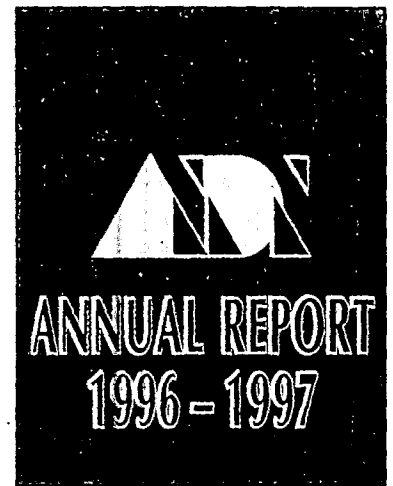


|     |                                     |                                     |     |                                     |
|-----|-------------------------------------|-------------------------------------|-----|-------------------------------------|
| MD  | <input checked="" type="checkbox"/> |                                     | BKC | <input checked="" type="checkbox"/> |
| CS  | <input checked="" type="checkbox"/> |                                     | DPY | <input checked="" type="checkbox"/> |
| RO  | <input checked="" type="checkbox"/> |                                     | DIV | <input checked="" type="checkbox"/> |
| TRA | <input checked="" type="checkbox"/> |                                     | AC  | <input checked="" type="checkbox"/> |
| AGM | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | SHI | <input checked="" type="checkbox"/> |
| YE  | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |     | <input checked="" type="checkbox"/> |



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**MICRONICS**  
ADVANCED MICRONIC DEVICES LTD.





## ADVANCED MICRONIC DEVICES LIMITED

### BOARD OF DIRECTORS

- K. Vijaya Raghavan Chairman & Managing Director
- C. S. Anandaram Director
- B. S. Seshadri Director
- V. Shantha Director
- K. Ramadas Director
- S. N. Kumar Director
- B. Rama Rao Director

### AUDITORS

- A. R. Viswanathan & Co.  
Chartered Accountants  
1<sup>st</sup> Floor, No. 32/2, V Main Road,  
Chamarajapet, Bangalore - 560 053

### BANKERS

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

### REGISTERED OFFICE

- #65, "Arun Complex", D.V.G.Road,  
Basavanagudi, Bangalore - 560 004

### INVESTORS' SERVICE CELL

- "Micronics House" No.101, 15th Cross,  
2nd Block, Jayanagar, Bangalore - 560 011  
Tel: 080 - 6653610, 6653611 Fax: 080 - 6654249

### ANNUAL GENERAL MEETING

Day & Date : Tuesday, 30th September 1997

Time : 10:30 a.m.

Venue : Woodlands Hotel  
No.5, Rajaram Mohan Roy Road,  
Bangalore - 560 025

**MICRONICS**

**DIRECTORS' REPORT****TO THE MEMBERS**

Your Directors have pleasure in presenting their Report on the Business and Operations of the Company for the year ended 31st March 1997.

**FINANCIAL RESULTS**

|   | (Rs. in lakhs)         |                        |
|---|------------------------|------------------------|
|   | Year Ended<br>31-03-97 | Year Ended<br>31-03-96 |
| Profit before Depreciation<br>Interest and Taxation | 116.67                 | 224.56                 |
| LESS: Depreciation                                  | 34.96                  | 26.61                  |
| Financial Expenses                                  | 51.87                  | 43.19                  |
| Provision for Taxation                              | 2.82                   | 25.00                  |
| Profit for the Year                                 | 27.02                  | 129.76                 |
| Less: Adjustment for<br>the previous year           | 26.51                  | —                      |
| Net Profit for the Year                             | 0.51                   | 129.76                 |
| <b>APPROPRIATION:</b>                               |                        |                        |
| Proposed Dividend                                   | —                      | 79.22                  |
| Transferred to General Reserve                      | —                      | 13.00                  |
| Balance Carried to Balance Sheet                    | 0.51                   | 37.54                  |

**OPERATIONS**

Operations of your company in terms of Sales and Profitability were not encouraging. The sales turnover at Rs.2856.23 lakhs was lower by 4% compared to previous year. Profit after tax at Rs. 27.02 lakhs was considerably lower compared to previous year. The year under review was a difficult one for the Computer Hardware and Health Care Markets. The Computer Market faced intense competition, low prices and extended credit. The HealthCare market especially for the Instrumentation, remained sluggish with few major expansions or new Projects.

In view of the lower profits and to conserve the resources, your Directors do not recommend dividend for the year under review.

**TIE UPS**

Your Company tied up this year with the following companies in the Information Technology area.

- 1. DIGITAL EQUIPMENT INDIA LTD (DEIL):** A subsidiary of Digital Equipment Corporation, USA, (DEC). DEC is one of the largest computer Companies in the World and DEIL is a major computer Company in India. As a business partner for DEIL, your Company has access to latest technology in personal computers, Networking solutions including servers, software and services.

Your Company can now provide information processing solutions from mobile note books to integrated networking/internet/intranet solutions.

- 2. MICROSOFT:** The Company has tied up as a Value Added Provider (VAP) with Microsoft. Microsoft is the World's largest software company. Its desk top and networking software are the most extensively used in the personal and business computing applications. As VAP, your Company can promote Microsoft products and integrate solutions based on these software.

- 3. BOSTON MANAGEMENT CONSULTANTS (BMC):** Your Company as a franchisee for BMC has set up a software training centre in Bangalore. There is a growing need for trained software personnel in the country thereby opening up business opportunities for Training Institutes. This facility would also provide access to trained software people for your company's own R&D and software division.

With the above Tie-ups in Information and Technology area, your Company is confident of improving the performance during the current Financial year.

**CONSERVATION OF ENERGY**

The operations of your Company does not involve energy consumption. However, emphasis is continuously laid to conserve the energy in all areas of operation.

**RESEARCH & DEVELOPMENT**

Your Company continues to pursue R&D activities vigorously. The R&D is recognised by Department of Science, Government of India. The R&D activity has been focussed in the following areas :-

**A. EDA SERVICES (ELECTRONIC DESIGN AUTOMATION)**

The EDA Group is equipped with high end design tools to design multi layer PCBs both for commercial and MIL Grade applications. With the help of an

Israeli Company, the EDA Group provides total solutions as per design to fabricate MIL Grade PCBs, Thermal, Metal Core PCBs and Flex PCBs.

#### B. GPS SOLUTIONS

The GPS Group continues to provide GPS based systems to Defence, and other Research institutions. As a technology development activity, this Group is developing a GPS based "Vehicle Tracking System", a project funded by Department of Electronics. The project is to be completed by this year for commercialisation. The Division has also tied up with Allen Osborne Association Inc., to provide products and services for Surveying applications.

#### C. SYSTEM INTEGRATION :

The System Integration Group is focussed on providing end to end solutions to Defence Labs and Engineering Industries requiring highly reliable Industrial computers. The Group activity includes integrating specific systems qualifying for industrial environment.

The recurring expenditure incurred on Research and Development during the year ended 31st March 1997 was Rs. 18.69 lakhs which amount to 0.65 % of Sales Turnover.

#### SOFTWARE DIVISION

Your Company has set up a Software Division. The Company is setting up a Software Technology Park (STP) to pursue business opportunities in Software export. The Company expects this division to be a major area of activity in the years to come.

#### FOREIGN EXCHANGE EARNINGS AND OUTGO

The Foreign Exchange earnings during the year under review was Rs.205.15 lakhs. The total Foreign Exchange utilised by the Company during the year was Rs.1016.40 lakhs.

#### FIXED DEPOSITS

The Company has not accepted any deposits and as such no amount of principal or interest was outstanding on the date of the Balance Sheet.

#### PARTICULARS OF EMPLOYEES

There were no employees who were drawing remuneration in excess of Rs.3.00 lakhs per annum or Rs.25,000 per month if employed for part of the year.

Hence, the question of furnishing information pursuant to Section 217(2A) of the Companies Act, 1956 does not arise.

#### DIRECTORS

In accordance with the Provisions of the Companies Act 1956, Mr.K.Vijaya Raghavan and Mr.S.N.Kumar retire by rotation and being eligible, offer themselves for re-appointment.

#### PERSONNEL

The Employer - Employee relation was cordial throughout the year under review. The Board wishes to express its appreciation to all sections of employees for their contribution to the growth of the business during the year.

#### AUDITORS

M/s. A. R. Vishwanathan & Co., Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for re-appointment. The notes to the accounts referred to in the Auditor's report are self explanatory.

#### PROMISE vs PERFORMANCE

In terms of Clause 43 of the listing agreement, your Directors give below the actual performance for the year as against the projection made in the prospectus.

|                        | 1997      |          |
|------------------------|-----------|----------|
|                        | Projected | Actuals  |
| Total Income           | 3,600.00  | 2,371.28 |
| PAT                    | 347.10    | 27.01    |
| Paid Up Equity Capital | 528.11    | 528.11   |
| Reserves               | 1,459.61  | 1,318.85 |
| Book Value (Rs.)       | 37.64     | 29.29    |
| EPS (Rs.)              | 6.57      | 0.50     |

#### ACKNOWLEDGEMENT

The Directors wish to place on record their thanks to the Business Associates, Principals, Clients, State Bank of India, K.S.F.C and finally to the Share holders for their support and co-operation.

On behalf of the Board

**K.VIJAYA RAGHAVAN**  
Chairman & Managing Director

Place: Bangalore  
Date : 27th June 1997

**MICRONICS**

## AUDITORS' REPORT

We have audited the attached Balance Sheet of 'Advanced Micronic Devices Limited' No.65, Arun Complex, D.V.G. Road, Basavanagudi, Bangalore, as on 31st March 1997 and the Profit and Loss Account of the Company for the year ending on that date annexed thereto, and report that:

A. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

B. Proper books of account, as required by law, have been kept by the Company in so far as it appears from our examination of such books.

C. The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account.

D. In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account read together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required subject to:

i) Note No.10 in Schedule S regarding non-provision of Income Tax liability.

gives a true and fair view,

a). In so far as it relates to the Balance Sheet of the State of affairs of the Company as on 31/03/1997.

b). In so far as it relates to the Profit and Loss Account, of the profit of the Company for the period ended on that date.

E. As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988, issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate we further report that:

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. There is a regular programme of verification which in our opinion, is

reasonable having regard to the size of the Company and the nature of business. No serious discrepancies have been noticed on verification.

2. None of the fixed assets have been revalued during the year.

3. The stock of finished goods, raw materials, stores and spare parts have been physically verified by the management at reasonable intervals during the period.

4. In our opinion, the procedure of the physical verification of the stocks is reasonable and adequate, commensurate with the size of the Company and the nature of its business.

5. The discrepancies noticed on verification between the physical stock and the book records were not significant and the same have been properly dealt with in the books of account.

6. In our opinion, the valuation of the above mentioned stocks is fair and proper and is in accordance with normally accepted accounting principles and is on the same basis as in the preceding year.

7. The Company has not taken unsecured loans from any companies, firms or other parties listed in the register maintained u/s 301 of the Companies Act, 1956 nor has it taken any loans from the companies under the same management as defined under section 370 1(b) of the Companies Act, 1956.

8. The Company has not granted any loans secured or unsecured to companies, firms or other parties listed in register maintained u/s 301 of the Companies Act, 1956 or to the companies under the same management as defined u/s 370 1(b) of the Companies Act, 1956. Hence, our comments regarding the rate of interest and other terms and conditions are not applicable.

9. The Company has given loans to other companies on which the Company is charging interest. The terms and condition



of these loans are prima facie not prejudicial to the interest of the Company. Other than these, advances have been given to the employees of the Company without any interest and they are regularly repaying the principal amounts as stipulated.

10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials, plant and machinery, including components, equipments and other assets and for sale of goods.
11. The Company has not made purchases or sale of goods, materials and services to or from parties as listed in the register maintained u/s 301 of the Companies Act, 1956, aggregating during the year to Rs.50,000/- or more in value in respect of each such party.
12. As informed to us there were no significant unserviceable or damaged stores, raw materials or finished goods at the end of the year.
13. The Company has not accepted deposits from public and hence compliance of directives issued by the Reserve Bank of India and provisions of section 58-A of the Companies Act, 1956 and the rules framed thereunder does not arise.
14. The Company is maintaining reasonable records for the sale and disposal of realizable by-products and scraps.
15. In our opinion the Company has an adequate internal control system commensurate with the size and nature of its business.
16. Maintenance of cost records has not been prescribed by the Central Government u/s 209 (1) (d) of the Companies Act, 1956.
17. The Company has been regular in depositing the Provident Fund dues with the appropriate authority. ESI dues on

increase of limits of basic salary from Rs.3,000/- to Rs.6,500/- was not deposited as of 31/03/1997 on the basis of information of pending judicial review on the same by Karnataka High Court. However, the same has been deposited subsequently.

18. The Company does not have undisputed amounts payable in respect of Income tax, Wealth tax, Custom duty, Excise duty and Sales tax as on the date of Balance Sheet for a period exceeding 6 months from the date they became payable.
19. According to information and explanations given to us and the records of the Company examined by us, personal expenses have not been charged to the revenue account.
20. The Company is not a sick Industrial Company within the meaning of Clause (O) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. Regarding the trading activities of the Company, the Company has a proper system of recording the goods and identifying damaged goods. During the year under review there were no significant value of damaged goods.
22. The Company has a reasonable system of recording materials and stores and its consumption to the relative jobs.
23. The Company has a reasonable system of allocating man hours utilised to the relative jobs commensurate with its size and nature of its business.
24. As explained to us, there is a reasonable system of authorisation at proper levels and adequate system of internal control commensurate with the size of the Company and nature of its business on allocation of jobs.

For A. R. Viswanathan & Co.,  
Chartered Accountants,

(A. V. VENKATACHALAM)

Place : Bangalore Partner

Date : 27th June, 1997

## BALANCE SHEET AS AT 31ST MARCH 1997

|  | SCHEDULE | Rs.          | 31/03/1997<br>Rs.   | Rs.          | 31/03/1996<br>Rs.   |
|--|----------|--------------|---------------------|--------------|---------------------|
| <b>SOURCES OF FUNDS</b>                                      |          |              |                     |              |                     |
| <b>OWN FUND</b>  |          |              |                     |              |                     |
| Share Capital  | A        | 5,28,11,000  |                     | 5,28,11,000  |                     |
| Reserves & Surplus   | B        | 10,18,85,001 |                     | 10,18,33,858 |                     |
|  |          |              | 15,46,96,001        |              | 15,46,44,858        |
| <b>BORROWED LOAN</b>   |          |              |                     |              |                     |
| Secured Loans  | C        | 4,62,09,078  |                     | 5,44,13,597  |                     |
| Unsecured Loans  | D        | —            |                     | 25,00,000    |                     |
|  |          |              | 4,62,09,078         |              | 5,69,13,597         |
| <b>Total</b>   |          |              | <b>20,09,05,079</b> |              | <b>21,15,58,455</b> |
| <b>APPLICATION OF FUNDS</b>                                  |          |              |                     |              |                     |
| Fixed Assets   | E        | 7,81,13,412  |                     | 7,17,62,995  |                     |
| Less: Depreciation   |          | 96,57,658    |                     | 63,10,002    |                     |
|  |          |              | 6,84,55,754         |              | 6,54,52,993         |
| Investments  | F        |              | 1,48,000            |              | 1,48,000            |
| <b>NET CURRENT ASSETS</b>                                    |          |              |                     |              |                     |
| Current Assets   | G        | 16,86,80,079 |                     | 13,71,82,804 |                     |
| Loans & Advances   | H        | 2,76,34,190  |                     | 5,30,17,691  |                     |
|  |          | 19,63,14,269 |                     | 19,02,00,495 |                     |
| Less: Current Liabilities                                    | I        | 6,38,74,944  |                     | 2,76,38,033  |                     |
| Provisions   | J        | 2,82,000     |                     | 1,67,67,000  |                     |
|  |          | 6,41,56,944  |                     | 4,44,05,033  |                     |
| <b>Net Current Assets</b>                                    |          |              | <b>13,21,57,325</b> |              | <b>14,57,95,462</b> |
| Miscellaneous Expenditure<br>(to the extent not written off) | K        |              | 1,44,000            |              | 1,62,000            |
| <b>Total</b>   |          |              | <b>20,09,05,079</b> |              | <b>21,15,58,455</b> |
| Notes Forming Part of Accounts                               | S        |              |                     |              |                     |

For and on behalf of the Board of Directors

As per our Report of even date  
For A.R.Viswanathan & Co.  
Chartered AccountantsK. Vijaya Raghavan  
Chairman & Managing DirectorB. S. Seshadri  
DirectorRose Chintamani  
Company SecretaryA.V. Venkatachalam  
PartnerBangalore  
27th June 1997