



ANNUAL REPORT
2000-2001

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ADVANCED MICRONIC DEVICES LTD.



ADVANCED MICRONIC DEVICES LTD

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 |
| Vinod Ramnani | Director |
| Jayesh Patel | Director |
| Usha Ramnani | Director |
| Bhaskar Valiveti | Director |

COMPANY SECRETARY

- Mrs. Rupa Das

AUDITORS

- A.R. Viswanthan & Co
Chartered Accountants
1st Floor, No. 32/2, V Main Road,
Chamarajapet, Bangalore - 560 018.

BANKERS

- State Bank of India
Bangalore Commercial Branch,
Bangalore - 560 001.

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- State Bank of Travancore
Residency Road Branch,
Residency Road, Bangalore - 560 025.

REGISTERED OFFICE

AND

INVESTOR'S SERVICE CELL

- "Micronics House", No. 101, 15th Cross,
2nd Block, Jayanagar, Bangalore - 560 011
Tel : 080 - 6565610, 6564288
Fax : 080 - 6566249

Annual General Meeting

Day & Date	:	Friday, 28th September 2001
Time	:	12.00 Noon.
Venue	:	Woodlands Hotel No. 5, Rajaram Mohan Roy Road, Bangalore - 560 025



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 2001.

(Rs.in lakhs)

Financial Results	Year Ended 31.03.01	Year Ended 31.03.00
Profit before Depreciation and Financial Charges	175.49	286.16
Less: Depreciation	40.50	42.28
Financial expenses	50.35	82.44
Provision for taxation	35.00	36.00
Profit for the year	49.64	125.44

APPROPRIATION

Proposed Dividend	26.40	42.25
Tax on Dividend	2.69	4.65
Balance carried to B/S	20.55	78.54

OPERATIONS

During the year under review your Company achieved a sales turnover of Rs 46.77 crores which is lower by 5.26% compared to the previous year. The profit for the year at Rs. 49.64 lakhs is substantially lower compared to the previous year. Increase in competition led to lower sales and steep increase in administrative costs contributed to decrease in profits. The Company has undertaken major cost initiatives which will improve the profitability during the current year. Due to better management of working capital the interest cost during the year has substantially reduced.

DIVIDEND

Considering the performance of the Company and need to conserve the resources of the Company the Board recommends a dividend of 5% for the year under review.

OPEN OFFER BY OPTO CIRCUITS (INDIA) LIMITED

As Members are aware that consequent to promoters of the Company entering into agreement with Opto Circuits (India) Limited (OPTO) for transfer out of their holdings, a percentage equivalent to 51% of the total share capital of the company, the said company made a open offer to the shareholders in accordance with the SEBI Regulations. The formalities in connection with the open offer are in the final stages and will be completed by the end of September 2001.

Your Directors are of the opinion that the acquisition of the Company would be in the best interest of the Company as well as its shareholders. OPTO is a publicly listed Company with manufacturing facilities for exports. The manufacturing facilities and its overseas offices will significantly contribute and leverage growth in Health care distribution and Information and Technology services activities

RESEARCH AND DEVELOPMENT.

The Company did not carry out any Research and Development activity during the year and accordingly did not incur any expenditure on the same. The Company also did not absorb any technology during the year.

CONSERVATION OF ENERGY.

The operations of your company are not energy intensive. Adequate measures have however been taken to reduce energy consumption by using energy efficient equipments.

RESPONSIBILITY STATEMENT.

The Directors confirm:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- that they have selected such accounting policies and applied them consistently and made



judgements 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 of the Company for that period;

- c) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that they have prepared the annual accounts on a going concern basis.

PARTICULARS OF EMPLOYEES.

None of the employee is drawing remuneration in excess of limits specified under the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

FOREIGN EXCHANGE EARNINGS AND OUTGO.

The Foreign Exchange earnings during the year under review was Rs. 532.89 lacs. The total Foreign Exchange utilized by the Company during the year was Rs. 1957.83 lacs.

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.

LISTING OF SECURITIES.

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

PERSONNEL

The Employer-Employee relationship 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 business during the year.

DIRECTORS

Mr. K Vijaya Raghavan retires by rotation and being eligible offers himself for re-election. Mr. Vinod Ramnani, Mr. Jayesh Patel, Mrs. Usha Ramnani and Mr. Bhaskar Valiveti were appointed as additional Directors on 24th August 2001 and in terms of section 260 of The Companies Act, 1956 they hold office upto the date of ensuing Annual General Meeting. The company has received notices under Section 257 of The Companies Act 1956 proposing their candidature to the office of Directors. Mr. Vinod Ramnani, Mr. Jayesh Patel, Mrs. Usha Ramnani are the promoter Directors of Opto Circuits (India) Limited.

AUDITORS:

M/s A R Viswanathan & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and they have expressed their inability to continue as Auditors. The Company has received a Special notice from a Member proposing the appointment of M/s Anand Shenoy and Co., Chartered Accountants, as Auditors of the Company.

ACKNOWLEDGEMENT

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

For and on behalf of the Board

Place : Bangalore

K. VIJAYA RAGHAVAN

Date : 24-08-2001

Chairman & Managing Director



AUDITOR'S REPORT

We have audited the attached Balance Sheet of "Advanced Micronic Devices Limited" "Micronic House" No. 101, 15th Cross, II Block, Jayanagar, Bangalore - 560 011 as on 31st March 2001 and the Profit and Loss account of the company for the year ended 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. The Profit & Loss account and Balance Sheet of the company comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, subject to:

Note No. 11 in Notes forming Part of accounts.

Regarding not charging of Fixed assets written off amounting to Rs. 3,05,26,555/- against current year profit.

Note No. 13(f) in Notes forming part of accounts.

Regarding accounting of interest income on ICD on receipt basis.
- E. On the basis of the written representations received from all the directors as on 31st March 2001 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2001 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- F. 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 and gives a true and fair view, subject to"

Note No. 11 in Notes forming Part of accounts.

Regarding not charging of Fixed assets written off amounting to Rs. 3,05,26,555/- against current year profit.

Note No. 13(f) in Notes forming part of accounts

Regarding accounting of interest income on ICD on receipt basis.

- a) In so far as it relates to the Balance Sheet of the State of affairs of the company as on 31/03/2001.
- b) In so far it relates to the Profit and Loss account, of the Profit of the company for the year ended on that date.
- G. 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 program of verification which in our opinion, is reasonable having regard to the size of the company and the nature of business. During the year the value of obsolete assets identified on such verification have been written off against accumulated profits of earlier years.
 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 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 secured or unsecured loans from any companies, firms or other parties listed in the register maintained u/s 301 of the Companies Act, 1956. In view of the non-applicability of section 370 of the Companies Act, 1956 with effect from commencement of the Companies Amendment Act, 1999, our comments regarding company accepting loan from other companies/firms under the same management as defined u/s 370 (1B) of the Companies Act, 1956 does not arise.



8. The company has not granted any loans secured or un-secured to companies, firms or other parties listed in register maintained u/s 301 of the Companies Act, 1956. In view of the non-applicability of section 370 of the Companies Act, 1956 with effect from commencement of the Companies Amendment Act, 1999, our comments regarding company granting loan to other companies/firms under the same management as defined u/s 370 (1B) of the Companies Act, 1956 does not arise.
9. The Company has given loans to other companies on which the company is charging interest and accounting the same on receipt basis. 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 and they are regularly repaying the same together with interest wherever applicable 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 thereunder does not arise.
14. The Company is maintaining reasonable records for the sale and disposal of realizable 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 and the Employees State Insurance dues with the appropriate authorities.
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 with in 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
Date : 30th June 2001



BALANCE SHEET AS AT 31ST MARCH 2001

	SCHEDULE	Rs	31.03.2001 Rs.	Rs	31.03.2000 Rs.
SOURCES OF FUNDS					
OWN FUND					
Share Capital	A	52,811,000		52,811,000	
Reserves & Surplus	B	<u>91,123,063</u>	143,934,063	<u>119,595,492</u>	172,406,492
BORROWED FUND					
Secured Loan	C		<u>794,099</u>		<u>56,374,397</u>
TOTAL			<u>144,728,162</u>		<u>228,780,889</u>
APPLICATION OF FUNDS					
Fixed Assets	D	45,634,972		90,971,573	
Less: Depreciation		10,427,042	35,207,930	21,236,235	69,735,338
Investments	E		7,176,225		4,489,600
NET CURRENT ASSETS					
Current Assets	F	151,504,863		223,412,760	
Loans & Advances	G	<u>26,496,347</u>		<u>29,616,521</u>	
		<u>178,001,210</u>		<u>253,029,281</u>	
Less: Current Liabilities	H	65,621,378		91,387,830	
Provisions	I	<u>11,159,886</u>		<u>9,439,617</u>	
		<u>76,781,264</u>		<u>100,827,447</u>	
Net Current Assets			101,219,946		152,201,834
Miscellaneous Expenditure	J				
(to the extent not written off or adjusted)			1,124,061		2,354,117
TOTAL			<u>144,728,162</u>		<u>228,780,889</u>
Notes forming part of Accounts	R				

For and on behalf of the Board of Directors

As per our report of even date
For A R Viswanathan & Co.,
Chartered Accountants

K . Vijaya Raghavan
Chairman & Managing Director

B.S.Seshadri
Wholetime Director

Rupa Das
Company Secretary

A. V. Venkatachalam
Partner.

Place : Bangalore
Date : 30th June 2001



PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH 2001

	SCHEDULE	31.03.2001 Rs.	31.03.2000 Rs.
INCOME			
Sales	K	467,664,679	492,318,618
Other Income	L	2,237,163	3,676,728
Increase /(Decrease) in Work In progress and finished Goods	M	—	(1,624,403)
TOTAL		469,901,841	494,370,943
EXPENSES			
Cost of Goods sold	N	390,572,017	410,420,865
Administrative Expenses	O	44,559,723	37,420,351
Selling & Distribution Expenses	P	17,221,356	17,913,458
Financial Charges	Q	5,034,741	8,244,429
Depreciation	D	4,049,990	4,227,983
TOTAL		461,437,829	478,227,085
Profit Before Tax		8,464,012	16,143,857
Less : Provision for Tax		3,500,000	3,600,000
Profit after Tax		4,964,012	12,543,857
APPROPRIATIONS :			
(i) Proposed Dividend		2,640,550	4,224,880
(ii) Provision for tax on Dividend		269,336	464,737
Balance Carried forward to Balance Sheet		2,054,126	7,854,240
TOTAL		4,964,012	12,543,857
Notes forming part of Accounts	R		

For and on behalf of the Board of Directors

As per our report of even date
For A R Viswanathan & Co.,
Chartered Accountants

K . Vijaya Raghavan **B.S.Seshadri** **Rupa Das**
Chairman & Managing Director Wholetime Director Company Secretary

A. V. Venkatachalam
Partner.

Place : Bangalore
Date : 30th June 2001