



ANNUAL REPORT
1998-1999

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ADVANCED MICRONIC DEVICES LTD.



ADVANCED MICRONIC DEVICES LIMITED

BOARD OF DIRECTORS	●	K. Vijaya Raghavan	Chairman & Managing Director
		B.S. Seshadri	Whole Time Director
		K. Ramadas	Whole Time Director
		S.N. Kumar	Whole Time Director
		C.S. Anandaram	Director
		V. Shantha	Director
		B. Rama Rao	Director
COMPANY SECRETARY	●	Mrs. Rose Chintamani	
AUDITORS	●	A.R. Viswanathan & Co. Chartered Accountants 1st Floor, No. 32/2, V Main Road, Chamarajapet, Bangalore - 560 018	
BANKERS	●	State Bank of India Bangalore City Branch, J.C. Road, Bangalore - 560 002.	
REGISTERED OFFICE AND INVESTOR'S 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	:	Friday 10th, September 1999
Time	:	10.00 am
Venue	:	Woodlands Hotel No.5, Rajaram Mohan Roy Road, Bangalore - 560 025



BUSINESS ACTIVITIES AT A GLANCE

A. INFORMATION SYSTEMS DIVISION

The IT industry continues to change at a rapid pace. The IT Product and Service Providers are regularly introducing newer technologies enabling the usage of IT into diverse applications. Newer technologies like Internet and Intranet based developments are now being used to replace Traditional Technologies and even the way business is conducted. Conventional business practices are making way for newer methods and innovative solutions. These growing opportunities are not restricted only to the Mainstream Information Systems. The same technologies are being deployed in areas like Industrial and Building Automation, Telemedicine, Telecommunication to name a few and also to illustrate the divergence of application areas.

For IT companies to be competitive, it is essential to be in tune with the changes in technology. Secondly, it must be capable of leveraging the exposure to developing products or services in its preferred areas of application. The preference would have to come from the Domain Knowledge, Estimated Business Potential and an Established Track Record in those specific areas.

To accomplish the above objectives, AMDL has association with leading companies like Microsoft, Dell Computers, Orcad (Now Cadence), Echelon as Business Partners in promoting and supporting their products. The exposure and experience are gainfully employed in its Software Services Activities in Internet Based Applications, Distributed Control Systems, Embedded Systems and EDA Services. As a relatively new entrant into the software export field, the Company is able to position itself by focussing on these emerging technologies. This also has helped in reducing the high rate of attrition associated with software industry.

The Company will pursue this game plan to increase its business in the software export area. The Company has also set up a Full-fledged Branch in California, USA to pursue newer opportunities there.



B. HEALTHCARE DIVISION

AMD is one of the Pioneering Companies in providing Products and Services in Health Care especially in the field of Cardiology. The Company has been associated with Leading Manufacturers of Medical Equipment and Devices for more than 25 years. AMD offers the most extensive range of products for Diagnostic, Rehabilitation, Resuscitation and Therapeutic needs of the cardiac care requirements.

AMD has achieved a significant share in its chosen area of activities and is well poised for enhanced growth and increased profitability. AMD's Principals are Fortune 500, Technology Oriented Companies who offer Life Saving Equipment and Devices, increasing the rate of survival for thousands of Cardiac Patients in India.

AMD has strong relationship with Cardiologists and Thoracic Surgeons. AMD's dedicated selling team has leveraged cross selling opportunities for both Instruments and Devices. AMD also derives its strengths from Extensive Customer Coverage, through its Direct Offices and Dealers. The prompt responses to customer needs have established its credibility and reputation.

AMD is fully prepared for the demanding market needs and challenges. It has Built-in Capabilities - People, Access to Technology, Relationship with Industry Leaders and Sensitivity to Customer Support.

AMD customer base by and large covers all Major Cardiology Centres, Super Speciality Hospitals, Polyclinics and Teaching Hospitals all over India.



DIRECTOR'S 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 1999.

(Rs. in lakhs)

Financial Results	Year Ended 31.03.99	Year Ended 31.03.98
Profit before Depreciation	270.04	178.10
Less:		
Depreciation	41.90	37.92
Financial expenses	119.95	95.21
Provision for taxation	11.50	4.72
Profit for the year	96.69	40.25
APPROPRIATION		
Proposed Dividend	31.69	—
Tax on Dividend	3.17	—
Balance carried to B/S	61.83	36.72

OPERATIONS

You all would be pleased to know that your Company has performed better than last year. It was able to earn a profit of Rs. 96.69 lakhs as compared to Rs. 40.25 lakhs earned the year earlier. This is inspite of the fact that the total income was Rs. 3777.91 lakhs which was lower than the previous year of Rs. 3899.86 lakhs. The Company took various measures to improve profitability in various activities and this has paid marginal benefits.

DIVIDEND

Inview of the increased profit, the Board is happy to recommend a dividend of 6% for the year under review.

NEW ACTIVITIES

The Company is beginning to focus more on IT services. It is pursuing projects with companies in USA

and Europe. It has also set up a branch office in California in USA to provide onsite consultancy.

The Company has been consolidating its strategies in its major areas of business interests.

INFORMATION TECHNOLOGY

The Software Export Division has successfully completed a few important projects for US companies. These relationships are being expanded for more and bigger projects in future.

The Company was appointed as a Master Distributor for ORCAD USA. This was in recognition of the company consistently meeting its targets.

HEALTHCARE

The Company expanded its relationship with Guidant Corporation USA to promote and support the Ventricular Intervention products in south and west of India. This relationship would enable the Company to expand its operations and consolidate its position in Cardiology and related applications.

CONSERVATION OF ENERGY

Despite the fact that the operation of the company involves low energy consumption, emphasis is laid on conservation of energy at all levels of operations.

RESEARCH & DEVELOPMENT

Your Company continues to be recognised by the Department of Science and Technology, Government of India.

The division has identified EDA as its future Direction for Expansion and Growth. The increasing potential in both the Domestic and Export Market for EDA Services and Tools are now being addressed to by this division.

FOREIGN EXCHANGE EARNINGS & OUTGO

The Foreign Exchange earnings during the year under review was Rs. 350.20 lakhs. The total Foreign Exchange utilised by the company during the year was Rs. 1779.78 lakhs.



PARTICULARS OF EMPLOYEES

There were no employees who were drawing remuneration in excess of Rs. 6.00 lakhs per annum when employed throughout the year or Rs. 0.50 lakhs per month when employed for part of the year. Hence, the information as required U/s. 217 (2A) of the Companies Act, 1956 is not applicable.

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.

DIRECTORS

In accordance with the Articles of Association, Mr. B.S. Seshadri, Wholetime Director and Mr. K. Ramadas, Wholetime Director retire by rotation and being eligible, offer themselves for re-election.

PERSONNEL

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

AUDITORS

M/s. A.R. Viswanathan & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible for reappointment.

LISTING OF SECURITIES

The Company's securities are listed in Bangalore Stock Exchange and Mumbai Stock Exchange.

SHIFTING OF REGISTERED OFFICE

The Directors wish to inform the members, that during the year, the Registered Office was shifted from No. 65, Arun Complex, DVG Road, Basavanagudi, Bangalore - 560 004 to the Company owned premises situated at "Micronics House", No. 101, 15th Cross, Jayanagar II Block, Bangalore - 560 011.

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.

For and on behalf of the Board.

K. VIJAYA RAGHAVAN
Chairman & Managing Director

Place : Bangalore
Date : 31st May 1999



AUDITOR'S REPORT

We have audited the attached Balance Sheet of Advanced Micronic Devices Limited' No. 101, 15th Cross, II Block, Jayanagar, Bangalore - 560 011 as on 31st March 1999 and the Profit and Loss Account of the Company for the year ending on that date annexed there to, 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. The Profit and Loss Account and the Balance Sheet of the Company comply with the accounting standards referred to in subsection (3c) of section 211 of the Companies Act, 1956.
- E. 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 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 31/03/1999.
 - b) In so far it relates to the Profit and Loss Account, of the Profit of the Company for the period ended on that date.
- F. 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 conditions 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 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 as 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 there under does not arise.
14. The Company is maintaining reasonable records for the sale and disposal of realisable 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 and Employees State Insurance dues with the appropriate authorities although there were delays in remittances in few instances.
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 subsection (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 the nature of its business on allocation of jobs.

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

A.V. Venkatachalam
Partner

Place : Bangalore
Dated : 31st May 1999