



**ANNUAL REPORT
2001-2002**

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ADVANCED MICRONIC DEVICES LTD.



ADVANCED MICRONIC DEVICES LTD

BOARD OF DIRECTORS	• Vinod Ramnani	Chairman and Managing Director
	• K. Vijaya Raghavan	Director
	• Bhaskar Valiveti	Whole Time Director
	• K. Ramadas	Whole Time Director
	• S.N. Kumar	Whole Time Director
	• Jayesh Patel	Director
	• Usha Ramnani	Director

COMPANY SECRETARY • Mrs. Rashmi Jain

AUDITORS • Anand Shenoy & Co.
Chartered Accountants
S-2, II Floor, Gem Plaza,
No. 66, Infantry Road,
Bangalore - 560 001.

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

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

REGISTERED OFFICE • "Micronics House", No. 101, 15th Cross,
AND 2nd Block, Jayanagar, Bangalore - 560 011
INVESTOR'S SERVICE CELL Tel : 080-6565610, 6565611
Fax : 080-6566249

Annual General Meeting

Day & Date : Friday, 27th September 2002.
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 2002.

(Rs.in lakhs)

Financial Results	Year Ended 31.03.02	Year Ended 31.03.01
Profit before Depreciation and financial charges	100.34	175.49
Less: Depreciation	21.69	40.50
Financial expenses	19.90	50.35
Provision for taxation	15.00	35.00
Profit for the year	43.75	49.64
Add: Prior year adjustment	10.81	—

APPROPRIATION

Proposed Dividend	52.81	26.40
Tax on Dividend	—	2.69
Balance carried to B/S	1.75	20.55

OPERATIONS

During the year the performance of the company was not encouraging. The sales turnover at Rs. 25.49 crores is considerably lower compared to Rs. 46.77 cores achieved during the previous year. The sharp decline in the turnover was mainly due to decrease in the demand for Computer Systems as a result of slowdown in the global technology market. Further your Company stopped sales of healthcare consumables which were not profitable. In spite of decreased sales, your company achieved a net profit of Rs. 43.75 lakhs for the year under review.

SUBSIDIARY STATUS.

The Company has become a subsidiary of M/s Opto Circuits (India) Ltd., effective from 8th November 2001, consequent to acquisition of 59.70 % equity shares in the Company.

DIVIDEND

Considering the performance of the company and need to conserve the resources of the Company the Board is happy to recommend a dividend of 10% for the year under review.

RESEARCH & 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 equipment.

RESPONSIBILITY STATEMENTS

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 judgement 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 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 & OUTFLOW

The Foreign Exchange earnings during the year under review was Rs 523.11 lakhs. The total Foreign Exchange utilised by the company during the year was Rs 1315.66 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.

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 growth of the business during the year.

DIRECTORS

The Directors Mr.S N Kumar and Mr. Jayesh C Patel retires by rotation and being eligible offers themselves for re-election. Mr. Vinod Ramani was appointed as Managing Director effective from 1st January 2002. Mr Bhaskar Valiveti was appointed as Whole time Director effective from 1st January 2002. Mr. K Vijaya Raghavan resigned from his position as Chairman and Managing Director effective from 31st October 2001. Mr. B S Seshadri resigned as Director effective from 31st October 2001. The Board wishes to place on record its appreciation of the valuable services rendered by Mr. K Vijaya Raghavan and Mr. B S Seshadri during their association with the Company as Chairman & Managing Director and Director of the Company respectively.

CORPORATE GOVERNANCE.

In terms of the Listing agreement with the Stock Exchanges, the Company is required to comply with the guidelines relating to Corporate Governance during current financial year. Your Company has taken effective steps to implement the same.

AUDITORS

M/s. Anand Shenoy & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible for re-appointment.

ACKNOWLEDGMENT

The Directors wish to place on record their thanks to its Principals, Customers, State Bank of India, State Bank of Travancore, K.S.F.C., Share Holders and its employees for their support and co-operation.

For and on behalf of the Board

Place: Bangalore
Date : 28.06.2002

VINOD RAMNANI
Chairman & Managing Director



AUDITORS REPORT

TO THE SHARE HOLDERS OF ADVANCED MICRONIC DEVICES LIMITED, BANGALORE

1. We have audited the attached Balance Sheet of **ADVANCED MICRONIC DEVICES LTD., BANGALORE**, as at 31/03/2002 and also the Profit and Loss Account 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.
2. 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 misstatement. 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have obtained all the informations and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
4. In our opinion proper books of account as required by law have been maintained by the company so far as it appears from our examination of the books.
5. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
6. a. In our opinion, the Balance Sheet and the Profit & Loss Account dealt with by this report are in compliance with the Accounting Standards (AS) referred to in Section 211(3C) of the Companies Act, 1956.
- b. On the basis of written representations received from the Directors as on 31st March 2002 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2002 from being appointed as a Director in terms of Sec 274 (1) (g) of The Companies Act 1956 .
7. In our opinion and to the best of our information and according to explanations given to us, the said accounts read together with Schedules, Accounting Policies and other notes thereon subject to note No.10 regarding non-ascertainment of gratuity liability, give the information as required under the Companies Act, 1956, in the manner so required and gives a true and fair view:
 - a) In the case of the Balance Sheet, of the State of Affairs of the Company, as on 31/03/2002.
 - And
 - b) In the case of the Profit and Loss Account, of the Profit of the Company, for the period ended 31/03/2002.
8. As required by the Manufacturing and other Companies (Auditors Report) order, 1988 issued by the Central Government and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report that:
 - A) The company has maintained proper records of the Fixed Assets showing full particulars including quantitative details and situations thereof. These fixed assets have been physically verified by the management at reasonable intervals. There were no material discrepancies noticed on such verification.
 - B) None of the fixed assets have been revalued during the year.
 - C) The physical verification of the finished goods, stores, spare parts and raw materials has been conducted by the management at reasonable intervals.
 - D) As per the informations and explanations obtained, the procedure of physical verification of stock followed by the management are reasonable and are adequate in relation to the size of the company and the nature of its business.
 - E) There are no material discrepancies noticed on the physical verification of stocks as compared to the book records.
 - F) On the basis of our examination of stock records, we are of the opinion that the valuation of stocks are fair and proper and is in accordance with the normally accepted accounting principles and is on the same basis as in the immediately preceding previous year.
 - G) 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.



- H) 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. In view of the non-applicability of Sec. 370 of The Companies Act, 1956 with effect from the commencement of The Companies Amendment Act 1999, our comments regarding granting loan to other Companies or firms under the same management as defined u/s 370(1B) of The Companies Act, 1956 does not arise.
- I) 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 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 same together with interest wherever applicable as stipulated.
- J) In our opinion and according to the information and explanations given to us, there is adequate internal control procedure commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods.
- K) According to the information and explanations given to us, there are no purchases and sales of goods, materials and services exceeding Rs. 50,000/- in aggregate during the year to or from parties listed in the register maintained u/s 301 of the Companies Act, 1956.
- L) As inform to us there were no significant unserviceable or damaged stores, raw materials or finished goods as at the end of the year.
- M) The Company has not accepted any deposits from the public to which the provisions of section 58 A of the Companies Act, 1956 and the rules made there under apply.
- N) The Company is maintaining reasonable records for the sale and disposal of realizable scraps.
- O) The Company has introduced formal Internal Audit System during the current Year.
- P) In our opinion the Company has an adequate internal control system commensurate with the size and nature of its business.
- Q) The Central Government has not prescribed maintenance of cost records under section 209(2)(d) of the Companies Act, 1956 for any products of the company.
- R) The Company has been regular in depositing the Provident Fund & Employees State Insurance dues with the appropriate authorities.
- S) As per the informations and explanations obtained and on the basis of verification of records produced for verification, there are no undisputed amounts payable in respect of income-tax, wealth tax, sales tax, customs duty and excise duty outstanding as at the last day of the financial year for a period of more than six months from the date they became payable.
- T) During the course of our examination of the books of accounts carried out in accordance with the generally accepted auditing practices, we have not come across any personal expenses which have been charged to profit and loss account otherwise than on contractual obligation.
- U) 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 Provision) Act, 1985.
- V) Regarding the trading activities of the Company, the Company has a proper system of recording the goods and identifying the damaged goods. During the year under review there were no significant value of damaged goods.
- W) The Company has a reasonable system of recording materials and stores and its consumption to the relative jobs.
- X) The Company has a reasonable system of allocating man hours utilised to the relative jobs commensurate with its size and nature of its business.
- Y) 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 ANAND SHENOY & CO.,
Chartered Accountants,

Place : Bangalore
Date : 28.06.2002

B.K. AMARNATH
Partner