



ADVANCED MICRONIC DEVICES LTD.

30th Annual Report 2010 - 2011



BOARD OF DIRECTORS

Mr. Vinod Ramnani,	Chairman and Managing Director
Mr. Bhaskar Valiveti,	Whole-Time Director
Ms. Usha Ramnani,	Director
Dr. Suleman Adam Merchant,	Independent Director
Dr. Anvay Mulay,	Independent Director
Mr. Rajkumar Raisinghani,	Independent Director
Mr. V. Bala Subramaniam,	Independent Director

AUDITORS

M/s Anand Amarnath and Associates
Chartered Accountants
S-2, II Floor, Gem Plaza,
No. 66, Infantry Road
Bengaluru - 560 001

COMPANY SECRETARY

Ms. Rose Chintamani

BANKERS

State Bank of India
Bengaluru Commercial Branch
Hudson Circle, Bengaluru - 560 001

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

REGISTERED OFFICE AND INVESTORS SERVICE CELL

A-306, II Floor, Block I, KSSIDC Building,
Electronics City, Hosur Road, Bengaluru - 560 100.
Tel : 080-28521634
Fax : 080-41307586
Email : investorsservices@amdcorp.com

WEBSITE

www.amdcorp.com

Annual General Meeting

Day & Date : Wednesday, 28th September 2011

Time : 2.30 P.M.

Venue : St. John's Medical College Hospital Auditorium
Opp: Koramangala BDA Complex,
100 Feet Road, Koramangala,
Bengaluru 560 034.



Chairman's Message

Dear Shareholders,

The macro economic trends for FY 2010-11 remained positive against the backdrop of 8.6 per cent growth in FY 2010-11 (according to the Advance Estimate of Central Statistics Office). Overall growth in the Index of Industrials, during April-February 2010-11 was 7.8 per cent. The outlook on the industries we cater to has continued to remain positive notwithstanding the existing concerns over inflation and rising interest rates.

Against this backdrop, the Company has undertaken several initiatives to streamline its business and prepare for the opportunity within the industry verticals it caters to, especially the healthcare segment.

The total sales of your Company rose by 9.5% to Rs. 724.33 mn in FY 2010-11.

Strategic Re-alignment

In the Healthcare Division we undertook a strategic re-alignment of our product portfolio, whereby we focussed only on the products of our group companies. The key product portfolio encompasses medical equipment for the cardiology segment and others such as vital signs patient monitors, respiratory and anesthetic care monitors, automated external defibrillators and vascular diagnostic equipment.

In this division, we reported revenues of Rs. 393.46 million for FY 2010-11. With a hospital industry growth rate of 25-30% we are confident of good growth in this segment in line with strategic realignment of our product portfolio with primary focus on products of group companies, streamlining of sales and marketing processes and rationalization of costs. Going forward, we are confident that all these measures will enhance the growth prospects of our Company.

At present this segment contributes 54% of the total revenue and with the strategic re-alignment of the portfolio AMDL is equipped to cater to the intensive care and cardiac units of hospitals. This will also be the focus area for the Company in addition to the Tier II and Tier III Cities.

AMDL's presence in Indian Healthcare is augmented with products in diagnostic cardiology and critical care, which are expected to drive growth in the future.

On the Growth Track

Our Strategic Electronics Division (SED) and Information Technology Division grew by 31.6 % year on year with revenues at Rs. 324.77 million. This was primarily on account of good traction from the defense and aerospace industries.

In addition to these, our Company also caters to Energy and Infrastructure, Telecom, Government organisations and Private players and is making reasonable headway into each of these. Our competitive edge is enhanced by our uninterrupted and close interaction with our customers. We, thus, have a detailed understanding of their requirements and hence, are able to provide the best technology at an affordable cost.

This segment has been divided into several groups, each targeting niche industry requirements. Last year, the Indian Space Research Organization and Defense Research and Development Organizations have initiated major programs and the GPS



Group from SED was a part of many of these programs. It successfully completed the projects and deliveries. It has also signed an agreement with one of the high-tech global companies to provide technical support to the telecom customers.

The GPS group added many private organizations of the Indian Power sector to its list of customers while the Electronics Design Automation group further strengthened its strong presence in the education and defense sector.

Another activity of the division is in the growing market of Energy Management Solution for street light management and Intelligent Building Management. This market is a nascent one and the Company already has a head start with a few projects in hand. This division always works at the leading edge of technology and there will be a certain gestation period before technology promotion efforts start bringing in revenue and margins. Coming years will see the results of the new technology promotion in the areas of Energy Management, Infrastructure and related industries.

The Information Technology Services comprise managed services and installation. The Company intends to expand its scope of services and leverage its strong relationships with hardware manufacturers and other clients.

The Bank Card Division is expected to grow on the back of the reform policies of the Government to implement e-governance initiatives across various divisions. RBI's initiatives, in enabling Mobile payment transactions, guidelines for Microfinance and adapting Mobiles for the retail industry segment would result in greater demand for our product: Plans such as cash subsidy instead of goods subsidy, extending Banking facilities to all the villages with less than a population of 2000 people and use of Biometric Technology to provide verification of Aadhaar to deliver the key results of the Government; the requirement of a receipt for the services offered would be met by our compact printers.

A Vote of Thanks

I must acknowledge here that the Company's success and seamless re-alignment would not have been possible without the support of the various stakeholders of the Company. I take this opportunity to thank the customers, shareholders, vendor partners and employees for their support and also thank the Board for its guidance.

We are now well positioned to further grow and we shall leave no stone unturned to translate this potential into performance in the year ahead.

Chairman & Managing Director

Vinod Ramnani

From the Director's Desk

An industry veteran with over three decades of professional experience, AMDL's Whole Time Director, Bhaskar Valiveti provides an insight into the business developments as well as its future growth prospects.

Hereunder, is a compilation of some of his select musings that provide an insight into his management vision for the Company.

Opportunities abound in a booming economy and the industries we operate in; we, at AMDL, are quite excited about the times ahead. Given the strong track record of our management and the strong execution abilities of our team, we remain positive on the growth prospects of the Company."

"In the year gone by, we undertook several strategic repositioning initiatives on the product side. We are no longer marketing low margin products, and our focus is now on marketing our Group Companies products which also provide better margins. This redefinition should form the basis of an enhanced performance for the Company in the years to come."

"Given the potential of the Indian markets, our redefined focus will enable us to increase the momentum of our marketing strategies and generate better business through better positioning and higher efficiencies."

"Keeping pace with technological changes is critical to our success. We focus on emerging trends, new technologies, and specific industries where we see huge potential. The Healthcare Division holds out tremendous growth potential given the multiple emerging opportunities while the Strategic Electronics & Information Technology Divisions too have bright prospects."

"With respect to the healthcare segment, we foresee good demand from the growing number of hospitals and increased economic activity in Tier II and Tier III cities resulting in better healthcare demand and spending. The fact that healthcare spending is non-discretionary expenditure reinforces our positive outlook from this business segment given its renewed focus"

"In the Strategic Electronics Division, tapping newer industry verticals and enlarging the offerings in existing industries is expected to drive growth in the future. With technology specific groups in place, the segment is expected to provide diversification to the overall business model of the Company."

"While the short-term environment is challenging, we remain confident about our long-term prospects. Also, as the Indian economy progresses, the increasing investments and advancements in our end user industries boosts our confidence in our new initiatives."

"If you look at the tenets of sustainability, I believe that our Company has it on account of a sound business model with a product portfolio that is diverse in terms of client base and geography, the best-in-class technology offerings, a result oriented management team supported by our qualified sales teams and execution groups."



DIRECTORS' REPORT

To
The Shareholders,

The directors are pleased to present the thirtieth annual report on the business and operations of the Company, together with the audited financial statements and auditors report for the financial year ended 31st March 2011.

Financial Results

(Rs. in lakhs)

Particulars	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Turnover and Profitability		
Gross Sales	7243.35	6617.25
Total Expenditure	6784.93	6078.05
Profit before Depreciation and Financial Charges	458.42	539.20
Depreciation	78.93	70.81
Financial Charges	190.33	189.62
Profit before Tax	189.16	278.77
Provision for Taxation	(71.49)	(99.09)
Profit after Tax	117.67	179.68
Prior year adjustments	56.19	(153.83)
Add: Profit brought forward from previous year	464.23	499.25
Profit available for Appropriation from Operations	638.09	525.10
Appropriations		
Proposed Dividend	79.22	52.81
Provision for Tax on Proposed Dividend	14.26	7.41
Transfer to General Reserve	8.69	0.65
Balance in Profit and Loss Account	535.92	464.23

Results from Operations

The total income of your Company grew by around 9.50% over the previous year.

Turnover and Profitability

The gross sales and other income for the financial year under review was Rs.7243.35 lakhs. The profit before tax (after depreciation and financial charges) was Rs.189.16 lakhs and Profit after Tax (before extraordinary items) was Rs.117.67 lakhs.

Appropriations

Dividend

Considering the performance of the Company, your directors are pleased to recommend a dividend of 15% on the paid-up equity share capital of the Company for the year 2010-11.

Transfer to General Reserve

The Board of Directors propose to transfer Rs. 8.69 lakhs to general reserves.

Capital Structure

During the financial year under review, the share capital of your Company remained unaltered.

Corporate Governance

The Company is committed to maintaining the highest standards of Corporate governance and disclosure practices. The Company ensures compliance to 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

There was no change in the Board of Directors of the Company during the year. Mr. Vinod Ramnani 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, Bengaluru, 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(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 respect to observations made by the auditors in their report dated 17th May, 2011, under note IX of Annexure to the Auditors Report, the responses of the Board are as follows:

The Company is in the process of remitting the due amount to the respective department and will ensure that the same 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 deposits falling under section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975. There are no overdue deposits, due for payment as on the close of the year.

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 that:

- (i) We have followed the applicable accounting standards in preparation of the annual accounts and there has been no material departure;

- (ii) We have selected such accounting policies and applied them consistently and 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 on 31st March 2011 and of the profit of the Company for the year ended on that date;
- (iii) We 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; and
- (iv) We have prepared the annual accounts on a going concern basis.

Particulars of Research and Development, Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

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 would like to place on record their gratitude for all the guidance and cooperation received from all the Company's clients, vendors, bankers, financial institutions, business associates, advisors, regulatory and government authorities.

Your directors also take this opportunity to thank all the Company's investors and stakeholders for their continued support and all employees for their valuable contribution and dedicated service.

For and on behalf of the Board of Directors,

VINOD RAMNANI
Chairman & Managing Director

Place: Bengaluru
Date: 22 August 2011

ANNEXURE – I**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****Macroeconomic Overview**

The overall growth of Gross Domestic Product (GDP) at factor cost at constant prices, as per Advance Estimates, was 8.6 per cent in 2010-11 representing an increase from the revised growth of 8.0 per cent during 2009-10, according to the Advance Estimate (AE) of Central Statistics Office (CSO). Overall growth in the Index of Industrial Production (IIP), during April-February 2010-11 was 7.8 per cent.

The current macroeconomic environment though positive, still poses significant short and medium term challenges to sustained growth. The global economic crisis affected the Indian economy too, but, India fared relatively better than the rest of the world. The volatility in oil prices and exchange rates and rising inflation became significant factors affecting corporate and consumer sentiment.

- a. Industry Structure and Developments, Opportunities and Threats, Segment-wise, Product-wise Performance, Outlook, Risks and Concerns:

The Company has a well-diversified product portfolio and geographic reach. With its balanced mix of revenues coming from multiple business segments from different regions, it is well positioned to manage any slowdowns in one business division or a specific geography.

As a response to the slowdown, a slew of initiatives were taken, aiming at cost optimization and efficiency improvement across businesses and functions. The close monitoring of cash flow and sharper focus on cash generation has been working favorably for the Company.

The Company's activities are diversified and each business segment is widely varying in nature. To make the analysis and discussion clearly understandable, each business division has been covered separately.

i) Healthcare Division (HCD)**Industry Outlook:**

The USD 50 billion-a-year health care industry has grown rapidly and is now the second-largest service-sector employer in the country and the healthcare sector will double its size to USD 100 billion by 2015.

By 2020, the Indian healthcare industry is estimated to be worth USD 275.6 billion. Currently, 8 per cent of India's GDP is spent on healthcare and India needs to spend at least USD 80 billion more in the next five years to meet targets. In India, the establishment of a world class pharmaceutical manufacturing and services industry has materialized. Medical tourism too has been on the ascent in recent years. The government too has undertaken various initiatives to provide healthcare facilities. As per the data released by the Department of Industrial Policy and Promotion (DIPP), the drugs and pharmaceuticals sector has attracted foreign direct investment (FDI) worth USD 2.4 billion between April 2000 and April 2011, while hospitals and diagnostic centers have received FDI worth USD 1.03 billion in the same period.

The medical devices segment has been a natural beneficiary of this trend and by 2014, the Indian medical devices & equipment market is expected to reach USD 6.41 billion, growing 15.5% annually.

India is growing as a key market for medical devices and equipment. The industry has witnessed tremendous growth over the last decade and the current development and pace will trigger the market to reach the estimated market size.

Several joint ventures, agreements and loan licensing procedures have influenced the market. The government has also taken several reforms to develop the market by regulating it to make it more transparent by allowing foreign investments in the industry.

A growing economy, lifestyle related health issues, improving healthcare insurance penetration, government initiatives and increasing disposable income are the key drivers that will create a robust future for this industry. India offers substantial opportunities for the direct supply of high-end technology, specialized medical equipment, products and systems.

Business Review:

AMDL's Healthcare Division (HCD) is focused on offering solutions in the area of Diagnostic Cardiology, Vascular Diagnosis, Critical Care and Anesthesia monitoring. With strategic realignment, AMDL is now focused on the products from group companies of Opto Circuits. AMDL's non-invasive healthcare product basket was initially focused towards hospitals in Tier II and Tier III cities. Now with products from Criticare Systems, Cardiac Science and Unetixs Vascular, AMDL has started reaching intensive care units (ICUs) and cardiac care units (CCUs) in corporate hospitals, teaching hospitals, Multi-Specialty and Super specialty hospitals of Tier-I cities.

AMDL's state-of-the-art medical equipment finds application in critical care centers, trauma centers, operation theatres in hospitals, teaching institutions as well as medium and small medical centers. With the inclusion of automated external defibrillators (AEDs) in its product basket, AMDL now also addresses the Out of Hospital Emergency Response market. AEDs are used in public buildings, arenas, airports, and emergency vehicles to improve survival rates for sudden cardiac arrest.

The Company has a strong track record with a rich experience of over three decades in the industry giving it the competitive edge in terms of established customer relationships and industry know-how.

AMDL is a healthcare solutions provider that not only provides modern medical equipment, but also provides personalized and quick after-sales service to its customers which helps it in acquiring and retaining long term customer relationships.

The Company is primarily focused on the cardiology and critical care segments of the healthcare industry which is expected to grow at the rate of 25-30% hereon.

The Company caters to its clients through its 7 branches comprising Bengaluru, Chennai, Delhi, Hyderabad, Kolkata, Mumbai and Thiruvananthapuram. While this gives the Company a pan Indian presence, going forward, the Company has planned to increase its presence in the Tier II and Tier III cities which are witnessing rapid economic development resulting in better healthcare awareness and facilities. The Company will establish a marketing base and after sales service teams in such areas during the coming years.

The division saw a realignment of its product strategy during the financial year 2010-11 which resulted in a drop in topline and operating margins. Along with renewed product strategy which now focuses on marketing the Group Company's products, AMDL also aligned its sales and marketing strategy to compliment the new product basket. The realignment initiatives also have resulted in better supply chain management and improvement in processes at all levels.

The efforts undertaken this year will fructify in the years to come and result in improved performance. We are taking steps towards major activities leading to realignment of sales, service and channel partner relationship management to make the business scalable and grow faster in the coming years. The Healthcare division is expected to be one of the key growth drivers for the Company over a period of time.

Risks and Concerns:

The Company faces competition from global medtech companies who are increasing their presence in India. Our long standing relationships with hospitals, our extensive coverage through dealers and our excellent after sales support give us a competitive edge over other players.