



24TH ANNUAL REPORT

2004 - 05



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 |

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
2nd Block, Jayanagar, Bangalore - 560 011

AND

INVESTOR'S SERVICE CELL

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

Annual General Meeting

Day & Date	:	Thursday, 21st July 2005
Time	:	3.00 PM
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 2005

Financial Results	Year Ended 31.03.05	Year Ended 31.03.04
Sales	5445.28	4443.74
Profit before Depreciation And Financial Charges	306.45	227.17
Less: Depreciation	39.41	31.28
Financial Charges	146.85	93.38
Profit before Tax	120.19	102.51
Provision for taxation	42.65	37.76
Profit for the year	77.54	64.75
Add: prior Year adjustment	6.07	4.92
APPROPRIATION:		
Proposed Dividend	52.81	52.81
Carried to Balance sheet	9.29	7.02

COMPANY PERFORMANCE

During the year under review your company recorded sales and service income of Rs.54.45 crores, as against Rs.44.44 crores for the previous year, which represents an increase of 22.52% over the previous year. Also, your company recorded a net profit after tax of Rs.77.54 Lakhs as against Rs.64.75 Lakhs for the same period last year, which represents an increase of 19.75% over the previous year.

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 2005 on the equity share capital.

MANAGEMENT DISCUSSION AND ANALYSIS

- **Health Care Division Products** – As indicated in our last years Annual Report the Industry is still growing at a rate of 15 – 20% per year and in our estimate it will continue to grow at this rate. We have diversified into fields other than Cardiology, as had been informed to you last year. We take pleasure in informing you that our efforts in diversifying has been successful and our products have been accepted in the areas of Critical Care, Audiology and Anesthesiology.

The Company has tied up with Medtronics Inc., to distribute their products for Cardiac Rhythm Management. This distribution is for the Northern Indian Market. Medtronics are the World Leaders in this particular segment of the Health Care Industry. These products will be marketed to

the Super-Speciality Hospitals. This tie up will help our Company increase both the top and the bottom line in the coming years.

- **Bank Card Division** – The Company which had embarked on design and development of Electronic Draft Capture Terminals for the Bank Card Industry, has launched the following products.

- **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 and so far the only Indian EDC manufacturer who has successfully obtained the most stringent and prestigious Global accreditation of EMV (Europay Master Visa) co. It also completed the network compatibility of Most of the Indian Banks and the service providers.

- **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. Driven by the needs of the markets, AMDL is also in the process of developing several variants to cater to diverse demands.

- **Internal Control System and Adequacy** – The Company has well laid internal control systems and procedures in all 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 inter-personal skills through various training programs etc. The company has 285 employees as at 31st March 2005.

CORPORATE GOVERNANCE

Certificate dated 30/05/2005 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 AND DEVELOPEMNT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING 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 earning 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. Airconditioners are used when required, thereby enhancing energy efficiency.
- 2. Research and Development:** Not applicable
- 3. Technology Absorption:** Not applicable.
- 4. Foreign Exchange Earning and outgo:** The Company earned Rs.97.89 lakhs in Foreign Exchange. The Foreign Exchange outgo including for capital goods was Rs.2657.19 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 2005 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 2005 on a going concern basis.

LISTING OF SECURITIES

The Company's securities are listed on The Stock Exchange, Mumbai. The Shares were delisted from Bangalore Stock Exchange, from 31-03-2005.

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. Jayesh Patel and Mrs. Usha Ramnani retire by rotation and being eligible offers themselves for re-election.

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 cooperation. 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 : 30th May 2005

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 composition of a universe combination of factors likes regulations, compliance, policies and economic environments, 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 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 2005		No. of Committee member / chairmanships as on 31st March 2005	
	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 Patel	4	NO	None	None
Y K Gauba	4	YES	None	None

Pursuant to the provisions of the Companies Act 1956, Mr. Jayesh Patel and Mrs. Usha Ramnani retires by rotation at the ensuing Annual General Meeting and being eligible offers themselves for re-election.



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 2005. The dates on which Meetings held are 30th June 2004, 30th July 2004, 28th October 2004 and 28th January 2005.

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.

Details of remuneration paid to all the Directors for the year. The details of the remuneration paid to the Directors during the year 2005 are given below.

Name of the Director	Salary #	Perquisites*	Total
Mr. Vinod Ramnani	NIL	NIL	NIL
Mr. Bhaskar Valiveti	11,60,000	1,17,600	12,77,600
Mr. S N Kumar	10,90,000	1,09,200	11,99,200
Mr. Y K Gauba	8,62,000	NIL	8,62,000
Mr. Jayesh Patel	NIL	NIL	NIL
Mrs. Usha Ramnani	NIL	NIL	NIL

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 Computershare Pvt. Ltd. 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 23. There were no outstanding complaints as on 31st March 2005.

6. GENERAL MEETINGS

Location and time, where last three AGMs were held

Financial Year	2001-02	2002-03	2003-04
Date	27th September, 2002	19th September, 2003	28th September, 2004
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	21st July 2005, 3.00 PM
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 2005–30th July 2005
 Results for the quarter 30th Sept 2005 – Last week of October 2005.
 Results for the quarter 31st December 2005 –Last week of January 2006.
 Results for the year 31st March 2006 –Last week of June 2006.
 Annual General Meeting for the approval of the Audited accounts for the year ended 31st March 2006 – September 2006

9.3 Details of Book Closure : from 19th July 2005 to 21st July 2005 (both days inclusive)



9.4 Dividend payment : on or after 21st July 2005

9.5 Listing of Equity shares on Stock Exchanges Mumbai Stock Exchange

9.6 Stock Code

- a) Trading Symbol Bombay Stock Exchange : **ADVNCMIC 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	2004	15.99	13.15	45796
May	2004	15.62	12.00	31211
June	2004	13.99	11.25	27069
July	2004	14.69	12.53	31343
August	2004	16.00	12.80	67446
September	2004	23.14	13.20	425385
October	2004	39.70	19.65	1151460
November	2004	38.50	29.20	389571
December	2004	33.00	25.35	298760
January	2005	28.10	22.00	107068
February	2005	38.40	22.00	659023
March	2005	34.40	25.00	302776

9.8 Registrar & Transfer Agents

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

Mr. S Kannan / Mr. K Natarajan
 Karvy Computershare Private 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.

**9.10 - DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2005**

Share Holding of Nominal Value of Rs. Category	No. of Share HOLDERS	% of Share HOLDERS	Share Amount Rs.	Nominal Value % to Total
Upto - 5000	6446	99.38	16,573,860	31.38
5001 - 10000	25	0.39	1,620,270	3.07
10001 - 20000	11	0.17	1,549,220	2.93
20001 - 30000	1	0.02	216,000	0.41
30001 - 40000	0	0.00	0	0.00
40001 - 50000	0	0.00	0	0.00
50001 - 100000	2	0.03	1,320,000	2.50
Above 100001	1	0.02	31,531,650	59.71
TOTAL	6486	100	52,811,000	100.00

9.11- SHAREHOLDING PATTERN AS ON 31ST MARCH 2005

Category	No. of Shares Held	% of Share Holding
Promoter's Holding		
Promoters		
Indian Promoters	3153165	59.71
Sub Total	3153165	59.71
Non Promoter's Holding		
Institutional Investors		
Mutual Funds and UTI	1900	0.04
Banks, Financial Institutions, Insurance Companies	800	0.02
FIIS	3000	0.06
Sub Total	5700	0.12
Others		
Private Corporate Bodies	236505	4.48
Indian Public	1775366	33.62
NRIs/OCBs	110364	2.09
Sub Total	2122235	40.19
Grand Total	5281100	100