2,023,118	-
Less : Provsion for Tax		6,203,941	6,573,915
<b>Profit / (Loss) after Tax</b>		<b>32,995,583</b>	<b>39,048,046</b>
Add: Deferred Tax Asset/Liability Adjustment		(1,286,227)	1,264,261
<b>Profit/(Loss) after current &amp; deferred Tax adjustment</b>		<b>34,281,810</b>	<b>37,783,785</b>
Add previous year Surplus/Loss		32,727,786	5,793,752
<b>Amount Available for Appropriation</b>		<b>67,009,596</b>	<b>43,577,536</b>
Dividend		6,000,000	5,000,000
Dividend Tax		1,019,700	849,750
Amount Transferred to General Reserve		5,000,000	5,000,000
Balance in Profit and Loss account		54,989,896	32,727,786
<b>Earnings per share</b>			
(Equity shares,par value Rs. 10 each)			
Basic		6.86	7.56
Diluted		6.86	7.56
Significant accounting policies and notes on accounts	14		
		<b>67,009,596</b>	<b>43,577,536</b>

As per our report of even date  
for SUDHAKAR PAI ASSOCIATES  
Chartered Accountants

M.R. Vikram  
Chairman

Rabindra Srikantan  
Managing Director

P.N. Lakshmi  
Company Secretary

B. Sudhakar Pai  
(Proprietor)

Place : Bangalore  
Date : 29.05.2010

**M/s ASM Technologies Limited**  
**Cash Flow Statement for the year ended March 31, 2010**

(Amount in lacs)

Particulars	31.03.2010	31.03.2009
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/ (Loss) before tax & extraordinary items	329.96	390.48
Adjustments for :		
Depreciation	30.04	27.95
Interest Income	(24.99)	(21.50)
Deferred Taxation ( Net)	12.86	(12.64)
Finance charges	114.68	117.51
Effect of exchange differences on translation of foreign currency cash & cash equivalent	2.88	25.41
operating profit before working capital changes	465.41	527.19
Adjustment for		
Trade payables	145.28	(71.85)
Trade & other receivables	(32.08)	(291.69)
Deferred Tax Asset	(12.87)	12.64
Working capital finance	(310.10)	240.05
Cash generated from operations	255.64	416.34
Finance charges	(114.68)	(117.51)
<b>Net cash from operating activities - A</b>	<b>140.97</b>	<b>298.83</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed assets	(215.04)	(104.15)
Proceeds on Disposal of Fixed Asset	0.33	0.05
Interest Income	24.99	21.50
<b>Net cash from Investing activities - B</b>	<b>(189.72)</b>	<b>(82.60)</b>
<b>C. CASH FLOW FROM FINANCE ACTIVITIES</b>		
Long term borrowings	75.42	(62.11)
Dividend and Dividend Tax paid during the period	(58.50)	(43.87)
<b>Net cash from Finance activities - C</b>	<b>16.92</b>	<b>(105.98)</b>
Effect of exchange differences on translation of foreign currency cash & cash equivalent	(2.88)	(25.41)
Net increase in cash and cash equivalents (A+B+C)	(34.72)	84.85
Cash & cash equivalents as at 1st April 2009	233.69	148.84
<b>Cash &amp; Cash equivalents as at 31st March 2010</b>	<b>198.97</b>	<b>233.69</b>

Place : Bangalore  
Date : 29.05.2010

**M.R. Vikram**  
Chairman

**Rabindra Srikantan**  
Managing Director

**P.N. Lakshmi**  
Company Secretary

**AUDITOR'S CERTIFICATE**

We have examined the above cash flow statement of ASM Technologies Limited, for the year ended March 31, 2010. The statement has been prepared by the Company in accordance with the requirement under Clause 32 of the listing agreement with stock exchanges and is based on and in agreement with the corresponding profit and loss account and balance sheet of the Company for the year ended March 31, 2010.

**for SUDHAKAR PAI ASSOCIATES**  
Chartered Accountants

Place : Bangalore  
Date : 29.05.2010

**B. SUDHAKAR PAI**  
(Proprietor)

## ASM Technologies Limited

### Schedules to the Balance Sheet

(Amount in Rupees)

Particulars	31.03.2010	31.03.2009
<b>SCHEDULE - 1 : SHARE CAPITAL</b>		
<b>Authorised :</b>		
70,00,000 Equity shares of Rs. 10 each	<b>70,000,000</b>	70,000,000
<b>Issued, Subscribed &amp; Paid up</b>		
50,00,000 Equity shares of Rs. 10 each	<b>50,000,000</b>	50,000,000
<b>TOTAL</b>	<b>50,000,000</b>	50,000,000
<b>SCHEDULE - 2 : RESERVES &amp; SURPLUS</b>		
a. Capital reserve		
Profit on reissue of forfeited shares	<b>331,200</b>	331,200
Share premium account	<b>33,000,000</b>	33,000,000
b. General Reserve	<b>10,000,000</b>	5,000,000
c. Profit and Loss account	<b>54,989,896</b>	32,727,786
<b>TOTAL</b>	<b>98,321,096</b>	71,058,986
<b>SCHEDULE - 3 : SECURED LOAN</b>		
Cash Credit Account - SBI (Secured by hypothecation of inventory, receivables, personal guarantee by Managing Director, First charge on fixed assets and Lien on Fixed Deposits)	<b>15,554,095</b>	51,995,227
Factoring - SBI (Secured by hypothecation of receivables and personal guarantee by Managing Director)	<b>20,326,946</b>	14,895,564
Term Loan - SBI (Secured by First Charge on Land & Building and personal guarantee by Managing Director)	<b>16,776,903</b>	8,760,739
Car Loan - HDFC Bank (Secured by Hypothecation of Car and personal guarantee by Managing Director)	<b>314,448</b>	522,518
Car Loan - ICICI Bank (Secured by Hypothecation of Car)	—	266,337
<b>TOTAL</b>	<b>52,972,392</b>	76,440,386

**ASM Technologies Limited**

**Schedules to Balance Sheet**

**SCHEDULE - 4 : FIXED ASSETS**

(Amount in Rupees)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 31.03.09	Additions	Deletion	As on 31.03.10	As on 31.03.09	For the Year	Deletion	As on 31.03.10	As on 31.03.10	As on 31.03.09
Land-free-hold	20,513,786	—	—	20,513,786	—	—	—	—	20,513,786	20,513,786
Building	8,708,30	342,000	—	9,050,305	2,186,620	301,887	—	2,488,507	6,561,798	6,521,685
Machinery & Systems	34,655,823	19,232,730	—	53,888,553	28,364,500	1,712,942	—	30,077,442	23,811,111	6,291,323
Electrical Fittings	1,699,892	—	—	1,699,892	606,402	79,184	—	685,586	1,014,306	1,093,490
Furniture & Fixtures	5,723,672	29,641	—	5,753,313	3,803,010	378,051	—	4,181,061	1,572,252	1,920,662
Office Equipment	4,266,336	426,525	—	4,692,861	989,506	221,626	—	1,211,132	3,481,729	3,276,830
Vehicles	3,154,537	325,319	55,000	3,424,856	660,637	309,853	23,863	946,627	2,478,229	2,493,900
<b>TOTAL</b>	<b>78,722,351</b>	<b>20,356,215</b>	<b>55,000</b>	<b>99,023,566</b>	<b>36,610,675</b>	<b>3,003,543</b>	<b>23,863</b>	<b>39,590,355</b>	<b>59,433,211</b>	<b>42,111,676</b>
<b>Previous Year</b>	<b>74,352,726</b>	<b>4,375,025</b>	<b>5,400</b>	<b>78,722,351</b>	<b>33,816,507</b>	<b>2,795,168</b>	<b>1,000</b>	<b>36,610,675</b>	<b>42,111,676</b>	<b>40,536,219</b>

## ASM Technologies Limited

### Schedules to the Balance Sheet

(Amount in Rupees)

Particulars	31.03.2010	31.03.2009
<b>SCHEDULE - 5 : INVESTMENTS - at cost</b>		
Non Trade ( Unquoted)		
1. Advanced Synergic Pte Ltd., Singapore 1,00,000 equity shares of SGD 1 each in wholly owned Subsidiary.	2,481,090	2,481,090
2. Pinnacle Talent Inc. USA (Including Application Money of USD 60,000) 1,00,00,000 equity shares of USD 0.01 each in wholly owned Subsidiary.	7,323,326	7,323,326
<b>Total</b>	<b>9,804,416</b>	9,804,416
<b>SCHEDULE - 6 : SUNDRY DEBTORS</b>		
(Unsecured considered good)		
Over Six months	979,299	433,573
Others debts	150,235,604	150,670,567
<b>Total</b>	<b>151,214,903</b>	151,104,140
<b>SCHEDULE - 7 : CASH AND BANK BALANCE</b>		
Cash on hand	19,810	48,017
Balance with Scheduled banks:		
1. In current account	4,752,600	1,812,335
2. In deposit account	15,124,022	21,508,588
<b>Total</b>	<b>19,896,432</b>	23,368,940
<b>SCHEDULE - 8 : LOANS &amp; ADVANCES</b>		
(Unsecured, Considered good -advances recoverable in cash or in kind or for the value to be received)		
Advance to Employees	2,157,435	589,651
Interest accrued but not due	2,444,301	1,023,506
Tax deducted at source	32,401,168	32,567,105
Others	2,662,161	2,409,529
<b>Total</b>	<b>39,665,065</b>	36,589,790
<b>SCHEDULE - 9 : LIABILITIES &amp; PROVISION</b>		
Current Liabilities		
Sundry Creditors	9,866,848	24,350,096
Other Liabilities & provisions	60,317,774	28,450,934
<b>Total A</b>	<b>70,184,622</b>	52,801,030

## ASM Technologies Limited

### Schedules to the Balance Sheet

(Amount in Rupees)

Particulars	31.03.2010	31.03.2009
<b>Provisions</b>		
Provision for Taxation	12,732,645	15,589,487
Dividend	6,000,000	5,000,000
Dividend Tax	1,019,700	849,750
<b>Total B</b>	<b>19,752,345</b>	<b>21,439,237</b>
<b>Total A + B</b>	<b>89,936,967</b>	<b>74,240,267</b>
<b>SCHEDULE - 10 : OTHER INCOME</b>		
Interest received on deposits with banks and others	2,498,683	2,150,218
Miscellaneous Income	572,516	274,260
Profit on sale of asset	2,421	-
	<b>3,073,620</b>	<b>2,424,478</b>
<b>SCHEDULE - 11 : SOFTWARE DEVELOPMENT EXPENSES</b>		
Consultancy charges and overseas expenses	196,255,354	229,101,691
Salaries, bonus and other staff cost	158,464,254	147,289,865
Staff Welfare	802,611	717,731
<b>Total</b>	<b>355,522,219</b>	<b>377,109,287</b>
<b>SCHEDULE - 12 : ADMINISTRATIVE OVERHEAD</b>		
Advertisement and Business Promotions	764,514	449,814
Audit fee	147,000	140,000
Bad Debt	122,859	1,709,973
Managing Director's remuneration	3,144,000	3,144,000
Exchange difference	287,501	2,540,530
Electricity & water	1,076,590	1,275,605
Insurance charges	141,000	178,757
Membership & subscription	996,803	1,544,582
Miscellaneous Expense	748,602	427,577
Office Maintenance	618,709	1,346,640
Postage, Courier, telephone, telex & fax charges	3,160,425	3,168,486
Printing & stationary	709,830	630,353
Professional Charges	2,222,549	3,271,140
Rates & Taxes	436,416	1,680,728
Rent	594,148	888,867
Repairs & maintenance	642,605	1,207,630
Travelling & Conveyance	3,139,694	2,969,897
Vehicle Maintenance	103,113	182,847
Visa Processing charges	127,423	149,117
<b>Total</b>	<b>19,183,779</b>	<b>26,906,543</b>
<b>SCHEDULE -13: FINANCIAL CHARGES</b>		
Bank charges	2,975,406	1,492,001
Interest	8,492,238	10,259,144
<b>Total</b>	<b>11,467,644</b>	<b>11,751,146</b>



SCHEDULES TO THE BALANCE SHEET

SCHEDULE - 14 :

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. Significant Accounting Policies

1. The accounts of the company have been prepared using the accrual method based on the historical cost convention.
2. **Income:** Sales include sale of software and Software services. Revenue from sale of software is recognized wherever the sale has been completed with the passing of the title and billed to the clients as per the specific contracts. Revenue from sale of software services is recognized on the basis of percentage of completion method. Miscellaneous income mainly consisting of reimbursement of expenses and the same is accounted on accrual basis.
3. **Expenditure:** Expenses are accounted on accrual basis and provision for known liabilities or loss made in the same year.
4. **Fixed Assets:** Fixed Assets are stated at cost of acquisition less accumulated depreciation.
5. **Depreciation:** Depreciation is provided on straight-line method at the rates specified in schedule XIV of the Companies Act, 1956. Depreciation for the assets purchased/sold during the year is proportionately charged. Individual assets acquired for less than Rs. 5,000/- are entirely depreciated in the year of acquisition.
6. The company's contribution to the Gratuity has been provided based on the calculation as per actuarial valuation.
7. **Foreign currency transactions:** In case of sales made to clients outside India, income is accounted on the basis of the exchange rate prevailing at the end of the previous month of sale. Adjustments are made for any change in sales proceeds on conversion into Indian currency upon actual receipt. Expenditure in foreign currency is accounted at the conversion rate prevailing at the end of the previous month of expenditure is incurred. Debtors and Creditors are stated at exchange rate prevailing on the date of Balance Sheet.

**B. NOTES ON ACCOUNTS**

(Rs. in lacs)

	31.03.2010	31.03.2009
<b>1. Managing Director's remuneration</b>		
a) Salary	30.00	30.00
b) Contribution to Provident Fund	1.44	1.44
<b>2. Payment to auditors</b>		
a) Audit fee	1.30	1.23
b) Tax audit fee (Inclusive of Service tax)	0.17	0.17
<b>3. Expenditure in foreign currency</b>		
a) Technical Consultancy & Living Expenses	1495.69	2,007.39
b) Others	2.73	3.02
<b>4. Earnings in foreign currency</b>	<b>1076.81</b>	1,312.73
<b>5. Paisas are rounded off to the nearest rupee.</b>		
<b>6. Previous year figures have been regrouped / rearranged wherever necessary.</b>		
<b>7. The operations of the company are to develop software and software services, which cannot be expressed in terms of units/quantity. Hence it is not possible to give the quantitative information as required by the Schedule VI of the Companies Act, 1956.</b>		
<b>9. Income Tax includes Rs. 20,23,118/- paid for the earlier years.</b>		

**10. Deferred Taxes**

In accordance with the Accounting Standard – 22 (AS-22) "Accounting for Taxes on Income" which became mandatory for reporting from 1st April 2001, the tax effect is calculated on the accumulated timing differences at the end of an accounting period based on prevailing enacted regulations.

**11. Related Party Transactions – (AS – 18)**

The Company had transactions with the following related parties.

Wholly Owned Subsidiaries: Pinnacle Talent Inc, USA & Advanced Synergic Pte Ltd, Singapore.

IDS Systems Private Limited

Directors: Mr. M R Vikram, Mr. Rabindra Srikantan, Dr. R P Shenoy, Prof. B S Sonde,

Key Management Personnel Mr. N Krishnan, Mr. T S Shanbhogue, Mr. Harisimha, Mr. Pramod, Ms. Anitha Singan, Ms. Vani, Mr. Balaji Padmakumar Mr. M S Rajesha and Ms. P N Lakshmi.

Summary of the Transactions with the above related parties for the financial year ending 31st March 2010 is as follows.

	Rs. in Lacs
<b>Wholly owned Subsidiaries</b>	
Purchase of Services	
Pinnacle Talent Inc	Rs. 1384.10
Sale of Services Advanced Synergic Pte Ltd	Rs. 102.55
<b>IDS Systems Private Limited</b>	
Sales & Reimbursement of expenses	Rs. 2139.97
<b>Directors and Key managerial persons</b>	
Remuneration to Managing Director	Rs. 31.44
Remuneration to Key Management Personnel	Rs. 110.66

**11. Earnings per share**

In accordance with the Accounting Standard 20 (AS-20) "Earning per share" issued by the Institute of Chartered Accountants of India, basic earnings per share is computed using the weighted average number of shares outstanding during the year.

**12. Segment Reporting – (AS-17)**

In accordance with the Accounting Standard – 17 (AS-17) "Segment Reporting" which became mandatory for reporting from 1st April 2001, the company states that it is in the business of software development and IT related services. The Company's primary reporting segment is geographical as the revenues in non-software related areas are not more than 10% of the gross revenues.

	<b>31.03.2010</b>
	<b>Rs. in Lacs</b>
<b>Geographic Segment</b>	
Export Sales	<b>1662.28</b>
Domestic Sales	<b>2616.92</b>
	<b>4279.19</b>
<b>Other Income</b>	
Interest	<b>24.99</b>
Others	<b>5.75</b>
	<b>30.74</b>
<b>Particulars of Segment Asset and Liability</b>	
<b>Segment Assets</b>	
Outside India	<b>281.17</b>
India	<b>2,631.13</b>
<b>Investments</b>	
Outside India	<b>98.04</b>
India	<b>—</b>
<b>Segment Liabilities</b>	
Outside India	<b>74.53</b>
India	<b>1284.36</b>

As per our report of even date  
for **SUDHAKAR PAI ASSOCIATES**  
Chartered Accountants

**M.R. Vikram**  
Chairman

**Rabindra Srikantan**  
Managing Director

**P.N. Lakshmi**  
Company Secretary

**B. Sudhakar Pai**  
(Proprietor)

Place : Bangalore  
Date : May 29, 2010

## ASM Technologies Limited

### ADDITIONAL INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

#### REGISTRATION DETAILS

State code	8
Registration No.	13421
Balance sheet date	31.03.2010

#### CAPITAL RAISED DURING THE YEAR (Rs. In thousand)

Public issue	Nil
Right issue	Nil
Bonus issue	Nil
Private placement	Nil

#### POSITION OF MOBILISATION & DEPLOYMENT OF FUNDS (Rs. In Thousand)

Total liabilities	291,230
Total assets	291,230

#### SOURCE OF FUNDS

Paid up capital	50,000
Reserves and surplus	98,321
Secured loan	52,972
Unsecured loan	Nil

#### APPLICATION OF FUNDS

Net fixed assets	59,433
Investments	9,804
Net current assets	1,21,431
Deferred Tax Asset	3,436
Miscellaneous expenditure	Nil

#### PERFORMANCE OF THE COMPANY (Rs. In Thousand)

Turnover	4,27,920
Total Expenditure	3,89,771
Profit before tax	41,223
Profit after tax	34,282
Earning per share	6,86
Dividend rate	12%

#### GENERIC NAME OF PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY

Item code No.	85249009.10
Product description	Computer Software

## AUDITORS' REPORT

To The Share Holders of

**M/s. ASM Technologies Limited**

(on the Consolidated Financials of M/s. ASM Technologies Limited)

We have examined the attached Consolidated Balance Sheet of **M/s. ASM TECHNOLOGIES LIMITED** and its subsidiaries collectively called '**ASM Group**' as at March 31, 2010, the Consolidated Profit and Loss Account of ASM Group for the year ended on that date and the Consolidated Cash Flow Statement of the ASM Group for the year then ended on that date, annexed thereto. 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.

We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with the financial reporting framework generally accepted in India, and are free of material mis-statements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We report that :

1. 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.
2. We did not Audit the Financial Statements of the subsidiary (Advanced Synergic Pte. Ltd.), with a net worth of Rs. 99.48 Lacs on March 31, 2010 and a profit of Rs. 9.17 Lacs for the year then ended, which have been audited by other auditors whose reports have been furnished to us. Our opinion, in so far as it relates to the amounts included in respect of such subsidiaries, is based solely on the report of the other auditors.
3. The consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard – 21, in respect of Consolidated financial statements, issued by the Institute of Chartered Accountants of India.
4. In our opinion and on the basis of the information and explanation given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles the accounting principles generally accepted in India.
  - a) In the case of the Consolidated Balance Sheet, of the state of affairs of the ASM Group as at March 31, 2010.
  - b) In the case of the Consolidated Profit & Loss Account, of the profit of the ASM Group for the year ended on that date; and
  - c) In the case of the Consolidated Cash Flow Statements, of the cash flows of the ASM Group for the year ended on that date.

for **Sudhakar Pai Associates,**  
Chartered Accountants,

**B. SUDHAKAR PAI**  
(Proprietor)

Membership No. 18187

Place : Bangalore.

Date : May 29, 2010

## FINANCIALS

### M/s ASM Technologies Limited

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

### Consolidated Balance Sheet as at March 31, 2010

(Amount in Rupees)

Particulars	Sch No.	31.03.2010	31.03.2009
<b>SOURCE OF FUNDS</b>			
<b>1. SHAREHOLDERS FUND</b>			
a. Share Capital	1	50,000,000	50,000,000
b. Reserves & Surplus	2	110,754,253	80,514,802
<b>2. LOAN FUNDS</b>			
a. Secured loan	3	77,163,038	105,976,939
<b>TOTAL</b>		<b>237,917,291</b>	<b>236,491,741</b>
<b>3. APPLICATION OF FUNDS</b>			
<b>1. FIXED ASSETS ( NET BLOCK)</b>			
Capital work-in-progress	4	76,856,940	60,780,587
		7,188,600	6,040,400
<b>3. DEFERRED TAX ASSET</b>			
		3,436,524	2,150,297
<b>4. CURRENT ASSETS, LOANS, ADVANCE &amp; DEPOSITS</b>			
a. Sundry Debtors	5	196,037,387	221,286,092
b. Cash & Bank balances	6	25,227,228	27,566,337
c. Loans & Advances	7	40,533,745	37,005,458
d. Deposits		1,069,722	1,299,627
		<b>262,868,082</b>	<b>287,157,514</b>
Less : Current Liabilities & Provisions			
Liabilities & Provisions	8	112,432,855	119,637,057
Net current assets		150,435,227	167,520,457
<b>Significant accounting policies and notes on accounts</b>			
	13		
<b>TOTAL</b>		<b>237,917,291</b>	<b>236,491,741</b>

As per our report of even date  
for **SUDHAKAR PAI ASSOCIATES**  
Chartered Accountants

**M.R. Vikram**  
Chairman

**Rabindra Srikantan**  
Managing Director

**P.N. Lakshmi**  
Company Secretary

**B. Sudhakar Pai**  
(Proprietor)

Place : Bangalore  
Date : 29.05.2010

## M/s ASM Technologies Limited

### Consolidated Profit & Loss Account for the Year ended March 31, 2010

(Amount in Rupees)

Particulars	Sch No.	31.03.2010	31.03.2009
<b>INCOME</b>			
Domestic Sales		261,691,808	331,036,344
Export Sales		427,640,507	464,950,797
Other Income	9	4,379,419	3,569,592
<b>Total - A</b>		<b>693,711,734</b>	<b>799,556,733</b>
<b>EXPENDITURE</b>			
Software development expenses	10	590,609,137	688,869,746
Administrative expenses	11	44,011,045	44,034,090
Financial Charges	12	13,765,357	13,265,148
Depreciation		5,033,635	3,505,062
Provision for Bad Debts		593,529	-
<b>Total - B</b>		<b>654,012,704</b>	<b>749,674,046</b>
<b>Profit / (Loss) before Tax</b>		<b>39,699,030</b>	<b>49,882,687</b>
Less : Provision for FBT		-	549,256
Less: Income Tax		2,023,118	-
Less : Provision for Tax		6,773,555	7,117,932
<b>Profit / (Loss) after Tax</b>		<b>30,902,357</b>	<b>42,215,499</b>
Add: Deferred Tax Asset/Liability Adjustment		(1,286,227)	1,264,261
<b>Profit/(Loss) after current &amp; deferred Tax adjustment</b>		<b>32,188,584</b>	<b>40,951,238</b>
Add previous year Surplus/Loss		41,001,400	10,899,912
<b>Amount Available for Appropriation</b>		<b>73,189,984</b>	<b>51,851,150</b>
Dividend		6,000,000	5,000,000
Dividend Tax		1,019,700	849,750
Amount Transferred to General Reserve		5,000,000	5,000,000
Balance in Profit and Loss account		61,170,284	41,001,400
<b>Earnings per share</b>			
(Equity shares, par value Rs. 10 each)			
Basic		6.44	8.19
Diluted		6.44	8.19
Significant accounting policies and notes on accounts	13		
		<b>73,189,984</b>	<b>51,851,150</b>

As per our report of even date  
for **SUDHAKAR PAI ASSOCIATES**  
Chartered Accountants

**M.R. Vikram**  
Chairman

**Rabindra Srikantan**  
Managing Director

**P.N. Lakshmi**  
Company Secretary

**B. Sudhakar Pai**  
(Proprietor)

Place : Bangalore  
Date : 29.05.2010

**M/s ASM Technologies Limited**  
**Consolidated Financial Statements**

**Cash Flow Statement for the year ended March 31, 2010**

(Amount in lacs)

Particulars	31.03.2010	31.03.2009	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Profit / (Loss) before tax & extraordinary items	309.02	422.15	
Adjustments for :			
Depreciation	50.34	35.05	
Interest Income	(25.38)	(21.50)	
Deferred Taxation ( Net)	12.86	(12.64)	
Finance charges	137.65	132.65	
Effect of exchange differences on translation of foreign currency cash & cash equivalent operating profit before working capital changes	24.05	12.20	
	508.54	567.92	
<b>Adjustment for :</b>			
Trade payables	(83.74)	220.10	
Trade & other receivables	219.50	(394.28)	
Deferred Tax Asset	(12.87)	12.64	
Working capital finance	(322.71)	130.02	
Cash generated from operations	308.73	536.40	
Finance charges	(137.65)	(132.65)	
<b>Net cash from operating activities - A</b>	171.08	403.75	
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed assets	(222.89)	(215.62)	
Proceeds on Disposal of Fixed Asset	0.33	0.05	
Interest Income	25.38	21.50	
<b>Net cash from Investing activities - B</b>	(197.18)	(194.07)	
<b>C. CASH FLOW FROM FINANCE ACTIVITIES</b>			
Long term borrowings	34.57	(77.98)	
Dividend and Dividend Tax paid during the period	(58.50)	(43.87)	
<b>Net cash from Finance activities - C</b>	(23.93)	(121.85)	
Effect of exchange differences on translation of foreign currency cash & cash equivalent	26.65	(23.38)	
Net increase in cash and cash equivalents (A + B + C)	(23.38)	87.46	
Cash & cash equivalents as at 1st April 2009	275.65	188.19	
<b>Cash &amp; Cash equivalents as at 31st March 2010</b>	252.27	275.65	
Place : Bangalore	<b>M.R. Vikram</b>	<b>Rabindra Srikantan</b>	<b>P.N. Lakshmi</b>
Date : 29.05.2010	Chairman	Managing Director	Company Secretary

**AUDITOR'S CERTIFICATE**

We have examined the above cash flow statement of ASM Technologies Limited , for the year ended 31st March, 2010 The statement has been prepared by the company in accordance with the requirement under clause 32 of the listing agreement with stock exchanges and is based on and in agreement with the corresponding profit and loss account and balance sheet of the company for the period ended 31st March, 2010

for **SUDHAKAR PAI ASSOCIATES**  
Chartered Accountants

**B. SUDHAKAR PAI**  
(Proprietor)

Place : Bangalore  
Date : 29.05.2010



## M/s ASM Technologies Limited

### Schedules to the Balance Sheet

(Amount in Rupees)

Particulars	31.03.2010	31.03.2009
<b>SCHEDULE - 1 : SHARE CAPITAL</b>		
<b>Authorised :</b> 70,00,000 Equity shares of Rs 10 each	<b>70,000,000</b>	70,000,000
<b>Issued, Subscribed &amp; Paid up</b> 50,00,000 equity shares of Rs 10 each	<b>50,000,000</b>	50,000,000
<b>Total</b>	<b>50,000,000</b>	50,000,000
<b>SCHEDULE - 2 : RESERVES &amp; SURPLUS</b>		
a. Capital reserve		
Foreign Currency Translation Reserve	6,252,769	1,182,202
Profit on reissue of forfeited shares	331,200	331,200
Share premium account	33,000,000	33,000,000
b. General Reserve	10,000,000	5,000,000
c. Profit and Loss account	61,170,284	41,001,400
<b>Total</b>	<b>110,754,253</b>	80,514,802
<b>SCHEDULE - 3 : SECURED LOAN</b>		
Working Capital (Working Capital in India is Secured by hypothecation of , receivables, personal guarantee by Managing Director, First charge on fixed assets. Working capital in USA is secured by hypothecation of receivables, corporate guarantee by HO and personal guarantee by President of the subsidiary and the working capital in Singapore is secured by hypothecation of receivables and corporate guarantee by HO)	59,887,066	92,157,739
Term Loan ( Secured by First Charge on Land & Building and personal guarantee by Managing Director and term loan on vehicles is secured by hypothecation of vehicles)	17,275,972	13,819,200
<b>TOTAL</b>	<b>77,163,038</b>	105,976,939

**ASM Technologies Limited**  
Consolidated Financial Statements

Schedules to Balance Sheet

**SCHEDULE - 4 : FIXED ASSETS**

(Amount in Rupees)

Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	As on 31.03.09	Additions	Deletion	As on 31.03.10	As on 31.03.09	For the Year	Deletion	As on 31.03.10	As on 31.03.09
Land-free- hold	20,513,786	-	-	20,513,786	-	-	-	20,513,786	20,513,786
Building	8,708,305	342,000	-	9,050,305	2,186,620	301,887	-	6,561,798	6,521,685
Machinery & Systems	49,730,856	20,017,640	-	69,748,496	41,306,073	2,587,366	-	25,855,057	8,424,783
Electrical Fittings	1,699,892	-	-	1,699,892	606,402	79,184	-	1,014,306	1,093,490
Furniture & Fixtures	5,723,672	29,641	-	5,753,313	3,803,010	378,051	-	1,572,252	1,920,662
Office Equipment	4,315,729	426,525	-	4,742,254	1,024,852	221,626	-	3,495,776	3,290,877
Vehicles	3,154,537	325,319	55,000	3,424,856	660,637	309,853	23,863	2,478,229	2,493,900
Goodwill	17,249,240	-	-	17,249,240	727,835	1,155,668	-	15,365,737	16,521,405
<b>Total</b>	<b>111,096,017</b>	<b>21,141,125</b>	<b>55,000</b>	<b>132,182,142</b>	<b>50,315,429</b>	<b>5,033,635</b>	<b>23,863</b>	<b>76,856,940</b>	<b>60,780,587</b>
<b>Previous Year</b>	<b>95,580,208</b>	<b>15,521,209</b>	<b>5,400</b>	<b>111,096,017</b>	<b>46,810,367</b>	<b>3,505,062</b>	<b>-</b>	<b>60,780,587</b>	<b>48,769,840</b>

**M/s ASM Technologies Limited**  
**Consolidated Financial Statements**

**Schedules to the Balance Sheet**

(Amount in Rupees)

Particulars	31.03.2010	31.03.2009
<b>SCHEDULE - 5 : SUNDRY DEBTORS</b>		
(Unsecured considered good)		
Over Six months	979,299	7,523,112
Others debts	195,058,088	213,762,980
<b>Total</b>	<b>196,037,387</b>	<b>221,286,092</b>
<b>SCHEDULE - 6 : CASH AND BANK BALANCE</b>		
Cash on hand	20,452	48,685
Balance with Scheduled banks:		
1. In current account	6,260,506	2,082,119
2. In deposit account	18,946,270	25,435,533
<b>Total</b>	<b>25,227,228</b>	<b>27,566,337</b>
<b>SCHEDULE - 7 : LOANS &amp; ADVANCES</b>		
(Unsecured, Considered good -advances recoverable in cash or in kind or for the value to be received)		
Advance to Employees	2,157,435	699,407
Interest accrued but not due	2,451,038	1,042,410
Tax deducted at source	32,401,168	32,567,105
Others	3,524,104	2,696,536
<b>Total</b>	<b>40,533,745</b>	<b>37,005,458</b>
<b>SCHEDULE - 8 : LIABILITIES &amp; PROVISION</b>		
<b>Current Liabilities</b>		
Sundry Creditor	18,853,018	59,602,434
Other Liabilities & provisions	73,011,648	39,872,403
<b>Total A</b>	<b>91,864,666</b>	<b>99,474,837</b>
<b>Provisions</b>		
Provision for Taxation	13,548,489	14,312,470
Dividend	6,000,000	5,000,000
Dividend Tax	1,019,700	849,750
<b>Total B</b>	<b>20,568,189</b>	<b>20,162,220</b>
<b>Total A + B</b>	<b>112,432,855</b>	<b>119,637,057</b>

**M/s ASM Technologies Limited**  
**Consolidated Financial Statements**

**Schedules to the Balance Sheet**

(Amount in Rupees)

Particulars	31.03.2010	31.03.2009
<b>SCHEDULE - 9 : OTHER INCOME</b>		
Interest received on deposits with banks and others	2,538,274	2,150,218
Miscellaneous Income	1,838,724	1,419,374
Profit on sale of asset	2,421	-
	<b>4,379,419</b>	<b>3,569,592</b>
<b>SCHEDULE - 10 : SOFTWARE DEVELOPMENT EXPENSES</b>		
Consultancy charges and overseas expenses	254,073,211	443,078,596
Salaries, bonus and other staff cost	335,452,834	244,852,208
Staff Welfare	1,083,092	938,943
<b>Total</b>	<b>590,609,137</b>	<b>688,869,746</b>
<b>SCHEDULE - 11 : ADMINISTRATIVE OVERHEAD</b>		
Advertisement and Business Promotions	950,116	981,400
Audit fee	394,358	329,406
Bad Debt	2,849,832	1,709,973
Managing Director's remuneration	3,144,000	3,144,000
Exchange difference	2,405,189	1,219,598
Electricity & water	1,076,590	1,303,736
Insurance charges	1,424,441	1,254,735
Membership & subscription	4,095,413	3,466,672
Miscellaneous Expense	3,467,126	3,002,781
Office Maintenance	1,139,970	1,677,148
Postage, Courier, telephone, telex & fax charges	5,776,393	6,066,779
Printing & stationary	751,336	679,698
Professional Charges	4,750,147	4,875,802
Rates & Taxes	463,761	1,735,498
Rent	5,108,452	6,314,825
Repairs & maintenance	810,771	1,408,937
Travelling & Conveyance	3,690,349	3,202,341
Vehicle Maintenance	103,113	542,733
Visa Processing charges	1,609,690	1,118,028
<b>Total</b>	<b>44,011,045</b>	<b>44,034,090</b>
<b>SCHEDULE -12: FINANCIAL CHARGES</b>		
Bank charges	3,463,806	2,028,970
Interest	10,301,551	11,236,178
<b>Total</b>	<b>13,765,357</b>	<b>13,265,148</b>

## **SCHEDULES TO BALANCE SHEET**

### **SCHEDULE - 13 :**

#### **SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

The accompanying consolidated financial statements include the accounts of ASM Technologies Limited and its following wholly owned Subsidiaries:-

1. Pinnacle Talent Inc., USA
2. Advanced Synergic Pte. Ltd., Singapore
3. ESR Associates Inc, USA, Step down subsidiary

#### **A. SIGNIFICANT ACCOUNTING POLICIES**

1. **Basis of Preparation of financial statements:** The consolidated financial statements have been prepared using the accrual method based on the historical cost convention.

The consolidated financial statements are prepared in accordance with the principles and procedures laid out by the accounting standard on Consolidated Financial Statements issued by the ICAI.

2. **Income:** Sales include sale of software and Software services. Revenue from sale of software is recognized wherever the sale has been completed with the passing of the title and billed to the clients as per the specific contracts. Revenue from sale of software services is recognized on the basis of percentage of completion method. There is a change in the Accounting Policy in recognizing the Software Services revenue, which in our opinion does not have any material effect on the financial statements. Other income mainly consisting of reimbursement of expenses and the same is accounted on accrual basis.
3. **Expenditure:** Expenses are accounted on accrual basis and provision for known liabilities or loss made in the same year.
4. **Fixed Assets:** Fixed Assets are stated at cost of acquisition less accumulated depreciation.
5. **Depreciation:** Depreciation is provided on straight-line method at the rates specified in schedule XIV of the Companies Act, 1956. Depreciation for the assets purchased/sold during the year is proportionately charged. Individual assets acquired for less than Rs. 5,000/- are entirely depreciated in the year of acquisition. In Pinnacle Talent Inc, depreciation on Computer and Software is provided on straight-line method at 20%. In Advanced Synergic Pte Ltd depreciation is provided at 100% for Computers and 33.33% for the Office Equipments. In ESR depreciation on Computer and Software is provided on straight-line method at 20% and the Goodwill is amortized over a period of 15 Years.
6. The company contribution to the Gratuity has been provided based on the calculation as per actuarial valuation.
7. **Foreign currency transactions:** In case of sales made to clients outside India, income is accounted on the basis of exchange rate prevailing on the date of transaction. Adjustments are made for any change in sales proceeds on conversion into Indian currency upon actual receipt. Expenditure in foreign currency is accounted at the conversion rate prevalent when such expenditure is incurred. Debtors and Creditors are stated at exchange rate prevailing on the date of Balance Sheet.

## **B. NOTES ON ACCOUNTS**

1. The operations of the company are to develop software and the allied activities, which cannot be expressed in terms of units/quantity. Hence it is not possible to give the quantitative information as required by the Schedule VI of the Companies Act, 1956.

### **2. Related Party Transactions – (AS-18)**

The Company had transactions with the following related parties.

Subsidiaries: Pinnacle Talent Inc, USA & Advanced Synergic Pte Ltd, Singapore.

Step down Subsidiary: ESR Associates Inc

IDS Systems Pvt Ltd

Directors: ASM Technologies Limited

Mr. M R Vikram, Mr. Rabindra Srikantan , Dr. R P Shenoy and Prof. B S Sonde,

Directors: Advanced Synergic Pte Ltd

Mr. Venkataramaiyer Sivaramakrishnan and Mr. Rabindra Srikantan

Key Management Personnel: Mr. Sundar Ramanathan, Mr. N Krishnan, Mr. T S Shanbhogue, Mr. Harisimha, Mr. Shalabh Singh, Mr. Pramod, Ms. Anitha Singan, Ms. Vani, Mr. Balaji Padmakumar Mr. M S Rajesha and Ms. P N Lakshmi.

Summary of the Transactions with the above related parties for the financial year ending 31st March 2010 are as follows.

	<b>Rs. in Lacs</b>
Remuneration to Directors	Rs. 31.44
Remuneration to Key Management Personnel	Rs. 268.79
IDS Systems Private Limited	
Sales & Reimbursement of expenses	Rs. 2139.97

### **3. Earnings per share**

In accordance with the Accounting Standard 20 (AS-20) “Earning per share” issued by the Institute of Chartered Accountants of India, basic earnings per share is computed using the weighted average number of shares outstanding during the period.

### **4. Deferred Taxes**

In accordance with the Accounting Standard – 22 (AS-22) “Accounting for Taxes on Income” which became mandatory for reporting from 1st April 2001, the tax effect is calculated on the accumulated timing differences at the end of an accounting period based on prevailing enacted regulations.

**5. Segment Reporting – (AS-17)**

In accordance with the Accounting Standard – 17 (AS-17) “Segment Reporting” which became mandatory for reporting from 1st April 2001, the company states that it is in the business of software development and I T related services. The Company’s primary reporting segment is geographical as the revenues in non-software related areas are not more than 10% of the gross revenues.

	<b>31.03.2010</b>
	<b>Rs. in Lacs</b>
<b>Geographic Segment</b>	
Export Sales	4276.40
Domestic Sales	2616.92
	<b>7,959.87</b>
<b>Other Income</b>	
Interest	25.38
Others	18.41
	<b>43.79</b>
<b>Particulars of Segment Asset and Liability</b>	
<b>Segment Assets</b>	
Outside India	872.38
India	2631.13
<b>Segment Liabilities</b>	
Outside India	541.40
India	1284.36

As per our report of even date  
**for SUDHAKAR PAI ASSOCIATES**  
Chartered Accountants

Place : Bangalore  
Date : 29.05.2010

**M.R. Vikram**  
Chairman

**Rabindra Srikantan**  
Managing Director

**P.N. Lakshmi**  
Company Secretary

## Pinnacle Talent Inc.

### Statement Regarding Subsidiary Company

(Pursuant to Section 212 of the Companies Act, 1956)

- |   |  |
|---|--|
| 1. Name of the Subsidiary Company   | Pinnacle Talent Inc.                                   |
| 2. Financial year ended   | March 31, 2010   |
| 3. Holding Company's Interest   | 10000000 equity share of US \$ 0.01 each fully paid up |
| 4. Extent of holding  | 100%   |
| 5. Net aggregate amounts of profit / (Loss) in the Subsidiary Company to the extent these concern the Members of the Holding Company and not dealt with in the attached accounts of the Holding Company is as follows |  |
| For the year ended March 31, 2010   | US \$ 29,586   |
| Previous year ended March 31, 2009  | US \$ 33,930   |
| 6. As the financial year of the subsidiary Company coincides with the Financial year of the Holding Company, Section 212(5) of the act is not applicable.   |  |

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For and on behalf of the Board

Place : Bangalore  
Date : 29.05.2010

**M.R. Vikram**  
Chairman

**Rabindra Srikantan**  
Managing Director

**P.N. Lakshmi**  
Company Secretary

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### **PINNACLE TALENT INC.**

2020, Calamos Court, Suite 200, Naperville  
IL 60563-2793, USA

Directors' Report

To the Members,

Your Directors have pleasure in submitting their Twelfth Annual Report and Accounts for the year ended March 31, 2010. Pinnacle Talent Inc. is a wholly owned subsidiary of ASM Technologies Limited. The Company's operation during the year ended March 31, 2010 resulted in a profit of US \$ 29,586 (approx. Rs. 1.33 Million).

Your Directors do not recommend any dividend for the year ended March 31, 2010.

For and on behalf of the Board

Place : Bangalore  
Date : May 29, 2010

**Rabindra Srikantan**  
President



## AUDITORS' REPORT

To The Members of  
**M/s. Pinnacle Talent Inc.**

We have audited the attached Balance Sheet of **M/s. Pinnacle Talent Inc.** (the Company), as at March 31, 2010, the Profit and Loss Account of the Company for the year ended on that date, annexed thereto. 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.

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 misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

Further we report that,

1. we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purposes of our audit;
2. 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;
3. the Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the books of accounts.
4. in our opinion and to the best of our information and according to the explanations given to us, the said accounts give a true and fair view in conformity with the accounting principles generally accepted in India :
  - a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010; and
  - b) In the case of the Profit & Loss Account of the Profit of the Company for the year ended on that date.

for **Sudhakar Pai Associates,**  
Chartered Accountants,

**B. SUDHAKAR PAI**  
(Proprietor)  
Membership No. 18187

Place : Bangalore.  
Date : May 29, 2010

**Pinnacle Talent Inc.**

# 2020, Calamos Court, Suite 200, Naperville, IL 60563-2793, USA

**Balance Sheet as at March 31, 2010**

Particulars	Sch No.	31.03.2010 Amount in USD	31.03.2010 Amount in Rs.	31.03.2009 Amount in USD	31.03.2009 Amount in Rs.
<b>SOURCE OF FUNDS</b>					
<b>1 SHAREHOLDERS FUND</b>					
a. Share Capital	1	160,000	7,222,400	160,000	7,222,400
b. Reserves & Surplus	2	130,242	5,879,126	100,656	4,543,612
<b>2. LOAN FUNDS</b>					
a. Secured loans	3	484,794	21,883,601	375,733	16,960,588
TOTAL		<u>775,036</u>	<u>34,985,127</u>	636,389	28,726,599
<b>APPLICATION OF FUNDS</b>					
1. FIXED ASSETS ( NET BLOCK)	4	2,783	125,625	3,788	170,990
<b>2. CURRENT ASSETS, LOANS, ADVANCE &amp; DEPOSITS</b>					
a. Sundry Debtors	5	1,178,771	53,209,723	1,445,444	65,247,342
b. Loans, Advances & Deposits		6,917	312,233	7,250	327,265
		<u>1,185,688</u>	<u>53,521,956</u>	1,452,694	65,574,607
Less : Current Liabilities & Provisions Liabilities & Provisions Net current assets	6	<u>413,435</u>	<u>18,662,454</u>	820,093	37,018,998
		<u>772,253</u>	<u>34,859,502</u>	632,601	28,555,609
Significant accounting policies and notes on accounts	10				
<b>TOTAL</b>		<u>775,036</u>	<u>34,985,127</u>	636,389	28,726,599

*The conversion rate of 1 US \$ = Rs. 45.14*

## Pinnacle Talent Inc.

### Profit & Loss Account for the Year ended March 31, 2010

Particulars	Sch No.	31.03.2010 Amount in USD	31.03.2010 Amount in Rs.	31.03.2009 Amount in USD	31.03.2009 Amount in Rs.
<b>INCOME</b>					
Sale of Services		5,710,534	257,773,505	9,240,326	417,108,316
Other Income		16,771	757,043	22,808	1,029,553
<b>Total - A</b>		<b>5,727,305</b>	<b>258,530,548</b>	9,263,134	418,137,869
<b>EXPENDITURE</b>					
Employee Cost	7	5,389,581	243,285,686	8,934,802	403,316,962
Administrative expenses	8	271,703	12,264,673	221,974	10,019,906
Financial Charges	9	31,781	1,434,594	27,575	1,244,736
Depreciation		1,315	59,359	1,231	55,567
<b>Total - B</b>		<b>5,694,380</b>	<b>257,044,312</b>	9,185,582	414,637,171
<b>Profit/(Loss) before Tax</b>		<b>32,925</b>	<b>1,486,236</b>	77,552	3,500,698
Less: Provision for Tax		2,750	124,135	5,747	259,420
Income Tax Paid		589	26,587	37,875	1,709,678
<b>Profit/(Loss) after Tax</b>		<b>29,586</b>	<b>1,335,514</b>	33,930	1,531,600
<b>Add previous year Surplus/(Loss)</b>		<b>100,656</b>	<b>4,543,612</b>	66,726	3,012,012
<b>Profit / ( Loss) transferred to Balance sheet</b>		<b>130,242</b>	<b>5,879,126</b>	100,656	4,543,612
Earnings per share (Equity shares, par value USD. 0.01 each)					
Basic		0.003	0.134	0.003	0.153
Diluted		0.003	0.134	0.003	0.153
Significant accounting policies and notes on accounts	10				

Cash Flow Statement for the year ended March 31, 2010

Particulars	31.03.2010 Amount in USD	31.03.2010 Amount in Rs.	31.03.2009 Amount in USD	31.03.2009 Amount in Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit / (Loss) before tax & extraordinary items	29,586	1,335,512	33,930	1,531,600
<b>Adjustments for :</b>				
Depreciation	1,315	59,359	1,231	55,567
Finance charges	31,781	1,434,594	27,575	1,244,736
Operating profit before working capital changes	62,682	2,829,465	62,736	2,831,903
<b>Adjustment for :</b>				
Trade payables	(406,659)	(18,356,588)	(464,868)	(20,984,141)
Trade & other receivables	267,006	12,052,651	534,979	24,148,952
Working capital finance	109,061	4,923,014	(104,958)	(4,737,804)
Cash generated from operations	32,090	1,448,542	27,889	1,258,910
Finance charges	(31,781)	(1,434,594)	(27,575)	(1,244,736)
<b>Net cash from operating activities - A</b>	<b>309</b>	<b>13,948</b>	314	14,174
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed assets	(309)	(13,948)	(314)	(14,174)
<b>Net cash from Investing activities - B</b>	<b>(309)</b>	<b>(13,948)</b>	(314)	(14,174)
<b>C. CASH FLOW FROM FINANCE ACTIVITIES</b>				
Share application money received	—	—	—	—
Long term borrowings	—	—	—	—
<b>Net cash from Finance activities - C</b>	<b>—</b>	<b>—</b>	—	—
Cash & cash equivalents as at April 1, 2009	—	—	—	—
<b>Cash &amp; Cash equivalents as at March 31, 2010</b>	<b>—</b>	<b>—</b>	—	—

## Pinnacle Talent Inc.

### Schedules to the Balance Sheet

Particulars	31.03.2010 Amount in USD	31.03.2010 Amount in Rs.	31.03.2009 Amount in USD	31.03.2009 Amount in Rs.
<b>SCHEDULE - 1 : SHARE CAPITAL</b>				
<b>Authorised :</b>				
100,00,000 Equity shares of USD 0.01 each Issued, Subscribed & Paid up	100,000	4,514,000	100,000	4,514,000
100,00,000 Equity shares of USD 0.01 each Application money	100,000 60,000	4,514,000 2,708,400	100,000 60,000	4,514,000 2,708,400
<b>TOTAL</b>	<b>160,000</b>	<b>7,222,400</b>	<b>160,000</b>	<b>7,222,400</b>
<b>SCHEDULE - 2 : RESERVES &amp; SURPLUS</b>				
Profit and Loss Account	130,242	5,879,124	100,656	4,543,612
<b>TOTAL</b>	<b>130,242</b>	<b>5,879,124</b>	<b>100,656</b>	<b>4,543,612</b>
<b>SCHEDULE - 3 : SECURED LOAN</b>				
Working Capital (working capital is secured by hypothecation of receivables and personal guarantee by President of the subsidiary)	484,794	21,883,601	375,733	16,960,588
<b>TOTAL</b>	<b>484,794</b>	<b>21,883,601</b>	<b>375,733</b>	<b>16,960,588</b>

**Pinnacle Talent Inc.**

**Schedules to Balance Sheet**

**SCHEDULE - 4 : FIXED ASSETS**

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK					
	As on 31.03.09		As on 31.03.10		As on 31.03.09		As on 31.03.10		As on 31.03.10		As on 31.03.09			
	USD	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD	Rs.		
			<b>Additions</b>											
Machinery & Software	227,495	10,269,124	309	13,948	227,805	10,283,118	224,060	10,114,068	1,103	49,789	225,163	10,163,857		
Office Equipment	637	28,754	-	-	637	28,754	284	12,820	212	9,570	496	22,390		
<b>TOTAL</b>	228,132	10,297,878	309	13,948	228,442	10,311,872	224,344	10,126,888	1,315	59,359	225,659	10,186,247		
<b>Previous Year</b>	227,818	11,607,327	314	15,998	228,132	11,623,325	223,113	11,367,607	1,231	62,719	224,344	11,430,327		
											2,783	125,625	3,788	170,990
											3,788	192,999	4,705	239,720

Schedules to the Balance Sheet

Particulars	31.03.2010	31.03.2010	31.03.2009	31.03.2009
	Amount in USD	Amount in Rs.	Amount in USD	Amount in Rs.
<b>SCHEDULE - 5 : SUNDRY DEBTORS</b>				
(Unsecured considered good)				
Over Six months	—	—	—	—
Others debts	1,178,771	53,209,723	1,445,444	65,247,342
<b>TOTAL</b>	<b>1,178,771</b>	<b>53,209,723</b>	<b>1,445,444</b>	<b>65,247,342</b>
<b>SCHEDULE - 6 : LIABILITIES &amp; PROVISION</b>				
<b>Current Liabilities</b>				
Sundry Creditors	297,770	13,441,335	719,535	32,479,810
Other Liabilities & provisions	101,368	4,575,752	94,811	4,279,769
<b>Total - A</b>	<b>399,138</b>	<b>18,017,087</b>	<b>814,346</b>	<b>36,759,579</b>
<b>Provisions</b>				
Provision for Taxation	14,297	645,367	5,747	259,420
<b>Total - B</b>	<b>14,297</b>	<b>645,367</b>	<b>5,747</b>	<b>259,420</b>
<b>TOTAL A + B</b>	<b>413,435</b>	<b>18,662,454</b>	<b>820,093</b>	<b>37,018,999</b>
<b>SCHEDULE - 7 : EMPLOYEE COST</b>				
Consultancy charges	3,812,907	172,114,622	6,506,411	293,699,393
Salaries, bonus and other staff cost	1,576,674	71,171,064	2,428,391	109,617,570
<b>TOTAL</b>	<b>5,389,581</b>	<b>243,285,686</b>	<b>8,934,802</b>	<b>403,316,963</b>
<b>SCHEDULE - 8 : ADMINISTRATIVE OVERHEAD</b>				
Audit fee	2,000	90,280	1,000	45,140
Advertisement & Business promotions	3,939	177,806	-	-
Insurance charges	10,315	465,619	12,723	574,316
Membership & subscription	59,750	2,697,115	34,383	1,552,049
Miscellaneous Expense	7,157	323,067	12,001	541,725
Postage, Courier, telephone, telex & fax charges	34,286	1,547,670	35,169	1,587,529
Professional Charges	32,137	1,450,664	2,522	113,843
Rent	40,448	1,825,823	40,221	1,815,576
Repairs & maintenance	2,846	128,468	4,377	197,578
Travelling & Conveyance	50,284	2,269,820	58,914	2,659,378
Visa Processing charges	28,541	1,288,341	20,664	932,773
<b>TOTAL</b>	<b>271,703</b>	<b>12,264,673</b>	<b>221,974</b>	<b>10,019,907</b>
<b>SCHEDULE - 9 : FINANCIAL CHARGES</b>				
Bank charges	5,238	236,443	7,895	356,380
Interest	26,543	1,198,151	19,680	888,355
<b>TOTAL</b>	<b>31,781</b>	<b>1,434,594</b>	<b>27,575</b>	<b>1,244,735</b>

**SCHEDULE - 10 : Notes to Financial Statements**

**1. Summary of Significant Accounting Policies**

**Nature of Activities**

Pinnacle Talent Inc. was incorporated in California to provide software development talent to business. It is a wholly owned subsidiary of ASM Technologies Limited, whose headquarters is in Bangalore, India. The accompanying financial statements are for Pinnacle Talent Inc. only and do not include assets, liabilities, income or expense for ASM Technologies Limited, other than amounts owing to or from ASM Technologies Limited.

**Basis of Accounting**

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

**Accounts Receivable**

The Company does not maintain an allowance for estimated uncollectable accounts. When an account is determined uncollectable it will be deducted from the accounts receivable and will be charged to sales and service account.

**Equipment**

Equipment is recorded at cost. Depreciation, for tax purposes, is provided using the prevailing income tax statutes. For year ended March 31, 2010, the depreciation expense is US \$ 1,315 for book purposes.



**Advanced Synergic Pte. Ltd.**  
(Incorporated in the Republic of Singapore)

**Statement Regarding Subsidiary Company**  
(Pursuant to Section 212 of the Companies Act, 1956)

- |   |  |
|---|--|
| 1. Name of the Subsidiary Company   | Advanced Synergic Pte. Ltd.                      |
| 2. Financial year ended   | March 31, 2010                                   |
| 3. Holding Company's Interest   | 100000 equity share of S \$ 1 each fully paid up |
| 4. Extent of holding  | 100%   |
| 5. Net aggregate amounts of profit / (Loss)<br>in the Subsidiary Company to the extent these<br>concern the Members of the Holding Company<br>and not dealt with in the attached accounts of<br>the Holding Company is as follows |  |
| For the year ended March 31, 2010   | S \$ 28,589                                      |
| Previous year ended March 31, 2009  | S \$ 35,457                                      |
| 6. As the financial year of the subsidiary Company coincides with the Financial year of the Holding Company, Section 212 (5) of the act is not applicable.  |  |

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For and on behalf of the Board

Place : Bangalore  
Date : May 29, 2010

**M.R. Vikram**  
Chairman

**Rabindra Srikantan**  
Managing Director

**P.N. Lakshmi**  
Company Secretary

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## REPORT OF THE DIRECTORS

The Directors present their report to the members together with the audited financial statements of the Company for the year ended March 31, 2010.

### Directors :

The Directors of the Company in office at the date of this report are:-

**RABINDRA SRIKANTAN**  
**VENKATARAMAIYER SIVARAMAKRISHNAN**

### Arrangements to enable directors to acquire shares or debentures :

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

### Directors' Interest in Shares or Debentures :

The following Directors, who held office at the end of the financial year, had, according to the register of Directors' shareholdings required to be kept under Section 164 of the Companies Act, Cap. 50 are as follows :

### Shares in Ultimate Holding Company :

Share of Rupees 10/- each

Names of the Director	At the beginning of the year	At the end of the year
RABINDRA SRIKANTAN	2,093,886	2,102,543

No director who held office at the end of the financial year had interests in share options, warrants or debentures of the Company, or related corporations, either at the beginning of the financial year or at the end of the financial year.

### Directors' Contractual Benefits :

During the year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or by a related corporation with the Director or with a firm of which he is a member or with a Company in which he has a substantial financial interest other than those disclosed in the financial statements.

### Options Granted :

During the year, there were no options to take up unissued shares of the Company.

### Options Exercised :

During the year, no shares have been issued by virtue of the exercise of options granted.

### Options Outstanding :

There were no share options outstanding, as at March 31, 2010.

### Auditors :

The Auditors, M/s. MGI N. Rajan Associates, have expressed their willingness to accept re-appointment.

On behalf of the Directors,

**RABINDRA SRIKANTAN**

**VENKATARAMAIYER**  
**SIVARAMAKRISHNAN**

Place : Singapore  
Date : May 29, 2010

**Advanced Synergic Pte. Ltd.**  
(Incorporated in the Republic of Singapore)

**STATEMENT BY DIRECTORS**

In the opinion of the directors, the accompanying balance sheet, Statement of Comprehensive Income, Statement of changes in equity and Statement of Cash Flows together with the notes thereon, are drawn up in accordance with and comply with the Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the company as at **31 March 2010** and of the results of the business, changes in equity and cash flows of the company for the financial year ended on that date and at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

The Board of the Directors authorised these financial statements for the issue on May 29, 2010.

On behalf of the Directors,

**RABINDRA SRIKANTAN**

**VENKATARAMAIYER  
SIVARAMAKRISHNAN**

Place : Singapore / India  
Date : May 29, 2010

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ADVANCED SYNERGIC PTE. LTD.**  
(Incorporated in Singapore)

We have audited the accompanying financial statements of **ADVANCED SYNERGIC PTE. LTD.** set out on pages 6 to 19, which comprise the balance sheet of the Company as at March 31, 2010, the statement of changes in equity of the Company, the profit and loss account and cash flow statement of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes.

**Management's Responsibility for the Financial Statements :**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes :

- a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;
- b) selecting and applying appropriate accounting policies; and
- c) making accounting estimates that are reasonable in the circumstances.

**Auditors' Responsibility :**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedure selected depends on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion :**

In our opinion :-

- a) the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at March 31, 2010 and of the results, changes in equity of the Company and the cash flows of the Company for the year ended March 31, 2010; and
- b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Place : Singapore  
Date : May 29, 2010

**MGI N. RAJAN ASSOCIATES**  
**Certified Public Accountants**

## Advanced Synergic Pte. Ltd.

# 30, Toh Guan Road, # 08-03A, ODC Distri Center, Singapore 608 840

(Incorporated in the Republic of Singapore)

### Balance Sheet as at March 31, 2010

Particulars	Sch No.	31.03.2010 Amount in SGD	31.03.2010 Amount in Rs.	31.03.2009 Amount in SGD	31.03.2009 Amount in Rs.
<b>SOURCE OF FUNDS</b>					
<b>1. SHAREHOLDERS FUND</b>					
a. Share Capital	1	100,000	3,208,000	100,000	3,208,000
b. Reserves & Surplus	2	210,109	6,740,297	181,520	5,823,162
<b>2. LOAN FUNDS</b>					
a. Secured loans	3	71,915	2,307,033	289,071	9,273,398
<b>TOTAL</b>		<b>382,024</b>	<b>12,255,330</b>	<b>570,591</b>	<b>18,304,560</b>
<b>3. APPLICATION OF FUNDS</b>					
i) <b>FIXED ASSETS (NET BLOCK)</b>	4	2	64	291	9,335
ii) <b>INVESTMENT</b>		145,050	4,653,204	145,050	4,653,204
iii) <b>CURRENT ASSETS, LOANS, ADVANCE &amp; DEPOSITS</b>					
a. Sundry Debtors	5	508,685	16,318,615	739,191	23,713,247
b. Cash & Bank balances	6	119,377	3,829,614	118,159	3,790,541
c. Loans & Advances	7	173,400	5,562,672	181,801	5,832,176
d. Deposits		14,196	455,408	9,388	301,167
		<b>815,658</b>	<b>26,166,309</b>	<b>1,048,539</b>	<b>33,637,131</b>
Less : Current Liabilities & Provisions					
Liabilities & Provisions	8	578,686	18,564,247	623,289	19,995,111
Net current assets		236,972	7,602,062	425,250	13,642,020
<b>TOTAL</b>		<b>382,024</b>	<b>12,255,330</b>	<b>570,591</b>	<b>18,304,560</b>

The conversion rate of 1 SGD = Rs. 32.08

**Advanced Synergic Pte. Ltd.**  
(Incorporated in the Republic of Singapore)

**Profit & Loss Account for the Year ended March 31, 2010**

Particulars	Sch No.	31.03.2010 Amount in SGD	31.03.2010 Amount in Rs.	31.03.2009 Amount in SGD	31.03.2009 Amount in Rs.
<b>INCOME</b>					
Sale of Services		3,322,112	106,573,353	2,975,234	95,445,507
Other Income	9	18,261	585,813	4,150	133,132
<b>Total - A</b>		<b>3,340,373</b>	<b>107,159,166</b>	2,979,384	95,578,639
<b>EXPENDITURE</b>					
Employee Cost	10	3,006,492	96,448,263	2,661,703	85,387,432
Administrative expenses	11	253,749	8,140,268	242,694	7,785,624
Financial Charges	12	17,714	568,265	33,389	1,071,119
Depreciation		23,706	760,488	290	9,303
<b>Total - B</b>		<b>3,301,661</b>	<b>105,917,284</b>	2,938,076	94,253,478
<b>Profit / (Loss) before Tax</b>					
Less : Provision for Tax		38,712	1,241,882	41,308	1,325,161
Current Tax		10,123	324,746	5,851	187,700
<b>Profit / (Loss) after current &amp; deferred Tax adjustment</b>		<b>28,589</b>	<b>917,136</b>	35,457	1,137,461
Add previous year Surplus / Loss		181,520	5,823,162	146,063	4,685,701
<b>Profit / (Loss) transferred to Balance Sheet</b>		<b>210,109</b>	<b>6,740,298</b>	181,520	5,823,162
<b>Earnings per share</b> (Equity shares, par value SGD 1 each)					
Basic		0.29	9.17	0.35	11.37
Diluted		0.29	9.17	0.35	11.37

**Cash Flow Statement for the year ended March 31, 2010**

Particulars	31.03.2010 Amount in SGD	31.03.2010 Amount in Rs.	31.03.2009 Amount in SGD	31.03.2009 Amount in Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit / (Loss) before tax & extraordinary items	38,712	1,241,882	41,308	1,325,161
<b>Adjustments for :</b>				
Depreciation	23,706	760,488	290	9,303
Interest Income	(1,218)	(39,073)	(2,932)	(94,059)
Current Tax	(10,123)	(324,746)	(6,196)	(198,768)
Finance charges	17,714	568,265	33,389	1,071,119
Effect of exchange differences on translation of foreign currency cash & cash equivalent	46,365	(1,487,389)	(5,815)	(186,545)
Operating profit before working capital changes	22,426	719,427	60,044	1,926,212
<b>Adjustment for :</b>				
Trade payables	(44,603)	(1,430,864)	348,183	11,169,711
Trade & other receivables	234,099	7,509,895	129,159	4,143,421
Working capital finance	(95,078)	(3,050,102)	(428,814)	(13,756,353)
Cash generated from operations	116,844	3,748,356	108,572	3,482,990
Finance charges	(17,714)	(568,265)	(33,389)	(1,071,119)
<b>Net cash from operating activities - A</b>	<b>99,130</b>	<b>3,180,091</b>	<b>75,183</b>	<b>2,411,871</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed assets	(23,417)	(751,217)	-	-
Interest Income	1,218	39,073	2,932	94,059
Investment in Subsidiary	—	—	(145,050)	4,850,472
<b>Net cash from Investing activities - B</b>	<b>(22,199)</b>	<b>(712,144)</b>	<b>2,932</b>	<b>94,059</b>
<b>C. CASH FLOW FROM FINANCE ACTIVITIES</b>				
Long term borrowings	(122,078)	(3,916,262)	(74,750)	(2,397,980)
<b>Net cash from Investing activities - C</b>	<b>122,078</b>	<b>(3,916,262)</b>	<b>(74,750)</b>	<b>(2,397,980)</b>
Effect of exchange differences on translation of foreign currency cash & cash equivalent	46,365	1,487,389	5,815	186,545
Net increase in cash and cash equivalents (A + B + C)	1,218	39,073	9,180	294,494
Cash & cash equivalents as at April 1, 2009	118,159	3,790,541	108,979	3,496,046
<b>Cash &amp; Cash equivalents as at March 31, 2010</b>	<b>119,377</b>	<b>3,829,614</b>	<b>118,159</b>	<b>3,790,541</b>

**Advanced Synergic Pte. Ltd.**  
(Incorporated in the Republic of Singapore)

**Schedules to the Balance Sheet**

Particulars	31.03.2010 Amount in SGD	31.03.2010 Amount in Rs.	31.03.2009 Amount in SGD	31.03.2009 Amount in Rs.
<b>SCHEDULE - 1 : SHARE CAPITAL</b>				
<b>Authorised :</b>				
1,00,000 Equity shares of SGD 1 each	100,000	2,910,000	100,000	2,910,000
<b>Issued, Subscribed &amp; Paid up</b>				
1,00,000 Equity shares of SGD 1 each	100,000	3,208,000	100,000	3,208,000
<b>TOTAL</b>	<b>100,000</b>	<b>3,208,000</b>	<b>100,000</b>	<b>3,208,000</b>
<b>SCHEDULE - 2 : RESERVES &amp; SURPLUS</b>				
Profit and Loss account	210,109	6,740,297	181,175	5,812,094
<b>TOTAL</b>	<b>210,109</b>	<b>6,740,297</b>	<b>181,175</b>	<b>5,812,094</b>
<b>SCHEDULE - 3 : SECURED LOAN</b>				
Working Capital (Working Capital is secured by hypothecation of receivables and corporate guarantee by holding company)	66,160	2,122,413	161,238	5,172,515
Term Loan (Term Loan is secured by corporate guarantee by holding company)	5,755	184,620	127,833	4,100,883
<b>TOTAL</b>	<b>71,915</b>	<b>2,307,033</b>	<b>289,071</b>	<b>9,273,398</b>

**Advanced Synergic Pte. Ltd.**  
(Incorporated in the Republic of Singapore)

**Schedules to Balance Sheet**

**SCHEDULE - 4 : FIXED ASSETS**

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK				
	As on 31.03.09		As on 31.03.10		As on 31.03.09		As on 31.03.10		As on 31.03.10		As on 31.03.09		
	SGD	Rs.	SGD	Rs.	SGD	Rs.	SGD	Rs.	SGD	Rs.	SGD	Rs.	
Machinery & Software	54132	1,736,555	23,417	751,217	54,131	1,736,522	23,417	751,217	77,548	2,487,740	1	32	
Office Equipment	2062	66,149	-	-	1,772	56,846	289	9,271	2,061	66,117	1	32	
<b>TOTAL</b>	<b>56,194</b>	<b>1,802,704</b>	<b>23,417</b>	<b>751,217</b>	<b>55,903</b>	<b>1,793,368</b>	<b>23,706</b>	<b>760,488</b>	<b>79,609</b>	<b>2,553,857</b>	<b>2</b>	<b>64</b>	
<b>Previous Year</b>	<b>56194</b>	<b>1,879,127</b>	<b>-</b>	<b>-</b>	<b>55,613</b>	<b>1,859,699</b>	<b>290</b>	<b>9,698</b>	<b>55,613</b>	<b>1,859,699</b>	<b>291</b>	<b>9,730</b>	
												<b>581</b>	<b>19,429</b>



**Schedules to the Balance Sheet**

Particulars	31.03.2010 Amount in SGD	31.03.2010 Amount in Rs.	31.03.2009 Amount in SGD	31.03.2009 Amount in Rs.
<b>SCHEDULE - 5 : SUNDRY DEBTORS</b>				
(Unsecured considered good)				
Over Six months	159,538	5,117,979	212,262	6,809,365
Others debts	349,147	11,200,636	526,929	16,903,882
<b>TOTAL</b>	<b>508,685</b>	<b>16,318,615</b>	<b>739,191</b>	<b>23,713,247</b>
<b>SCHEDULE - 6 : CASH AND BANK BALANCE</b>				
Balance with Schedule banks :				
In deposit account including the accrued Interest	119,357	3,828,973	118,139	3,789,899
Cash	20	642	20.00	642
<b>TOTAL</b>	<b>119,377</b>	<b>3,829,615</b>	<b>118,159</b>	<b>3,790,541</b>
<b>SCHEDULE - 7 : LOANS &amp; ADVANCES</b>				
(Unsecured, Considered good - advances recoverable in cash or in kind or for the value to be received)				
Others	173,400	5,562,672	181,801	5,832,176
<b>TOTAL</b>	<b>173,400</b>	<b>5,562,672</b>	<b>181,801</b>	<b>5,832,176</b>
<b>SCHEDULE - 8 : LIABILITIES &amp; PROVISION</b>				
<b>Current Liabilities</b>				
Sundry Creditors	332,876	10,678,662	425,108	13,637,465
Other Liabilities & provisions	232,409	7,455,681	188,535	6,048,203
<b>Total - A</b>	<b>565,285</b>	<b>18,134,343</b>	<b>613,643</b>	<b>19,685,668</b>
<b>Provisions</b>				
Provision for Taxation	13,401	429,904	9,646	309,444
<b>Total - B</b>	<b>13,401</b>	<b>429,904</b>	<b>9,646</b>	<b>309,444</b>
<b>TOTAL A + B</b>	<b>578,686</b>	<b>18,564,247</b>	<b>623,289</b>	<b>19,995,112</b>

**Schedules to the Balance Sheet**

Particulars	31.03.2010	31.03.2010	31.03.2009	31.03.2009
	Amount in SGD	Amount in Rs.	Amount in SGD	Amount in Rs.
<b>SCHEDULE - 9 : OTHER INCOME</b>				
Interest received on deposits with banks and others	1,218	39,073	2,932	94,059
Miscellaneous income	17,043	546,739	1,218	39,073
<b>TOTAL</b>	<b>18,261</b>	<b>585,812</b>	<b>4,150</b>	<b>133,132</b>

**SCHEDULE - 10 : EMPLOYEE COST**

Salaries, bonus, Consultancy and other staff cost	3,006,492	96,448,263	2,661,703	85,387,432
<b>TOTAL</b>	<b>3,006,492</b>	<b>96,448,263</b>	<b>2,661,703</b>	<b>85,387,432</b>

**SCHEDULE - 11 : ADMINISTRATIVE OVERHEAD**

Audit fee	4,100	131,528	5,700	182,856
Bad debt	85,524	2,743,610	-	-
Exchange difference	(46,365)	(1,487,389)	(5,815)	(186,545)
Insurance	1,782	57,167	14,344	460,156
Membership & subscription	7,490	240,279	7,437	238,579
Miscellaneous Expense	96,383	3,091,967	70,850	2,272,868
Office Maintenance	3,528	113,178	1,879	60,278
Postage, courier, telephone, telex & fax charges	24,303	779,640	26,366	845,821
Printing & stationary	567	18,189	419	13,442
Professional Charges	18,668	598,869	24,924	799,562
Rent	42,019	1,347,970	74,165	2,379,213
Staff Welfare	2,296	73,656	8,002	256,704
Visa Processing	3,960	127,037	587	18,831
Travelling & Conveyance	9,494	304,568	13,836	443,859
<b>TOTAL</b>	<b>253,749</b>	<b>8,140,269</b>	<b>242,694</b>	<b>7,785,624</b>

**SCHEDULE - 12 : FINANCIAL CHARGES**

Bank charges	1,264	40,549	2,299	73,752
Interest	16,450	527,716	31,090	997,367
<b>TOTAL</b>	<b>17,714</b>	<b>568,265</b>	<b>33,389</b>	<b>1,071,119</b>

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH, 2010

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

### 1. GENERAL INFORMATION

The Company is incorporated as a limited liability Company and domiciled in the Republic of Singapore.

The Company's registered office & principal place of business is located at # 30, TohCuan Road, # 08-3A, ODC Districentre, Singapore 608 840.

The principal activities of the Company are to carry on the business of developing software and provide services according to the requirements of the clients.

There have been no changes in these activities of the business during the year.

The immediate and ultimate holding Company is ASM TECHNOLOGIES LTD., incorporated in India.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The Company has assessed that there are no estimates or judgements used that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### New Accounting Standards and FRS Interpretations :

Certain new accounting standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after January 1, 2009. The Company's assessment of the impact of adopting those standards, amendments and interpretations that are relevant to the Company is set out below :

Reference	Description	Effective for annual periods beginning on or after
FRS 1	Presentation of Financial Statements- Revised presentation	1 January 2009
FRS 107	Amendments to FRS 107 Financial Instruments: Disclosures-Improving Disclosures about Financial Instruments	1 January 2009

#### 2.2 Revenue recognition

Revenue from interest on fixed deposit is recognised on effective interest method.  
Revenue from services rendered is recognised on a monthly basis.

#### 2.3 Income taxes

Current income tax is recognised at the amounts expected to be paid to (or recovered from) the tax authorities.

Deferred tax liabilities are recognised for all taxable temporary differences unless the deferred tax liability arises from the initial recognition of an asset or liability and affects neither the accounting profit nor taxable profit or loss.

The statutory tax rates enacted at the balance sheet date are used to determine current and deferred income tax.

#### **2.4 Property, plant & equipment & depreciation**

All items of Plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

Depreciation is calculated on the straight-line basis to write off plant and equipment over their useful lives. The estimated useful lives are as follows :-

Computers & Accessories	1 year
Telephone Equipment	3 years

Repairs and maintenance are taken to the profit and loss account during the financial period in which they are incurred. Interest on borrowings to finance the property, plant and equipment is capitalised during the period of time that is required to complete and prepare each asset for its intended use. All other borrowing costs are expensed. Full depreciation is provided in the year of the purchase and no depreciation is provided in the year of disposal.

#### **2.5 Impairment of non financial asset**

##### **Plant and equipment :**

The carrying amounts of the assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) of the asset is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The impairment loss is recognised in the income statement unless the asset is carried at revalue amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed if and only if, there has been a change in the estimate used to determine the assets recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the income statement, unless the asset is carried at revalue amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalue asset was previously recognised in the income statement, a reversal of that impairment is also recognised in the income statement.

#### **2.6 Subsidiaries**

Subsidiaries are entities over which the Company has power to govern the financial and economic policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Investments in the subsidiaries are stated in the financial statements of the Company at cost less impairments losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

The subsidiaries' results have not been consolidated as the Company is itself a wholly owned subsidiary of another Company ASM TECHNOLOGIES LTD., which publishes the consolidated financial statements.

## **2.7 Financial Assets**

### **Loans and receivables :**

Loans and receivables are non-derivative financial assets with fixed or payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are classified within “trade and other receivables” and “cash and cash equivalents” on the balance sheet.

### **Initial measurement :**

Financial assets are initially recognised at fair value plus transaction costs.

### **Subsequent measurement :**

Loans and receivables are carried at amortized cost using the effective interest method.

### **Impairment :**

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a Company of financial assets is impaired.

### **Loans and receivables :**

An allowance for impairment of loans and receivables, including trade and other receivables, is recognised when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of allowance is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance for impairment is recognised in the income statement within “Administrative expenses”.

## **2.8 Financial liabilities**

Financial liabilities include trade and other payables. Financial liabilities are recognised on the balance sheet when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value of the consideration received less directly attributable transaction costs and subsequently measured at amortized cost using the effective interest rate method.

Gains and losses are recognised in the income statement when the liabilities are de-recognised as well as through the amortization process. The liabilities are de-recognised when the obligation under the liability is discharged or cancelled or expired.

## **2.9 Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

## **2.10 Cash and Cash equivalents**

Cash and cash equivalents are stated at cost in the Balance Sheet. Cash and cash equivalents comprise of cash on hand and Fixed deposits at Bank.

## **2.11 Currency translation**

### **Functional currency :**

The financial statements are prepared in Singapore dollars, which is the functional currency of the Company.

**Transactions and balances :**

Monetary assets and liabilities in foreign currencies are translated into Singapore dollars at rates of exchange closely approximating those ruling at balance sheet date. Transactions in foreign currencies are converted at rates closely approximating those ruling at transaction dates. Exchange differences arising from such transactions are recorded in the profit and loss account in the period in which they arise. However, where a foreign currency transaction is to be settled at a contracted rate or is covered by a related or matching forward exchange contract, the rate of exchange specified in the contract will be used and any corresponding monetary assets or liabilities will not be retranslated.

**2.12 Employee benefits**

**1) Defined Contribution plans**

The Company contributes to the Central Provident Fund (“CPF”), a defined contribution plan regulated and managed by the Government of Singapore, which applies to the majority of the employees. The Company’s contributions to CPF are charged to the profit and loss account in the period to which the contributions relate.

**2) Employee leave entitlements**

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

**2.13 Related party**

For the purpose of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the company and the party are subject to common control or significant influence. Related parties may be individuals or other entities.

**2.14 Share capital**

Incremental external costs directly attributable to the issue of new shares, other than on a business combination, are shown in equity as a deduction, net of tax, from the proceeds. Share issue costs incurred directly in connection with a business combination are included in the cost of acquisition.

**2.15 Holding and ultimate holding company**

The Company’s holding and ultimate holding Company is ASM TECHNOLOGIES LTD., a Company incorporated in India.

**3. STAFF COSTS**

	<b>2010</b>	<b>2009</b>
	<b>S \$</b>	<b>S \$</b>
Staff salaries, bonus & allowances	2,612,717	2,246,433
Employer Central provident fund	102,241	85,004
Others	47,858	37,466
	<b>2,762,816</b>	<b>2,368,903</b>

This amount forms part of the cost of services rendered by the Company.

#### 4. PROFIT BEFORE TAX

This is arrived after charging

	<b>2010</b>	<b>2009</b>
	<b>S \$</b>	<b>S \$</b>
Interest on loan and overdraft	16,450	31,090
<b>And crediting</b>		
Interest on deposits	1,218	2,932
Exchange gain	46,365	5,815

#### 5. PROPERTY, PLANT & EQUIPMENT

<b>2010</b>	<b>Computers &amp; Accessories</b>	<b>Office Equipment</b>	<b>Total</b>
	<b>S \$</b>	<b>S \$</b>	<b>S \$</b>
<b>At Cost</b>			
At beginning of the year	54,132	2,062	56,194
Additions	23,417	—	23,417
<b>At end of year</b>	<b>77,549</b>	<b>2,062</b>	<b>79,611</b>
<b>Accumulated Depreciation</b>			
At beginning of the year	54,131	1,772	55,903
Charge for the year	23,417	289	23,760
<b>At end of year</b>	<b>77,548</b>	<b>2,061</b>	<b>79,609</b>
<b>Net Book Value</b>			
At March 31, 2010	1	1	2
<b>2009</b>	<b>Computers &amp; Accessories</b>	<b>Office Equipment</b>	<b>Total</b>
	<b>S \$</b>	<b>S \$</b>	<b>S \$</b>
<b>At Cost</b>			
At beginning of the year	54,132	2,062	56,194
Additions	—	—	—
<b>At end of year</b>	<b>54,132</b>	<b>2,062</b>	<b>56,194</b>
<b>Accumulated Depreciation</b>			
At beginning of the year	54,131	1,482	55,613
Charge for the year	—	290	290
<b>At end of year</b>	<b>54,131</b>	<b>1,772</b>	<b>55,903</b>
<b>Net Book Value</b>			
At March 31, 2009	1	290	291

#### 6. INVESTMENT IN SUBSIDIARY

	<b>2010</b>	<b>2009</b>
	<b>S \$</b>	<b>S \$</b>
Unquoted shares at cost	145,050	145,050
Advance *	156,330	170,240
	<b>301,380</b>	<b>315,290</b>

\* This represents loan given to a subsidiary. This is non-trade, interest-free and have no fixed terms of repayment.

**Advanced Synergic Pte. Ltd.**  
(Incorporated in the Republic of Singapore)

Particulars of the Subsidiary are as follows :

Subsidiary	Principal Activities	Country of Incorporation	Effective Percentage of equity held		Cost of Investment	
			2010 %	2009 %	2010 S\$	2009 S\$
ESR Associates Inc.	Software consulting	United States of America	100	100	145,050	145,050

Subsidiaries are not required to get their accounts audited in their country.

## 7. CASH & CASH EQUIVALENTS

	2010 S \$	2009 S \$
Cash in hand	20	20
Fixed Deposits with bank *	119,357	118,139
	<b>119,377</b>	<b>118,159</b>
Cash & Cash equivalents denominated in the following currencies		
	2010	2009
United States Dollar	61,552	65,486
Singapore Dollar	57,825	52,673
	<b>119,377</b>	<b>118,159</b>

\* This is under lien for the facility availed. Interest income is recognized at effective interest rate of 1.61%.

## 8. TRADE AND OTHER RECEIVABLES

	2010 S \$	2009 S \$
Trade receivables	508,685	739,191
<b>Other debtors</b>		
Staff advances	-	1,570
Other advances	1,085	3,000
Prepaid expenses	15,985	2,491
Deposits	14,196	13,888
	<b>539,951</b>	<b>760,140</b>

Trade Receivables are entirely in Singapore Dollars.

### Receivables that are past due but not impaired

The Company has trade receivables amounting to S\$ 191,082 (2009 : S\$ 426,946) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:-

### Trade receivables past due:

	2010 S\$	2009 S\$
0 - 30 days	24,856	214,684
More than 60 days	166,226	212,262
	<b>191,082</b>	<b>426,946</b>



## 9. INTEREST BEARING LOANS AND BORROWINGS

	<b>2010</b>	<b>2009</b>
	<b>S \$</b>	<b>S \$</b>
<b>Interest Bearing Loan</b>		
Term Loan From Indian Bank **	5,755	127,833
	<b>5,755</b>	<b>127,833</b>
Due within 12 months	5,755	122,065
Due beyond 12 months	-	5,768
	<b>5,755</b>	<b>127,833</b>

*\*\* these include loans taken against the corporate guarantee of the Holding Company and that of a related party and carry interest at 3% above the prime lending rate.*

## 10. TRADE AND OTHER PAYABLES

	<b>2010</b>	<b>2009</b>
	<b>S \$</b>	<b>S \$</b>
<b>Trade payables</b>		
CST Payable	55,751	62,679
<b>Other payables</b>		
Other Creditors	263,526	213,908
Accrued liabilities	8,600	14,650
	<b>327,877</b>	<b>291,237</b>

## 11. DUES TO RELATED PARTIES

Amount due to related parties are interest free and have no fixed repayment terms. During the year the Company had transacted with a related party for technical consultancy charges amounting to S\$ 306,796/- (2009 : S\$ 295,518)

## 12. BANK OVERDRAFT

This is secured by the debenture charges on current assets of the Company and this carries interest at 8.25% per annum,

## 13. TAXATION

	<b>2010</b>	<b>2009</b>
	<b>S \$</b>	<b>S \$</b>
Balance brought forward	9,646	8,860
Less : paid during the year	6,372	5,065
	<b>3,274</b>	<b>3,795</b>
Current year provision	10,123	5,851
	<b>13,397</b>	<b>9,646</b>

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on Company's profit as a result of the following :

**Advanced Synergic Pte. Ltd.**  
(Incorporated in the Republic of Singapore)

	<b>2010</b>	<b>2009</b>
	<b>S \$</b>	<b>S \$</b>
Profit before taxation	<b>38,712</b>	42,108
Tax @ statutory rate of 17% (2008: 18%)	6,581	7,158
Tax on dis-allowables	14,515	5,445
Others	—	(50)
Tax effect on exemption	(10,973)	(6,702)
	<b>10,123</b>	<b>5,851</b>

#### 14. SHARE CAPITAL

	<b>2010</b>	<b>2009</b>
	<b>S \$</b>	<b>S \$</b>
<b>Issued &amp; fully paid up</b>		
100,000 Ordinary shares	100,000	100,000

#### CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development by issuing or redeeming equity and debts instruments when necessary.

The board of directors monitors its capital based on net debt and total capital. Net debt calculated as borrowings plus trade and other payables less cash and bank deposits. Total capital is calculated as equity plus net debt.

The company is not subject to any externally imposed capital requirements.

	<b>2010</b>	<b>2009</b>
	<b>S\$</b>	<b>S\$</b>
Net debt	517,823	784,555
Total equity	310,109	281,520
<b>Total capital</b>	<b>827,932</b>	<b>1,065,730</b>

#### 15. CONTINGENT LIABILITY

There is a contingent liability on account of Bank Guarantee issued - S \$ 30,000/-. This is secured by a deposit of S \$ 7,500/-.

#### 16. FINANCIAL RISK MANAGEMENT

The Company does not have any written financial risk Management policies and guidelines. The Company does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange. The Company's exposure to financial risks associated with financial instruments held in the ordinary course of business include :

**a) Price risk**

*i) Currency risk*

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

**Following are the US\$ accounts**

	2010	2009
	S\$	S\$
Assets		
<b>Fixed Deposit</b>	<b>61,552</b>	<b>65,485</b>
<b>Advance to Subsidiary</b>	<b>156,330</b>	<b>170,240</b>
	<b>217,882</b>	<b>235,725</b>
Liabilities	<b>232,745</b>	<b>322,405</b>
Net (Liabilities)	<b>(14,863)</b>	<b>(86,680)</b>

## Sensitivity analysis for foreign currency risk

		2010	2009
		S\$	S\$
		Profit/(loss) net of tax	Profit/(loss) net of tax
USD	- strengthened 5% (2009:5%)	(589)	(3,554)
	- weakened 5% (2009:5%)	589	3,554

### (ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Company has interest - bearing financial instruments; hence, it is exposed to any movements in market interest rates. The interest rates are disclosed in the respective notes.

At 31 March 2010, if the SGD interest rates had increased/decreased by 1% with all other variables including tax rate being held constant, the profit after tax for the year would have been lower/higher by S\$ 597/-(2009: S\$ 2,399/-) as a result of higher/lower interest expense on these borrowings.

### (iii) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Company does not hold any quoted or marketable financial instrument, hence, is not exposed to any movements in market prices.

## b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company has no significant concentrations of credit risk.

Cash is held with financial institutions of good standing / established financial institutions / reputable financial institutions.

## (c) Liquidity risk

Liquidity or funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The Company ensures that there are adequate funds to meet all its obligations in a timely and cost - effective manner.

The Company has credit facilities with a bank and any short fall in the working capital funds will be funded by Holding Company.

The table below analyses the maturity profile of the Company's financial liabilities.

	Less than 1 year	Between 1 and 2 years
	S\$	S\$
At 31 March 2010	637,200	-
At 31 March 2009	896,946	5,768

## (d) Cash flow risk

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount.

The Company is not exposed to any cash flows risk as it does not have any monetary financial instruments with variable interest rates.

## 17. FINANCIAL INSTRUMENTS

### Fair value

The carrying amounts of the financial assets and financial liabilities as reflected in the balance sheet approximate to their fair value.

## ESR Associates Inc.

### Statement Regarding Subsidiary Company

(Pursuant to Section 212 of the Companies Act, 1956)

- |   |  |
|---|--|
| 1. Name of the Subsidiary (Step down) Company   | ESR Associates Inc.  |
| 2. Financial year ended   | March 31, 2010   |
| 3. Holding Company's Interest   | Nil  |
| 4. Extent of holding  | 100% holding by Advanced Synergic Pte Ltd., Singapore wholly owned subsidiary of ASM Technologies Ltd. |
| 5. Net aggregate amounts of profit / (Loss) in the Subsidiary Company to the extent these concern the Members of the Holding Company and not dealt with in the attached accounts of the Holding Company is as follows |  |
| For the year ended March 31, 2010   | US \$ (99,248)   |
| Previous year ended March 31, 2009  | US \$ (12,338)   |
| 6. As the financial year of the subsidiary Company coincides with the Financial year of the Holding Company, Section 212(5) of the act is not applicable.   |  |

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For and on behalf of the Board

Place : Bangalore  
Date : May 29, 2010

**M.R. Vikram**  
Chairman

**Rabindra Srikantan**  
Managing Director

**P.N. Lakshmi**  
Company Secretary

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**ESR ASSOCIATES INC.**  
# 7071, W. Central Avenue, Toledo  
Ohio 43617, USA

#### Directors' Report

To the Members,

Your Directors have pleasure in submitting their Second Annual Report and Accounts for the year ended March 31, 2010. ESR Associates Inc. is the step down subsidiary of ASM Technologies Limited. The Company's operation during the year ended March 31, 2010 resulted in a loss of US \$ (99,248).

Your Directors do not recommend any dividend for the year ended March 31, 2010.

For and on behalf of the Board

Place : Bangalore  
Date : May 29, 2010

**Rabindra Srikantan**  
President

## AUDITORS' REPORT

To The Members of  
**M/s. ESR Associates Inc.**

We have audited the attached Balance Sheet of **M/s. ESR Associates Inc.** (the Company), as at March 31, 2010, the Profit and Loss Account of the Company for the year ended on that date, annexed thereto. 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.

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 misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

Further we report that,

1. we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
2. 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;
3. the Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the books of accounts.
4. in our opinion and to the best of our information and according to the explanations given to us, the said accounts give a true and fair view in conformity with the accounting principles generally accepted in India :
  - a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010; and
  - b) in the case of the Profit and Loss Account, of the Loss of the Company for the year ended on that date.

for **Sudhakar Pai Associates,**  
Chartered Accountants,

**B. SUDHAKAR PAI**  
(Proprietor)  
Membership No. 18187

Place : Bangalore.  
Date : May 29, 2010

**ESR Associates Inc.**

# 7071, W. Central Avenue, Toledo, Ohio 43617, USA

**Balance Sheet as at March 31, 2010**

Particulars	Sch No.	31.03.2010 Amount in USD	31.03.2010 Amount in Rs.	31.03.2009 Amount in USD	31.03.2009 Amount in Rs.
<b>SOURCE OF FUNDS</b>					
<b>1. SHAREHOLDERS FUND</b>					
a. Share Capital	1	100,000	4,514,000	100,000	4,514,000
b. Reserves & Surplus	2	(81,803)	(3,692,587)	17,445	787,467
<b>2. LOAN FUNDS</b>					
a. Secured loans	3	114,806	5,182,343	112,000	5,055,680
<b>TOTAL</b>		<b>133,003</b>	<b>6,003,755</b>	<b>229,445</b>	<b>10,357,147</b>
<b>3. APPLICATION OF FUNDS</b>					
i) <b>FIXED ASSETS (NET BLOCK)</b>	4	<b>343,401</b>	<b>15,501,121</b>	370,003	16,701,935
ii) <b>CURRENT ASSETS, LOANS, ADVANCE &amp; DEPOSITS</b>					
a. Sundry Debtors		538,100	24,289,834	301,287	13,600,095
b. Cash & Bank balances		33,405	1,507,902	5,295	239,016
		<b>571,305</b>	<b>25,797,736</b>	306,582	13,839,111
Less : Current Liabilities & Provisions Liabilities & Provisions	6	<b>781,903</b>	<b>35,295,101</b>	447,140	20,183,900
Net current assets		<b>(210,398)</b>	<b>(9,497,366)</b>	(140,558)	(6,344,788)
<b>4. MISCELLANEOUS EXPENDITURE</b>					
Profit & Loss A/c debit balance		—	—	—	—
Significant accounting policies and notes on accounts	10				
<b>TOTAL</b>		<b>133,003</b>	<b>6,003,755</b>	<b>229,445</b>	<b>10,357,147</b>

*The conversion rate of 1 US \$ = Rs. 45.14*

Profit & Loss Account for the Year Ended March 31, 2010

Particulars	Sch No.	31.03.2010 Amount in USD	31.03.2010 Amount in Rs.	31.03.2009 Amount in USD	31.03.2009 Amount in Rs.
<b>INCOME</b>					
Sale of Services		1,886,111	85,139,051	2,339,770	105,617,218
Other Income		191,367	8,638,306	50,103	2,261,649
<b>Total - A</b>		<b>2,077,478</b>	<b>93,777,357</b>	<b>2,389,873</b>	<b>107,878,867</b>
<b>EXPENDITURE</b>					
Employee Cost	7	2,011,399	90,794,551	2,294,026	103,552,334
Administrative expenses	8	136,579	6,165,176	90,639	4,091,444
Financial Charges	9	2,146	96,870	2,156	97,322
Depreciation		26,602	1,200,814	15,390	694,705
<b>Total - B</b>		<b>2,176,726</b>	<b>98,257,411</b>	<b>2,402,211</b>	<b>108,435,804</b>
<b>Profit / (Loss) before Tax</b>		<b>(99,248)</b>	<b>(4,480,054)</b>	<b>(12,338)</b>	<b>(556,937)</b>
Less : Provision for Tax		—	—	—	—
<b>Profit / (Loss) after Tax</b>		<b>(99,248)</b>	<b>(4,480,054)</b>	<b>(12,338)</b>	<b>(556,937)</b>
Add previous year Surplus / (Loss)		17,445	787,468	29,783	1,344,405
<b>Profit / (Loss) transferred to Balance Sheet</b>		<b>(81,803)</b>	<b>(3,692,586)</b>	<b>17,445</b>	<b>787,468</b>
<b>Earnings per share</b> (Equity shares, par value USD 1 each)					
Basic		<b>(0.99)</b>	<b>(44.80)</b>	(0.12)	(5.57)
Diluted		<b>(0.99)</b>	<b>(44.80)</b>	(0.12)	(5.57)
Significant accounting policies and notes on accounts	10				

Cash Flow Statement for the year ended March 31, 2010

Particulars	31.03.2010 Amt. in USD	31.03.2010 Amt. in Rs.	31.03.2009 Amt. in USD	31.03.2009 Amt. in Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit / (Loss) before tax & extraordinary items	(99,248)	(4,480,054)	(12,338)	(556,937)
<b>Adjustments for :</b>				
Depreciation	26,602	1,200,814	15,390	694,705
Finance charges	2,146	96,870	2,156	97,322
Operating profit before working capital changes	(70,500)	(3,182,370)	5,208	235,090
<b>Adjustment for :</b>				
Trade payables	334,763	15,111,202	101,132	4,565,098
Trade & other receivables	(236,813)	(10,689,739)	58,510	2,641,141
Cash generated from operations	27,450	1,239,093	164,850	7,441,329
Finance charges	(2,146)	(96,870)	(2,156)	(97,322)
<b>Net cash from operating activities - A</b>	<b>25,304</b>	<b>1,142,223</b>	<b>162,694</b>	<b>7,344,007</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed assets	-	-	(229,028)	(10,338,324)
<b>Net cash from Investing activities - B</b>	<b>-</b>	<b>-</b>	<b>(229,028)</b>	<b>(10,338,324)</b>
<b>C. CASH FLOW FROM FINANCE ACTIVITIES</b>				
Long term borrowings	2,806	126,663	52,000	2,347,280
<b>Net cash from Investing activities - C</b>	<b>2,806</b>	<b>126,663</b>	<b>52,000</b>	<b>5,055,680</b>
Net increase in cash and cash equivalents (A + B + C)	28,110	1,268,885	(14,334)	(647,037)
Cash & cash equivalents as at April 1, 2008	5,295	239,016	19,629	886,053
<b>Cash &amp; Cash equivalents as at March 31, 2010</b>	<b>33,405</b>	<b>1,507,902</b>	<b>5,295</b>	<b>239,016</b>



Schedules to the Balance Sheet

Particulars	31.03.2010 Amt. in USD	31.03.2010 Amt. in Rs.	31.03.2009 Amt. in USD	31.03.2009 Amt. in Rs.
<b>SCHEDULE - 1 : SHARE CAPITAL</b>				
<b>Authorised :</b>				
1,00,000 Equity shares of USD 1 each	100,000	4,514,000	100,000	4,514,000
<b>Issued, Subscribed &amp; Paid up</b>				
1,00,000 Equity shares of USD 1 each	100,000	4,514,000	100,000	4,514,000
<b>TOTAL</b>	<b>100,000</b>	<b>4,514,000</b>	100,000	4,514,000
 <b>SCHEDULE - 2 : RESERVES &amp; SURPLUS</b>				
Profit and Loss account	(81,803)	(3,692,587)	17,445	787,467
<b>TOTAL</b>	<b>(81,803)</b>	<b>(3,692,587)</b>	17,445	787,467
 <b>SCHEDULE - 3 : SECURED LOAN</b>				
Inter Corporate Deposit	114,806	5,182,343	112,000	5,055,680
<b>TOTAL</b>	<b>114,806</b>	<b>5,182,343</b>	112,000	5,055,680

## ESR Associates Inc.

## Schedules to Balance Sheet

## SCHEDULE - 4 : FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK					
	As on 31.03.09		As on 31.03.10		As on 31.03.09		For the Period		As on 31.03.10		As on 31.03.09		As on 31.03.10	
	USD	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD	Rs.
Machinery & Software	5,000	225,700	-	-	1,159	52,317	1,000	45,140	2,159	97,457	2,841	128,243	3,841	173,383
Goodwill	384,028	17,335,024	-	-	17,866	806,471	25,602	1,155,674	43,468	1,962,146	340,560	15,372,878	366,162	16,528,553
<b>TOTAL</b>	<b>389,028</b>	<b>17,560,724</b>	<b>-</b>	<b>-</b>	<b>19,025</b>	<b>858,789</b>	<b>26,602</b>	<b>1,200,814</b>	<b>45,627</b>	<b>2,059,603</b>	<b>343,401</b>	<b>15,501,121</b>	<b>370,003</b>	<b>16,701,935</b>

Schedules to the Balance Sheet

Particulars	31.03.2010 Amt. in USD	31.03.2010 Amt. in Rs.	31.03.2009 Amt. in USD	31.03.2009 Amt. in Rs.
<b>SCHEDULE - 5 : SUNDRY DEBTORS</b>				
(Unsecured considered good)				
Over Six months	—	—	—	—
Others debts	538,100	24,289,834	301,287	13,600,095
<b>TOTAL</b>	<b>538,100</b>	<b>24,289,834</b>	<b>301,287</b>	<b>13,600,095</b>
<b>SCHEDULE - 6 : LIABILITIES &amp; PROVISION</b>				
<b>Current Liabilities</b>				
Sundry Creditors	779,403	35,182,251	444,640	20,071,050
<b>Total - A</b>	<b>779,403</b>	<b>35,182,251</b>	<b>444,640</b>	<b>20,071,050</b>
<b>Provisions</b>				
Provision for Taxation	2,500	112,850	2,500	112,850
<b>Total - B</b>	<b>2,500</b>	<b>112,850</b>	<b>2,500</b>	<b>112,850</b>
<b>TOTAL A + B</b>	<b>781,903</b>	<b>35,295,101</b>	<b>447,140</b>	<b>20,183,900</b>
<b>SCHEDULE - 7 : EMPLOYEE COST</b>				
Consultancy charges	1,705,110	76,968,665	2,205,666	99,563,763
Salaries, bonus and other staff cost	306,289	13,825,885	88,360	3,988,570
<b>TOTAL</b>	<b>2,011,399</b>	<b>90,794,551</b>	<b>2,294,026</b>	<b>103,552,334</b>
<b>SCHEDULE - 8 : ADMINISTRATIVE OVERHEAD</b>				
Audit fee	500	22,570	500	22,570
Advertisement & Business promotions	-	-	11,396	514,415
Insurance charges	1,795	81,026	5,188	234,186
Membership & subscription	-	-	2,463	111,180
Difference in exchange	12,640	570,570	-	-
Miscellaneous Expense	2,495	112,624	4,059	183,223
Office Expense	63	2,844	9,098	410,684
Postage, Courier, telephone, telex & fax charges	4,065	183,494	9,383	423,549
Professional Charges	4,018	181,373	404	18,237
Rent	25,452	1,148,903	22,796	1,029,011
Repairs & maintenance	-	-	7,755	350,061
Travelling & Conveyance	85,551	3,861,772	17,597	794,329
<b>TOTAL</b>	<b>136,579</b>	<b>6,165,176</b>	<b>90,639</b>	<b>4,091,444</b>
<b>SCHEDULE -9: FINANCIAL CHARGES</b>				
Bank charges	2,146	96,870	2,156	97,322
<b>TOTAL</b>	<b>2,146</b>	<b>96,870</b>	<b>2,156</b>	<b>97,322</b>

**SCHEDULE - 10 : NOTES TO FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies**

**Nature of Activities**

ESR Associates Inc. was incorporated in Ohio to provide software development talent to business. It is a step down subsidiary of ASM Technologies Limited, whose headquarters is in Bangalore, India. The accompanying financial statements are for ESR Associates Inc. only and do not include assets, liabilities, income or expense for ASM Technologies Limited, other than amounts owing to or from ASM Technologies Limited. The period under report represents 12 months of operation of the Company.

**Basis of Accounting**

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

**Accounts Receivable**

The Company does not maintain an allowance for estimated uncollectable accounts. When an account is determined uncollectable it will be deducted from the accounts receivable and will be charged to sales and service account.

**Equipment**

Equipment is recorded at cost. Depreciation, for tax purposes, is provided using the prevailing income tax statutes. For year ended March 31, 2010, the depreciation expense is US \$ 26,602 for book purposes.

## ASM Technologies Limited

Registered Office : # 80/2, Lusanne Court, Richmond Road, Bangalore 560 025

### PROXY FORM

Regd. Folio No. / Client ID :

DP ID :

No. of Shares held :

I / We .....  
..... being a member / members  
of ASM Technologies Limited hereby appoint .....  
..... of ..... or failing him / her .....  
of ..... as my / our proxy to vote for me / us on my behalf at the  
18th Annual General Meeting of the Company to be held on Saturday, 10th July, 2010 at 11.30 a.m. and at any  
adjournment thereof.

Signed this ..... day of ..... 2010

Re. 1  
Revenue  
Stamp

**Signature**

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



## ASM Technologies Limited

Registered Office : # 80/2, Lusanne Court, Richmond Road, Bangalore 560 025

### ATTENDANCE SLIP

Regd. Folio No. / Client ID :

DP ID :

No. of Shares held :

I certify that I am a registered shareholder / proxy for the registered shareholder of the Company.

I hereby record my presence at the 18th Annual General Meeting of the Company held at Pai Vijay Hall, 33rd Cross, 11th Main, 4th Block Jayanagar, Bangalore 560 011 on Saturday, 10th July, 2010 at 11.30 a.m.

**Member's / Proxy Name**

**Signature of Member / Proxy**

**Note :** Please fill in this attendance slip and hand it over at the ENTRANCE OF THE MEETING HALL. Members are requested to bring their copies of the Annual Report to the meeting.



**INDIA :**

ASM Technologies Limited  
# 80/2, Lusanne Court  
Richmond Road  
Bangalore 560 025, India  
Tel : +91 80 6696 2300-02  
Fax : +91 80 2227 3606  
Email : info@asmltd.com

**SINGAPORE :**

Advanced Synergic Pte. Limited  
30 Toh Guan Road  
# 08-03A, ODC Distri Center  
Singapore 608 840  
Tel : +65 62705737, +65 63245343  
Fax : +65 6324 5345  
Email : singapore@asmltd.com

**UK :**

ASM Technologies (UK) Limited  
# 24-25, Nutford Place  
Marble Arch  
London W1H5YN, UK  
Tel : +207 569 3285  
Fax : +207 569 3001  
Email : uk@asmltd.com

**USA :**

Pinnacle Talent Inc.  
# 2020, Calamos Court  
Suite 200, Naperville  
IL 60563-2793, USA  
Tel : +1 630 799 1563  
Fax : +1 630 799 1562  
Email : usa@asmltd.com

ESR Associates Inc.  
# 7071, W. Central Avenue  
Toledo, Ohio 43617, USA  
Tel : +419 843 2571  
Fax : +419 843 2702