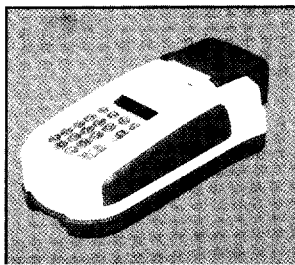
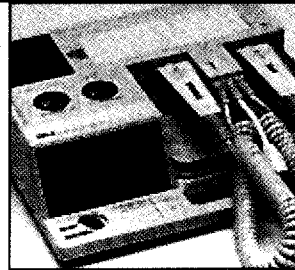


23rd Annual Report 2003 - 04



Report  Junction



ADVANCED MICRONIC DEVICES LTD.



ADVANCED MICRONIC DEVICES LTD.

BOARD OF DIRECTORS	• Mr. Vinod Ramnani	Chairman and Managing Director
	• Mr. Bhaskar Valiveti	Whole Time Director
	• Mr. S.N. Kumar	Whole Time Director
	• Mr. Y.K. Gauba	Whole Time Director
	• Mr. Jayesh Patel	Director
	• Mrs. Usha Ramnani	Director

COMPANY SECRETARY • Mr. B.S. Ballal

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 : 080-2656 5610, 2656 5611
Fax : 080-2656 6249

Annual General Meeting

Day & Date	:	Tuesday, 28th September 2004
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 2004.

(Rs.in lakhs)

Financial Results	Year Ended 31.03.04	Year Ended 31.03.03
Profit before Depreciation And Financial Charges	227.17	217.87
Less : Depreciation	31.28	28.14
Financial Charges	93.38	80.67
Profit before Tax	102.51	109.05
Provision for taxation	37.76	41.31
Profit for the year	64.75	67.74
Add : Prior year adjustment	4.92	1.13
APPROPRIATION:		
Proposed Dividend	52.81	52.81
Carried to Balance Sheet	7.02	16.06

COMPANY PERFORMANCE

During the year under review your company recorded sales and service income of Rs. 44.44 crores, which represents an increase of 44.75% over the previous year. The operation resulted in a net profit of Rs. 64.75 lakhs.

DIVIDEND

Considering the performance of the Company, your Directors are pleased to recommend an Equity Dividend at the rate of 10% for the year ended 31st March 2004 on the equity share capital.

MANAGEMENT DISCUSSION AND ANALYSIS

- **Health Care Division Products** - The need for both Equipments and consumables in the Health Care Industry is growing at a steady rate of 15% year after year. Your Company which used to concentrate only in Cardiology segment earlier is now slowly diversifying out to the other fields like Critical Care, Anesthesiology, Audiology and also providing support and services. It is estimated that this market would accelerate its steady growth in the next few years. There is an appreciable increase in the number of Super Specialty Hospitals coming up in the Private Sector and also more and more Diagnostic Centres are being set up in the urban and semi urban areas. Hence the potential to grow in this market is very high.

- **Bank Card Division** - The company has also embarked on design and development of Electronic Draft Capture Terminals for the Bank Card Industry.

- **Phoenix PX 9600** - Phoenix PX 9600 which will be the flagship product of AMDL Bank Card Division is an ISO, ANSI, PED, EMV compliant Electronic Draft Capture (EDC) machine with capabilities of accepting both Magnetic Stripe and Smart cards addressing real time On line and off line authorization, settlement and Common Electronic purse. AMDL is the FIRST Indian EDC manufacturer whose product is undergoing stringent EMV certification and going to be launched globally.

- **Sure Print** - AMDL Bank Card Division has also indigenously developed a printer controller driver mechanism resulting in a cost-effective, fast paced, high resolution thermal printer.

- **Internal Control System and Adequacy** - The Company has well laid internal control systems and procedures in all the areas of activities. The activities are also subject to internal and external Audit. The internal control systems and procedures are commensurate and adequate with the size and nature of the business of the Company.

- **Human Resources** - The Company considers its employees as valuable assets, and has adopted various HRD measures including proper appraisal of employees, placements, recognition, career growth prospects, improvement of managerial and internal personal skills through various training programs etc. The Company had 232 employees as at 31st March 2004.

CORPORATE GOVERNANCE

Certificate dated 28th June 2004 of the auditors of your Company regarding compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement with stock exchanges, is enclosed.

PARTICULARS OF EMPLOYEES

Information as per Section 217(2A) of the Companies Act 1956, read with Companies (Particulars of Employees) Rules 1975 as amended, is available at the registered office of your Company. As per the provisions of Section 219(1)(b)(iv) of the said Act, the Report and Accounts are being sent to all shareholders of the Company excluding the statement of particulars of employees u/s 217(2A) of the said Act. Any shareholder interested in obtaining a copy of this statement may write to the Company Secretary at the Registered Office of the Company.

CONSERVATION OF ENERGY, RESEARCH & DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO.

In pursuance of the provisions of Section 217(1)(e) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, the particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo are furnished below:



1. **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 computer terminals. Air-conditioners are used only when required, thereby enhancing energy efficiency.
2. **Research and Development:** Not applicable.
3. **Technology Absorption:** Not applicable.
4. **Foreign Exchange Earnings and outgo:** The Company earned Rs. 255.36 lakhs in Foreign Exchange. The Foreign Exchange outgo including for capital goods was Rs. 2147.03 lakhs.

RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to the Directors Responsibility Statement, it is hereby confirmed:

That in the preparation of the Annual Accounts for the financial year ended 31st March, 2004, the applicable accounting standards have been followed along with proper explanation relating to material departures;

That they have selected such appropriate accounting policies and applied them consistently and made judgment and estimates that were 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.

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:

That the Directors have prepared the annual accounts for the financial year ended 31st March 2004 on a going concern basis.

LISTING OF SECURITIES

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

FIXED DEPOSITS

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

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

Mr. Vinod Ramnani and Mr. S N Kumar retire by rotation and being eligible offers themselves for re-election. Mr. Y K Gauba was appointed as Additional Director on 19th September 2003 and in terms of Section 260 of the Companies Act, 1956 he hold office upto the date of ensuing Annual General Meeting. The Company has received a notice from a member proposing the candidature of Mr. Y K Gauba to the position of Director which is incorporated in the ensuing Annual General Meeting Notice.

GRATUITY AND LEAVE TRAVEL

The Company has not made any provision towards the gratuity as noted by the auditors vide their report dated 26th June 2004. The Company is however charging of the gratuity paid during the year.

AUDITORS

The auditors M/s. Anand Shenoy & Co., Chartered Accountants, Bangalore retire at the conclusion of the forthcoming Annual General Meeting. Your Company has received a letter from them to the effect that their re-appointment, if made, will be in accordance with the provisions of Section 224(1-B) of the Companies Act 1956.

ACKNOWLEDGMENT

The Directors wish to thank all stakeholders and business partners. Your Company's bankers, financial institutions, and business associate for their continued support and valuable co-operation. The Directors also wish to express their gratitude to investors for the faith that they continue to repose in the Company.

For and on behalf of the Board

Place: Bangalore

Date : 28th June 2004

VINOD RAMNANI

Chairman & Managing Director



CORPORATE GOVERNANCE

In compliance with clause 49 of the Listing Agreement with Stock Exchanges, the Company submits the report on the matters mentioned in the said clause and lists the practices followed by the Company.

1. PHILOSOPHY ON THE CODE OF GOVERNANCE

Advanced Micronic Devices Limited's philosophy on corporate governance envisages transparency, accountability, integrity, consistence value systems, delegation and responsibility. The Company tries to work by these principles in all its interactions with Shareholders, Employees, customers, suppliers and statutory authorities. The Corporate Governance is a composition of universal combination of factors like regulations, compliance, policies and economic environment, voluntary practices and disclosures.

2. BOARD OF DIRECTORS

The present strength of Board of Directors of your Company is 6 Directors.

Composition and category of Directors are as follows

Category	Name of the Director
Chairman & Managing Director	Mr. Vinod Ramnani
Whole time Directors	Mr. Bhaskar Valiveti Mr. S N Kumar Mr. Y K Gauba
Non Executive Independent Directors	Mr. Jayesh C Patel Mrs. Usha Ramnani

Particulars of Directorship of Board, Membership and office of the Chairman of committees of Board across all companies held by all the Directors of the Company and attendance at the Board Meetings of the Company held during the year are given below.

Name of the Director	Attendance Particulars for the year ended 31st March 2004		No. of Committee member / chairmanships as on 31st March 2004	
	Board Meeting of the Company	Last AGM of the Company	Committee Chairmanship	Committee Membership
Vinod Ramnani	11	YES	Investor's Grievance	Audit
Usha Ramnani	8	YES	Audit	Investor's Grievance
Bhaskar Valiveti	11	YES	None	None
S N Kumar	11	YES	None	None
Jayesh C Patel	2	NO	None	None
Y K Gauba	2	YES	None	None

Pursuant to the provisions of the Companies Act 1956, Mr. Vinod Ramnani and Mr. S N Kumar retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-election.

Mr. Y K Gauba was appointed as additional Director and he holds the office up to the date of ensuing Annual General Meeting.



3. AUDIT COMMITTEE

The Board of the Company has constituted an Audit Committee comprising of two Independent non executive Directors viz., Mr. Vinod Ramnani and Mrs. Usha Ramnani. The terms of reference stipulated by the Board to the Audit committee cover the matters specified under clause 49 of the Listing Agreement as well as Section 292 A of the Companies Act 1956. Four Audit Committee Meetings were held during the year ended 31st March 2003. The dates on which Meetings held are 26th June 2003, 28th July 2003, 30th October 2003 and 28th January 2004 .

The attendance of each member of the committee is given below.

Name of the Director	No. of Audit Committee Meetings
Mr. Vinod Ramnani	4
Mrs.Usha Ramnani	4

4. REMUNERATION COMMITTEE

The Company has formed remuneration committee. The Wholtime directors remuneration is approved by the Board within the overall limit fixed by the shareholders at their meetings. Presently, Non-Executive Directors do not draw any remuneration other than Board/Committee Meeting sitting fees.

Details of remuneration paid to all the Directors for the year. The details of the remuneration paid to the Directors during the year 2002 are given below.

Name of the Director	Salary #	Perquisites*	Total
Mr. Vinod Ramnani	NIL	NIL	NIL
Mr. Bhaskar Valiveti	8,95,000	94,800	9,89,800
Mr. S N Kumar	9,70,000	94,800	10,64,800
Mrs. Usha Ramnani	NIL	NIL	NIL
Mr. Jayesh C Patel	NIL	NIL	NIL
Mr. Gauba	5,95,000	58,800	6,53,800

Salary includes bonus.

*Perquisites includes House Rent Allowance, Leave Travel Assistance, Medical Reimbursement and contribution to Provident Fund and Superannuation Fund.

Besides this, all the Whole time Directors were also entitled to Gratuity and encashment of leave at the end of tenure, as per the rules of the Company.

5. SHAREHOLDER'S /INVESTORS' GRIEVANCE COMMITTEE

The Board of the Company had constituted a Shareholders'/Investors' Grievance Committee, comprising of Mrs Usha Ramnani and Mr. Vinod Ramnani as its Chairman. The Committee, interalia, approves issue of duplicate certificates and oversees and reviews all matters connected with the transfer of securities. The committee looks into shareholders' complaints like transfer of shares, non receipts of balance sheet, non receipt of declared dividends, etc . The committee oversees the performance of the Registrar and Transfer Agents, and recommends measures for overall improvement in the quality of investor services. The Board of Directors has delegated the power of approving transfer of securities to M/s Karvy Consultants Limited and Mr. B S Ballal. Company Secretary of the Company.

The Board has designated Mr. B S Ballal as Compliance Officer.



The total number of Complaints received and replied to, to the satisfaction of shareholders during the year under review, were 16. There were no outstanding complaints as on 31st March 2004.

6. GENERAL MEETINGS

Location and time, where last three AGMs were held

Financial Year	2000-01	2001-02	2002-03
Date	28th September 2001	27th September 2002	19th September 2003
Time	12.00 Noon	12.00 Noon	12.00 Noon
Venue	Woodlands Hotel Pvt. Ltd., No. 5, Raja Rammohan Roy Road, Bangalore - 560 025.	Woodlands Hotel Pvt. Ltd., No. 5, Raja Rammohan Roy Road, Bangalore - 560 025.	Woodlands Hotel Pvt. Ltd., No. 5, Raja Rammohan Roy Road, Bangalore - 560 025.

7. DISCLOSURES

No transaction of a material nature has been entered into by the Company with Directors or Management and their relatives etc., that may have a potential conflict with the interest of the Company.

There has been no instance of non-compliance by the company on any matter related to capital markets. Hence, the question of penalties or strictures being imposed by SEBI or Stock Exchanges does not arise.

8. MEANS OF COMMUNICATION

The annual, half yearly and quarterly results are regularly submitted to the Stock Exchange in accordance with the listing agreement and published in leading newspapers like 'The Economic Times and Business Standard.

The management discussions and Analysis report forms part of the annual report and is captioned "Management Discussion and Analysis" in Directors Report.

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9. GENERAL SHAREHOLDER INFORMATION

9.1 Annual General Meeting

Date and Time	28th September 2004 12.00 Noon
Venue	Woodlands Hotel Pvt. Ltd., No.5, Raja Rammohan Roy Road Bangalore - 560 025.

- 9.2 Financial Calendar (Tentative) :**
- Results for the quarter 30th June 2004-30th July 2004
 - Results for the quarter 30th Sept 2004 - Last week of October 2004.
 - Results for the quarter 31st December 2004 -Last week of January 2005.
 - Results for the quarter 31st March 2005 -Last week of June 2005.
 - Annual General Meeting for the approval of the Audited accounts for the year ended 31st March 2005 - September 2005

- 9.3 Details of Book Closure :** from 23rd September 2004 to 28th September 2004
(both days inclusive)

- 9.4 Dividend payment :** on or after 28th September 2004



9.5 Listing of Equity shares on Stock Exchanges

Mumbai Stock Exchange
Bangalore Stock Exchange

9.6 Stock Code

- a) Trading Symbol Bombay Stock Exchange : **ADMVAN MICR D Code:.517552**
- b) Demat ISIN Numbers in NSDL and CDSL for equity Shares **ISIN INE E903C01013**

9.7 Stock Market Data high and low quotations at Bombay Stock Exchange

Date		High (Rs.)	Low (Rs.)	No. of Shares
April	2003	10.50	7.45	15012
May	2003	10.90	8.15	16810
June	2003	15.40	8.51	112633
July	2003	21.96	12.50	389462
August	2003	26.35	16.30	364547
September	2003	20.65	13.45	125696
October	2003	16.90	12.35	39157
November	2003	15.59	12.07	42729
December	2003	22.00	13.00	223892
January	2004	25.50	16.10	264301
February	2004	17.00	12.75	36678
March	2004	14.00	11.00	50127

9.8 Registrar & Transfer Agents

(Share transfer and communication regarding share certificate, dividends and change of Address)

Mr. S Kannan / Mr. S Kumar
Karvy Consultants Limited
No.51/2, Vanivilas Road, Opp. National College
Basavanagudi, Bangalore-560004
E-Mail : bangalore@karvy.com

9.9 Share Transfer System

Presently the share transfers which are received in physical form are processed and the share certificates returned within a period of 15 to 16 days from the date of receipt, subject to the documents being valid and complete in all respects.

As per SEBI guidelines, the company was offering the facility of transfer-cum demat. Under this system after the share transfer were effected, option letter was issued to the transferee indicating the details of the transferred shares and requesting him/her/them to dematerialize the shares in which case the DP would initiate the demat request on the basis of the demat option instead of the physical share certificates. In case the transferee did not wish to dematerialize the shares, the company would dispatch the share certificates to the transferee upon the request or after 30 days from the date of the option letter. However in terms of SEBI Circular NO SEBI/MRD/Cir-10/2004 dated February 10, 2004 the company has discontinued with effect from February 11, 2004 the practice of sending such demat option letter and presently the physical share certificates duly endorsed are sent to the transferees.

**9.10 - DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2004**

No. of Equity shares held	No. of HOLDERS	% of HOLDERS	Share Amount Rs.	% TO TOTAL EQUITY
1 - 500	6350	91.37	9,061,590	17.16
501 - 1000	361	5.19	3,077,080	5.83
1001 - 2000	134	1.93	2,113,690	4.00
2001 - 3000	42	0.60	1,039,070	1.97
3001 - 4000	14	0.20	504,220	0.95
4001-5000	14	0.20	664,800	1.26
5001 - 10000	16	0.23	1,030,820	1.95
10001 and above	19	0.27	35,319,730	66.88
TOTAL	6950	100.00	52,811,000	100.00

9.11- SHAREHOLDING PATTERN AS ON 31ST MARCH 2004

Category	No. of Shares Held	% of Share Holding
Promoter's Holding		
Promoters		
Indian Promoters	3164865	59.93
Sub Total	3164865	59.93
Non Promoter's Holding		
Institutional Investors		
Mutual Funds and UTI	2300	0.04
Banks, Financial Institutions, Insurance Companies	800	0.02
FIIS	3000	0.06
Sub Total	6100	0.12
Others		
Private Corporate Bodies	195141	3.7
Indian Public	1806694	34.21
NRIs/OCBs	108300	2.05
Sub Total	2110135	39.96
Grand Total	5281100	100