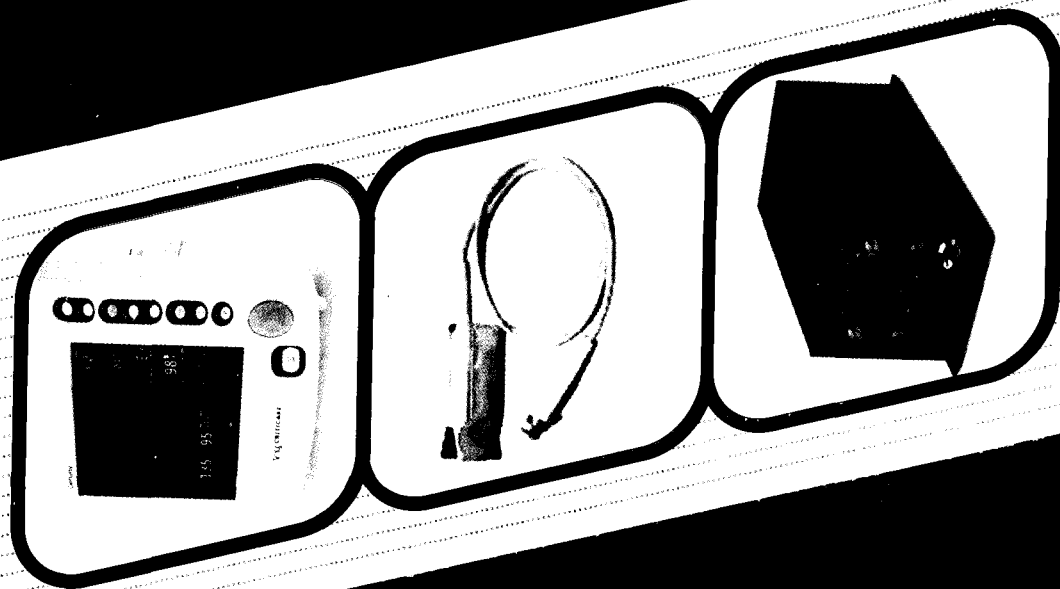


# 27<sup>th</sup> Annual Report 2007-08

ADVANCED MICRONIC DEVICES LTD.





## ADVANCED MICRONIC DEVICES LTD.

<b>BOARD OF DIRECTORS</b>	• Mr. Vinod Ramnani	Chairman and Managing Director
	• Mr. Bhaskar Valiveti	Whole-Time Director
	• Mrs. Usha Ramnani	Director
	• Mr. V. Bala Subramaniam	Independent Director
	• Dr. Anvay Mulay	Independent Director
	• Dr. Suleman Adam Merchant	Independent Director
	• Mr. Rajkumar Raisinghani	Independent Director

<b>AUDITORS</b>	• M/s. Anand Amarnath and Associates
	Chartered Accountants
	S-2, II Floor, Gem Plaza
	No. 66, Infantry Road
	Bangalore - 560 001

<b>COMPANY SECRETARY</b>	• Mrs. Rose Chintamani
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<b>BANKERS</b>	• State Bank of India
	Bangalore Commercial Branch
	Hudson Circle, Bangalore - 560 001

• State Bank of Travancore
Industrial Finance Branch
M.G. Road, Bangalore - 560 001

<b>REGISTERED OFFICE AND INVESTOR'S SERVICE CELL</b>	• A-306, II Floor, Block I, KSSIDC Building, Electronic City, Bangalore - 560 100.
	Tel : 080-28521634 Fax : 080-41307586

### Annual General Meeting

Day & Date	: Tuesday, 30 <sup>th</sup> September 2008
Time	: 3.00 P.M.
Venue	: NIMHANS CONVENTION CENTRE NIMHANS Campus, Hosur Road Bangalore-560 029.



## DIRECTOR'S REPORT

### DEAR SHAREHOLDERS,

Your Directors have pleasure in presenting the Twenty Seventh Annual Report on the business and operations of the Company together with the audited financial statements and auditors report for the financial year ended 31<sup>st</sup> March 2008.

<b>Financial Results</b>		(Rs. in Lakhs)
<b>Particulars</b>	<b>Year Ended 31-03-2008</b>	<b>Year Ended 31-03-2007</b>
<b>Turnover and Profitability</b>		
Gross Sales	5261.10	4982.67
Total Expenditure	4505.40	4400.03
Profit before Depreciation and Financial Charges	755.70	582.64
Depreciation	100.06	46.40
Financial Charges	199.49	207.87
Profit before Tax	456.15	328.37
Provision for Taxation	172.88	124.37
Profit after Tax	283.27	204.00
Prior year adjustments	(178.82)	(36.91)
Add Profit brought forward from previous year	437.65	403.53
Profit available for Appropriation from Operations	542.10	570.62
<b>Appropriations</b>		
Proposed Dividend	105.62	105.62
Provision for Tax on Proposed Dividend	14.81	14.81
Transfer to General Reserve	7.83	12.53
Balance in Profit & Loss Account	413.84	437.66

## RESULTS FROM OPERATIONS

### TURNOVER AND PROFITABILITY

The gross sales and other income for the financial year under review was Rs. 5261.10 lakhs. The Profit before Tax (after depreciation and Financial charges) was Rs. 456.15 lakhs and Profit after Tax (before extraordinary items) was Rs. 283.27 lakhs.

### APPROPRIATIONS

#### DIVIDEND

Considering the performance of the Company, your Directors are pleased to recommend a dividend of 20% on the paid-up Equity Share Capital of the Company for the year 2007-08.

### TRANSFER TO GENERAL RESERVE

We propose to transfer Rs. 7.83 lakhs to General Reserves.

### CAPITAL STRUCTURE

During the financial year under review, the Authorized Share Capital of your Company was increased from Rs. 7,50,00,000 to Rs. 10,00,00,000 as approved at the 26<sup>th</sup> Annual General Meeting held on 25<sup>th</sup> September 2007.

### CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of Corporate Governance and disclosure practices. Company is ensuring compliance of law and adherence to ethical standards to enhance customer value. A separate section on Corporate Governance along with a certificate from the auditors confirming the level of compliance is annexed and forms a part of the Directors' Report.

### DIRECTORS

Mr. V. Bala Subramaniam and Dr. Anvay Mulay retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for reappointment.

### AUDITORS

M/s. Anand Amarnath & Associates, Chartered Accountants, Bangalore (Formerly known as M/s. Anand Shenoy & Co.) retire at the conclusion of the forthcoming Annual General Meeting. We have received intimation on their change of name with effect from 16<sup>th</sup> April 2008 without any change in the constitution of the firm, duly confirmed by The Institute of Chartered Accounts of India. 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 (1B) of the Companies Act, 1956.

In the report by the auditors under Companies (Auditors' Report) Order, 2003 (as amended), the Auditors have reported that the Company has maintained proper records of all Accounting transactions.

With regard to the observation made in Point No. iv of the Audit Report on the Gratuity provisions made, we have initiated action to approach the Gratuity Actuarial to make remittance.

Regarding the Point No. ix on the Annexure to Auditors Report, we are in the process of remitting the due amount to the Department and shall ensure that it is paid in the earliest possible time.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The report as required is given as Annexure I and forms part of the Directors' Report.

### FIXED DEPOSITS

During the year under review, your Company has not accepted any deposit under Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975.



## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to the Directors Responsibility Statement, your Directors state :

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;
- (ii) that the selected Accounting Policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March 2008 and of the profit of the Company for the year ended on that date;
- (iii) that proper and sufficient care has been taken 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; and
- (iv) that the annual accounts have been prepared on a going concern basis.

## PARTICULARS OF RESEARCH AND DEVELOPMENT, CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO ETC.

Particulars required under Section 217 (1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in the Annexure-II to the Report.

## PARTICULARS OF EMPLOYEES

The details of Employees of the Company who received remuneration in excess of the limits prescribed under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is given in the Annexure-III to the report.

## ACKNOWLEDGEMENTS

Your Directors place on record their gratitude to the Central Government, State Government and Company's Bankers for their assistance, co-operation and encouragement extended to the Company. Your Directors also thank and sincerely appreciate the Dealers, Business Associates and Employees at all levels for their unstinting efforts in ensuring an excellent all round operational performance. Last but not the least the Directors would also like to thank valuable shareholders for their support and contribution. We look forward for their continued support in the future.

For and on behalf of the Board

Place: Bangalore  
Date : 27<sup>th</sup> May 2008

**VINOD RAMNANI**  
Chairman & Managing Director

## ANNEXURE - I

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### FORWARD – LOOKING STATEMENTS

*All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures and financial results, are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect Management's analysis only as of the date hereof. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.*

#### OVERVIEW

The Financial statements have been prepared in compliance with the requirements of the Companies Act, 1956, guidelines issued by the Securities and Exchange Board of India (SEBI) and Generally accepted Accounting Principles (GAAP) in India. Our Management accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgements used therein. The estimates and judgements relating to financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present our state of affairs, profits and cash flows for the year.

#### a) INDUSTRY STRUCTURE AND DEVELOPMENTS, OPPORTUNITIES AND THREATS, OUTLOOK, RISKS AND CONCERNS :

The Company's activities are diversified and each business segment is in a widely varying industry type. To make the Analysis and Discussion clearly understandable, each Business division has been covered separately.

##### i) HEALTHCARE DIVISION :

##### Industry structure and development

The medical device industry has seen rapid changes in the past 5 years driven by changes in technology and treatment protocols for patients. Medical device Companies successfully navigate the many challenges by ensuring better innovation throughout the process to enhance product quality.



### Outlook on Opportunities

India is one of the fastest growing markets in the world for medical devices. The Medical equipment and devices market will continue to grow by 10%-12% annually through 2010. Government is also becoming more responsive to the modernization needs of the sector in the Country, giving us tremendous business opportunities. We continue to be one of the top medical equipment marketing Companies in India, with our experience of over 30 years in marketing and servicing of medical equipment.

With our new range of products in the non invasive segment, from Criticare, USA and extended network of strategic business associates and distributors, the Company looks forward to a new growth trajectory in the coming years.

### Outlook on Threats, Risks and Concerns

The Company operates in a regulated environment and has to comply with the broad range of regulatory controls in the market. Further, the generic business has certain inherent compliance related issues.

*Apart from these, some other key risks faced by the division include the rise in cost of products, exchange rate fluctuations, tax laws and significant changes in the global political and economic environment.*

## ii) STRATEGIC ELECTRONIC (SED) AND INFORMATION TECHNOLOGY DIVISIONS.

### Industry structure and development

As per the Finance ministry's annual report card on the Indian Economy, "The economy has moved decisively to a higher growth phase". The outlook for 2008-09 is "optimism, but with caution as the watchword." India's GDP grew at 8.7% during 2007-08. One section of economists feel that India's economic growth will slow down to 8.4% by 2009 on the backdrop of higher interest rates and the country will need further reforms for sustainable high rates of growth.

Over the last few years, there have been tremendous changes in technology and global markets. The growing awareness of new products and technologies is creating new markets and competition for Organizations.

### Outlook on Opportunities

The Division has been in the forefront in offering leading edge technology products and solutions in the specific areas of Global Positioning System and services, Electronic Data Automation (EDA) software, Simulation and Automation Products, Design Services and Hardware and software maintenance.

Through a combination of multiple technologies, products and Services this division has achieved high stability and growth rate over the past years.

During the past ten years, awareness of GPS technology has spread very well in India. Today the demand for GPS based products in defence, aerospace, industries, Government and private survey organizations, research institutes, educational organizations are registering steady growth. In the defence sector major developments completed during the past decade are getting into production phase which brings volume business for us.

Opportunities for the GPS services group comes from various Government Organizations, who are investing heavily in power transmission lines. This give the service group a lot of opportunities for survey work.

The healthy growth of electronics Industry in India in turn grows the demand for design tools. This trend opens up new business opportunities for SED. Recognizing the demand for engineers with expertise in advanced design tools, many universities are including EDA tools in their syllabus. Educational sector being a major customer segment of SED for EDA tools this initiative of universities will bring in good business.

In its constant endeavor to pursue new business opportunities, EDA Services Group is extending its scope of services from PCB design to the next phase; namely; CAM Services. It has already tied up with a foreign customer who will be down loading its CAM Designs requirements to SED. Dedicated high Speed networks, computer systems, etc. are being installed for this new business.

Increasing complexity of products and reducing time to market, forces product developers to run simulation models instead of building prototypes before releasing products for production. This is a constantly growing market whether the end products are electrical machines or optical communication products. Hence the market for the Simulation and Automation tools is constantly growing.

The increasing focus on achieving better power management is opening up new application areas such as efficient environment management, street light management etc. The business of Simulation and Automation Products group is benefited from this trend.

The Information Technology Services group continues to enjoy new opportunities created by the continuous increase in demand for the latest IT hardware and software to help customers increase their revenue base.





### Outlook on Threats, Risks and Concerns

The Divisions' activities are in high end technology areas, where technological obsolescence is a constant threat. Special focus is being given for getting its personnel trained at principal's facilities and also by arranging training in India. Managerial staff is given training on management skills and soft skills. These conscious efforts keep its staff highly trained and competent in their respective areas of activities.

Since most of the products are of foreign origin the fluctuations in currency rates will affect the margins. By a judicious mixing of Dollar trading and Rupee trading the margins are protected.

Policy decisions of Principals, their countries and our own exim policies will affect the business of SED to a great extent. However the large number of principals SED is representing in India gives a very good stability and avoids total dependency on any one principal, technology or customer segment.

### iii) **BANKCARD TECHNOLOGY DIVISION**

#### Industry structure and development

The landscape of the Indian Economy and business is witnessing significant changes. Technological innovations and globalization is creating a very competitive market environment that is driving Companies to transform and adapt to the changes. The ability to design, develop, implement and maintain advanced technology platforms and solutions to address business and Customer needs has become a competitive advantage and priority for Organizations' worldwide.

#### Outlook on Opportunities

At present our product portfolio consists of Phoenix 9600 EDC payment terminal and Access thermal printer. Further, we have enhanced the design of these two products with Biometrics (Finger Print Authentication) and the printer with a Bluetooth option to support mobile phone based payment industry.

The Biometric based terminal for access to high security zones and printer for Micro Finance application and managing distribution of pension funds are increasing to an appreciable level. With limited players in the market for such products, we find tremendous opportunities for growth. Further, mobile enabled payment is soon becoming the order of the day thereby giving us an edge.

The outlook for the sale of our terminal looks promising with increase in sales to Corporates for loyalty programs. The Access Thermal Printer with Biometric and Bluetooth option enhances the product features, thereby vastly increase the demand for such printers.

### Outlook on Threats, Risks and Concerns

The threats are broadly divided into competitive threats from other product vendors and emerging technology threats from mobile phone payment technologies (creation of virtual plastic card) and on-line Wallet program by Google and others. Our focus is in strengthening the product features of our payment terminal and Access Printer.

### b) **INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY :**

Your Company has adequate internal control systems to ensure that all transactions are authorized, recorded and reported correctly. All transactions are also subject to internal and external audit. The details on the composition and functions of the Audit Committee can be found in the section on Corporate Governance of this annual Report.

### c) **DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE :**

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956.

Amount in Rs.

Particulars	As on 31-03-2008	As on 31-03-2007
<b>SOURCES OF FUNDS</b>		
<b>Shareholders funds</b>		
Share Capital	52,811,000	52,811,000
Reserve & Surplus	126,474,035	128,072,532
	<u>179,285,035</u>	<u>180,883,532</u>
<b>Loan Funds</b>		
Secured Loans	122,427,738	145,775,950
<b>Deferred Tax Liability</b>	5,091,275	5,091,275
	<u>306,804,048</u>	<u>331,750,757</u>
<b>APPLICATION OF FUNDS</b>		
<b>Fixed Assets</b>		
Cost	123,685,570	121,809,514
Less : Accumulated depreciation	31,335,237	22,283,333
Net Book Value	<u>92,350,333</u>	<u>99,526,181</u>
<b>Investments</b>	2,850,225	2,850,225
<b>Current Assets, Loans and Advances</b>		
Inventories	267,599,074	279,073,557
Sundry Debtors	315,849,850	222,122,255
Cash & Bank Balances	50,349,905	64,284,557
Loans & Advances	52,636,661	61,409,110
	<u>686,435,490</u>	<u>626,889,479</u>
<b>Less: Current Liabilities and provisions</b>	474,832,000	397,515,128
<b>Net Current Assets</b>	<u>211,603,490</u>	<u>229,374,351</u>
	<u>306,804,048</u>	<u>331,750,757</u>



### SHARE CAPITAL (Issued, subscribed and paid up)

The Company has only one class of shares viz. equity shares of par value Rs. 10/- each. The authorized share capital of the Company is Rs. 10,00,00,000 constituting 1,00,00,000 equity shares of Rs. 10/- each. The paid up share capital of the company is Rs. 52,811,000 comprising 52,81,100 shares of Rs. 10/- each.

### RESERVES AND SURPLUS

The total reserves and surplus has decreased from Rs. 128,072,532 on March '07 to Rs. 126,474,035 on March '08. The decrease has been on account of prior year adjustments of Rs. 17,882,055.

### LOAN FUNDS

The secured loans have decreased from Rs. 145,775,950 in March '07 to Rs. 122,427,738 in March '08 due to repayment of Bank borrowings.

### FIXED ASSETS

During the year, the Company has capitalized assets to the extent of Rs. 4,063,365 and disposed assets to the tune of Rs. 1,937,453. The Company has started depreciating the capitalized assets over their estimated useful lives during the year, thereby resulting in an increase in accumulated depreciation.

### CURRENT ASSETS, LOANS AND ADVANCES

Inventories have decreased from Rs. 279,073,557 in March '07 to Rs. 267,599,074 in March '08.

Sundry debtors stood at Rs. 315,849,850 as at March '08 compared to Rs. 222,122,255 as at 31<sup>st</sup> March 2007. These debtors are considered good and realizable.

Cash and bank balances have reduced from Rs. 64,284,557 as at 31<sup>st</sup> March 2007 to Rs. 50,349,905 as at 31<sup>st</sup> March 2008.

Loans and advances have reduced from Rs. 61,409,110 as at 31<sup>st</sup> March 2007 to Rs. 52,636,661 as at 31<sup>st</sup> March 2008.

### CURRENT LIABILITIES AND PROVISIONS

Current Liabilities and Provisions have increased from Rs. 397,515,128 as at 31<sup>st</sup> March 2007 to Rs. 474,832,000 as at 31<sup>st</sup> March 2008. This increase of Rs. 77,316,872 is mainly due to increase in provision for taxation, Tax on dividend and Liabilities for expenses.

Creditors decreased from Rs. 168,618,132 as at 31<sup>st</sup> March 2007 to Rs. 135,306,265 as at 31<sup>st</sup> March 2008.

The Company has proposed a dividend of Rs. 10,562,200 (20%) for the year ended 31<sup>st</sup> March 2008.

### REVENUES

#### Profit And Loss Account for the year ended 31<sup>st</sup> March 2008

Amount. in Rs.

Particulars	31-03-2008	31-03-2007
<b>INCOME</b>		
Sales	524,209,998	494,730,145
Other income	1,899,732	3,536,454
	<b>526,109,730</b>	<b>498,266,599</b>
<b>EXPENDITURE</b>		
Cost of Goods Sold	333,449,968	330,750,018
Administrative & Selling Expenses	117,090,358	109,253,081
Interest & Financial Charges	19,948,565	20,786,944
	<b>470,488,891</b>	<b>460,790,043</b>
<b>PROFIT BEFORE DEPRECIATION &amp; TAXES</b>	<b>55,620,839</b>	<b>37,476,556</b>
Depreciation	10,006,153	4,639,594
<b>PROFIT BEFORE TAXES</b>	<b>45,614,686</b>	<b>32,836,962</b>
Provision for Taxes		
Current Tax	16,028,000	10,600,000
Deferred Tax	(35,000)	678,000
Fringe Benefit Tax	1,294,579	1,158,502
Prior year Adjustments	17,882,055	3,691,117
<b>NET PROFIT FOR THE YEAR</b>	<b>10,445,052</b>	<b>16,709,343</b>
Balance brought forward from the previous year	43,765,071	40,352,477
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>	<b>54,210,123</b>	<b>57,061,820</b>
Proposed dividend on equity shares	10,562,200	10,562,200
Tax on proposed dividend	1,481,349	1,481,349
Transfer to General Reserve	783,379	1,253,200
<b>BALANCE AT END OF THE YEAR</b>	<b>41,383,195</b>	<b>43,765,071</b>

The Company's total income has three segments.

- ◆ Sales and Service of Healthcare products
- ◆ Sales and Service of Information Technology products
- ◆ Other Income



The following table sets out the contribution of each of these segments for the years ended 31<sup>st</sup> March 2008 and 31<sup>st</sup> March 2007

Amount. in Rs.

Segment wise Revenue	31-03-2008	31-03-2007
Health Care	303,401,000	291,182,000
Information Technology	220,808,998	203,548,145
Others	1,899,732	3,536,454
<b>TOTAL</b>	<b>526,109,730</b>	<b>498,266,599</b>

Segment wise contribution	31-03-2008	31-03-2007
Health Care	36,598,000	27,665,000
Information Technology	27,065,268	29,573,546
Others	1,899,732	3,536,454
<b>TOTAL</b>	<b>65,563,000</b>	<b>60,775,000</b>

#### OTHER INCOME

Other income consists mainly of interest received on fixed deposits.

#### COST OF GOODS SOLD

The cost of goods sold has increased from Rs. 330,750,018 in the previous year to Rs. 333,449,968 in the year ended 31<sup>st</sup> March 2008 due to increase in sales. As a percentage of sales, material costs have increased by 0.82% during 2007-08.

#### OPERATING AND SELLING EXPENSES

Operating and selling expenses have increased from Rs. 109,253,081 in fiscal 2007 to Rs. 117,090,358 in fiscal 2008.

### ANNEXURE - II

#### CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, 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 :

- 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.
- Research and Development** : No R&D projects was under taken during the year.
- Technology Absorption** : Not applicable.
- Foreign Exchange Earning and outgo** : The Company earned Rs. 670.62 lakhs in Foreign Exchange. The Foreign Exchange outgo including for capital goods was Rs. 2504.61 lakhs.

### ANNEXURE - III

Information as per Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, and forming part of the Directors Report for the year ended 31<sup>st</sup> March 2008.

#### I. Employed throughout the year.

Employee Name	Designation	Qualification	Age	Joining Date	Experience (Years)	Gross Remuneration Rs.	Previous Employment
Bhaskar Valiveti	Whole-time Director	B.E.	52	24-08-2001	30	31,17,830	Altron Industries Pvt. Ltd., Director

#### II. Employed for part of the year - Nil

III. There were no Employees covered under the provisions of the Section 217(2A)(a)(III) of the Companies Act, 1956.

IV. Mr. Bhaskar Valiveti is not related to any other Director and his nature of duty is Managerial.





## CORPORATE GOVERNANCE

A report containing the details of Corporate Governance systems and procedures for the period from 1<sup>st</sup> April 2007 to 31<sup>st</sup> March 2008 in accordance with Clause 49 of the Listing Agreement with Stock Exchange is as follows :

### 1. PHILOSOPHY ON THE CODE OF CORPORATE GOVERNANCE:

Corporate Governance at Advanced Micronic Devices Limited has been a continuous journey and the Company continues to evolve and adopt best practices of Corporate Governance. Over the years the Company has evolved Corporate Governance Systems and Procedure envisaging on transparency, accountability, integrity, consistent value systems, delegation and responsibility. The Company continues to exercise and reiterate its commitments to pursue the principles of Corporate Governance in the over all interest of all the stakeholders.

### 2. BOARD OF DIRECTORS

#### (i) Composition and category :

As on 31<sup>st</sup> March 2008 the Board of Directors comprises Seven Directors, which include Two Executive Directors and Five Non-Executives, of which four are Independent Directors. Mr. Vinod Ramnani is the Chairman and Managing Director and Mr. Bhaskar Valiveti is the Whole-time Director of the Company.

The Board of Directors (Board) of your Company is constituted by the shareholders. The Board is the apex decision making body of the Company. It decides the strategic policies of the Company and directs its implementation. Effectiveness of the policies is evaluated and deviations if any are controlled by the Board.

The Board and Committee Meetings of the Company are conducted professionally to ensure good corporate governance and creation of value for all the stakeholders.

During the year Nine Board Meetings were held on the following dates.

SL	Date of Board Meeting	SL	Date of Board Meeting	SL	Date of Board Meeting
01	28-04-2007	04	25-08-2007	07	15-12-2007
02	28-06-2007	05	25-09-2007	08	29-01-2008
03	24-07-2007	06	24-10-2007	09	20-02-2008

#### (ii), (iii) & (iv)

Meetings & Attendance record of Directors and other Directorships / Committee Memberships

The details of the Directors with regard to other Directorships, Committee Memberships as on 31<sup>st</sup> March 2008 and their attendance at the Board / Last Annual General Meeting is as given below:

Name & Category	Date of Appointment	No. of Board Meetings Attended	No. of Memberships in the Board of other Companies*	Memberships of Board Committees in all Companies**	Chairman of Board Committees in all Companies**	Whether last AGM Attended
Mr. Vinod Ramnani Chairman & Managing Director	24-08-2001	07	02	Nil	Nil	Yes
Mr. Bhaskar Valiveti Executive Director	24-08-2001	09	Nil	Nil	Nil	Yes
Mrs. Usha Ramnani Non Executive Director	24-08-2001	09	02	02	Nil	No
Dr. Suleman Adam Merchant Non Executive Independent Director	31-12-2005	02	01	02	02	Yes
Dr. Anvay Mulay Non Executive Independent Director	31-12-2005	01	01	Nil	Nil	No
Mr. Rajkumar Raisinghani Non Executive Independent Director	31-12-2005	07	02	04	Nil	Yes
Mr. V. Bala Subramaniam Non Executive Independent Director	31-12-2005	07	01	Nil	02	Yes

\* Membership across all Companies excluding Private Companies, Foreign Companies and Companies under Section, 25 of the Companies Act, 1956.

\*\* Chairmanship / Membership of Audit Committee and Share Holders & Investors Grievance Committee.



#### Relationship between Directors

Mr. Vinod Ramnani, Chairman and Managing Director and Mrs. Usha Ramnani, Director being husband and wife are related to each other.

#### (v) CODE OF CONDUCT :

The Board of Directors of your Company have laid down a code of conduct ('the code') applicable to all Board Members and Senior Management personnel of your Company. A Declaration from the CEO of your Company to the effect that all Board Members and Senior Management personnel of your Company have affirmed Compliance with the code forms a part of this Report.

#### 3. AUDIT COMMITTEE:

(i) & (ii) The Company has a qualified and independent Audit Committee. The Present Committee consists of 3 members as given below :

SI No	Name of the Member	Category	Position
01	Mr. V. Bala Subramaniam	Non Executive Independent Director	Chairman
02	Dr. Suleman Adam Merchant	Non Executive Independent Director	Member
03	Mr. Rajkumar Raisinghani	Non Executive Independent Director	Member

(iii) during the year five audit committee meetings were held. The requirements on periodicity and time gap between two meetings were in accordance with the requirements of Clause 49 of the Listing agreement.

The details of the Committee and attendance at the Meetings are given below :

SI No	Name of the Member	Position	No. of Meetings Attended
01	Mr. V. Bala Subramaniam	Chairman	05
02	Dr. Suleman Adam Merchant	Member	01
03	Mr. Rajkumar Raisinghani	Member	05

#### The Audit Committee has the following powers :

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

#### The role of the Audit Committee includes the following :

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are fairly stated.
2. Recommending to the Board, the appointment, re-appointment and if required the replacement or removal of statutory auditor and fixation of audit fee.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditor.
4. Reviewing with Management the annual financial statement before submission to the Board for approval, with particular reference to :
  - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
  - b) Changes, if any, in accounting policies and practices and reasons for the same.
  - c) Major accounting entries involving estimates based on the exercise of judgment by Management.
  - d) Significant adjustments made in the financial statements arising out of audit findings.
  - e) Compliance with listing and other legal requirements relating to financial statements.
  - f) Disclosure of any related party transactions.
  - g) Qualifications in the draft audit report.
5. Reviewing with Management the quarterly financial statements before submission to the Board for approval
6. Reviewing, with the Management, the statements of uses / application of funds raised through an Issue (Public Issue, Rights Issue, Preferential Issue etc.), the statement of funds utilized for purposes other than those stated in the offer documents / prospectus / notice and the report submitted by the monitoring agency, monitoring the utilization of proceeds of a public or right issue and making appropriate recommendation to the Board to take up steps in this matter.
7. Reviewing with the Management performance of statutory and internal auditors and adequacy of internal control systems.
8. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing, and the seniority of the official heading the department, reporting structure, coverage and frequency of internal auditors.