

**Advanced Micronic Devices Ltd**

# annual R E P O R T 2011-2012

Transforming Our Tomorrow



**amdl**

## **BOARD OF DIRECTORS**

Mr. Vinod Ramnani  
Mr. Bhaskar Valiveti  
Ms. Usha Ramnani  
Dr. Suleman Adam Merchant  
Dr. Anvay Mulay  
Mr. Rajkumar Raisinghani  
Mr. V. Balasubramaniam

Chairman and Managing Director  
Director  
Director  
Independent Director  
Independent Director  
Independent Director  
Independent Director

## **AUDITORS**

M/s Anand Amarnath & 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  
Commercial Branch  
Hudson Circle, Bengaluru - 560 001  
State Bank of Travancore  
Commercial Branch  
M.G. Road, Bengaluru - 560 001

## **REGISTERED OFFICE AND INVESTOR'S SERVICE CELL**

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## **CORPORATE OFFICE**

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### **Annual General Meeting**

Day & Date: Saturday, 29th September 2012

Time: 2.30 P.M.

Venue: Manipal County, No.65, Singasandra,  
Off Hosur Road, Bengaluru 560 068

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## Leading the Transformation

### From the Chairman's Desk

#### Dear Fellow Stakeholders

The year FY12 was a challenging one for the world economy characterized by instability, recession and financial crisis. Several major developing countries also witnessed deceleration in economic growth owing to a variety of factors including domestic policies.

Despite these challenges, the Indian healthcare industry which was pegged at US \$ 40 billion in 2010 is expected to reach US \$ 280 billion by 2020 as per Indian Healthcare - New Avenues for Growth, ([www.ibef.org](http://www.ibef.org)).

In challenging economic times, successful companies navigate short-term uncertainty while positioning themselves for long-term success. We too have initiated several measures by focusing our investments into talent acquisition, new products and segments with sustainable

growth potential, expanding our distribution network and implementing cost-saving initiatives to improve our profitability.

FY 2012 has been a year of transformation for our Company, with a foundation being laid for a more focused entity. We undertook a major rebranding and reorganization exercise for the Company, preparing it to capture a leading market position in the fast growing Indian Medical Equipment Industry. We are geared to be a part of this growth story in the healthcare segment through our premium as well as affordable healthcare solutions and are now experiencing increased customer placements and revenue growth driven by our new growth strategies for healthcare.

We have recruited a talented team of professionals who have the knowledge, ability and commitment to strengthen our presence in the industry. As we enter FY 2013, several strategies are under way, vertical-wise, to meet this goal.

For the out-of-hospital-segment, AMDL Health has introduced public access defibrillation products or automated external defibrillators (AEDs). AEDs are used to resuscitate victims of sudden cardiac arrest (SCA). We have launched a campaign to create awareness about SCAs and AEDs, so that many lives can be saved.

Our Strategic Electronics Division which is part of mission critical projects in India has made great progress this fiscal. We see good traction going forward owing to India's aspiration of having a strong, independent and self sustaining defense system. The Bank Card and Information Technology Divisions are doing well and continue to be a sustainable business.

The creation of shareholder value is at the heart of our successful future. We have built momentum across our business verticals in the past year. All our initiatives have given us the resources to secure a long term future in the industry and positioned us to deliver higher value for our stakeholders in the years to come.

Your continued support and confidence has a significantly positive effect on us and I would like to express my gratitude to all our shareholders for the same. I would also like to thank the Board, our Management and employees who are focused and committed to enhancing the value of our company. We look forward to a year of positive momentum for AMDL.

**Vinod Ramnani**  
Chairman & Managing Director





## Director's Note

### Undertaking a Journey

AMD L has embarked on a journey of transformation. This is in anticipation of a better tomorrow, we are optimistic about our future prospects and ability to grow.

The economic backdrop has been subdued, both in India and abroad. The Indian Central bank also lowered the economy's growth projection for the current fiscal to 6.5%.

However, the outlook remains extremely positive for the industries we cater to. Whether it is the healthcare and hospitals space for AMD L Health or the Infrastructure and Defense space for the Strategic Electronics Division, we have adopted strategies aimed at clear cut target markets.

### Foundation for a Better Tomorrow

On account of the restructuring process that we undertook last fiscal, we have witnessed a 17% de-growth in our sales from ₹ 7182.3 lakhs in FY 2011 to ₹ 5956.21 lakhs in FY 2012. We believe

that any transformation poses some challenges, which is why our numbers have been subdued. There was a drop in revenue as we pulled out of non-core and low value-addition businesses in Healthcare as well as Strategic Electronics.

Focused vertical strategies encompassing revamped product portfolios and sales channels led by a new leadership team have been undertaken to increase our scope of services as well as reach. We believe that we have laid the foundation of long term profitable growth with these measures and this is well reflected in the 1.88% rise in the EBITDA margins.

### Bolstering our Portfolio of Products

At AMD L Health (previously Healthcare division), our key segments are Cardiology and Critical Care. Within these, we have enriched our product portfolio to further expand our association with existing customers and to tap new markets. We have also added Revo<sup>®</sup> and Multilabs<sup>®</sup> Series brands of technically advanced non-invasive vascular diagnostic systems, which facilitate early detection of peripheral arterial disease, to our product portfolio.

Further, to distinguish itself, the Company has engaged in a brand building exercise with active participation at regional level and national level conferences. This has enabled it to clearly understand the medical fraternity's expectations in terms of product performance & support. We have fortified this set up with reasonably experienced sales and support personnel who are well versed with the needs of the target segments that the Company caters to. We believe that our introduction of Affordable Healthcare products into our portfolio, could turn out to be a game changer.

For certain niche segments such as automated external defibrillators (AEDs), the Company has proactively embarked on the awareness programs route to create awareness about the rampant but not so well known condition of sudden cardiac arrest (SCA) and the role of AEDs in saving SCA victims.

### Focusing on Affordable Healthcare Solutions

Our product portfolio has been enriched to include premium offerings which suit the need of hospitals in urban cities. During the year, the Company has formally launched the Cardiac Science range of Quinton<sup>®</sup> Stress Test systems, Burdick<sup>®</sup> ECG machines and Burdick<sup>®</sup> Holter systems. We have positioned these products for corporate hospitals as well as certain Government sector hospitals.

In Tier II and Tier III cities, which are witnessing rapid economic development, the demand for quality healthcare has led us to include affordable solutions for hospitals and smaller nursing homes. We introduced our Medicaid<sup>®</sup> range of affordable products that have been adapted



specifically for these segments. These include Single-channel, Three-channel and Twelve-channel ECG machines; Single, Dual Channel Syringe Pump and Infusion pump ranges.

The Indian Medtech Industry, expected to reach approx. US \$ 11 billion by 2019, is growing at a rate faster than any other in the world and will continue to grow in the years to come. We have equipped ourselves to be part of this growth story.

### Yielding Results

Our growth strategy over the last one year has started yielding results. Our customer centric focus should enable us to become India's most preferred partner in healthcare solutions.

AMD, in collaboration with its holding company Opto Circuits, has launched the "Creating Heart-safe Environments" campaign to create awareness about Sudden Cardiac Arrests (SCA), and the role of community led emergency response efforts towards saving lives of SCA victims. This has been done with the intention of empowering a layman to save lives in case a colleague or passerby has SCA.

We are proud to inform you that as part of this awareness program we have successfully deployed our AEDs at various public places of national importance such as stations of Delhi Metro & Bangalore Metro, Bangalore & Cochin International Airports, India Habitat Centre (Delhi) and Press Club Mumbai. We also bagged a prestigious order for 203 AEDs from the Northern Command in the second quarter of FY 2013.

### Surging Ahead

The Strategic Electronic Devices Division (SED) has shown good growth during FY 2012, with projects in defense, aerospace and power sectors. The Company has expertise in GPS based technologies and offers both high end products as well as services.

The Company has partnered with Indian Space Research Organization for India's Missile Program. AMD provides synchronization systems for missile programs, space programs, telecom, e-commerce etc., to the ISRO, Defense Labs and Government approved defense organizations.

AMD's technical expertise and established client relations are critical for its global partners' success, which makes it an important entity in the sales cycle of its partners in the SED.

An emerging area for SED also includes the infrastructure industry which requires GPS and Satellite Imagery Based Survey Services as well as survey equipment. Our Strategic Electronics Division has already completed a survey project in the North East Region across difficult terrains based on which the transmission lines will be constructed. With increasing privatization in the Power Transmission and Distribution sector, AMD has huge potential.

Streetlights form the most important and expensive assets of cities and account for a third of the electricity bill of the municipal corporations in India. Environmentally too, the Kyoto Protocol compels signatory states to implement energy conservation programs and reduce carbon footprint. All in all, this underlines the need for better Energy Management systems translating into good potential for companies like AMD.

The Bank Card division is expected to see good traction on account of increased automation in execution of micro-finance projects and increase in paperless domestic money transfers. These facilities are convenient both for the customer as well as banks and non banking financial institutions leading to potential for a high volume business.

In addition to business products and services, we have transformed our organizational set up to pave the way for growth. We have invested in systems and process for smooth operations. We have streamlined our top management and executive cadres to reflect new business direction. We have infused talent by appointing a CEO and senior experienced leadership team who can lead from the front.

The Company's strength comes from its highly qualified and motivated employees who manage profit-center based divisions. With a participative and collaborative environment, the Company provides opportunities for its employees to participate in the growth of the Company. Over the years, we have built an extremely knowledgeable, dedicated team of very experienced professionals who assume a single-minded commitment to serve all our stakeholders.

### 360° Transformation

The transformation we have embarked upon is 360° in nature and will yield a better tomorrow for all our stakeholders. We are pleased with what we have accomplished in fiscal 2012, yet we need to move onto the next phase of our journey toward renewed growth. We remain optimistic about our future prospects and our ability to increase profitability.

We propose to achieve this through focus on affordable medical healthcare at AMD Health, based on customized healthcare technology and market expansion.

We thank our stakeholders, customers, employees, and channel partners for their trust and confidence in our Company. All of us at AMD share the commitment to create value for our stakeholders. We appreciate your continued support.

**Bhaskar Valiveti**  
Director



AMDL's CEO, Arindam Sen, shares his vision as he leads the Transformation of the Company into a formidable player in technologies for Healthcare and GPS based Electronic Devices.

## Preparing for a Better Tomorrow

In fiscal 2011-12, our focus was on strengthening the core business areas and doing away with non-core areas. The Company's commitment to technology and service has been its strength and the reason for AMDL being a vendor of choice among its customers. AMDL is well-gearred to meet the demanding market needs and challenges. It has in-built capabilities, the right people and access to latest technology, sustained relationships with industry leaders and an acute sensitivity to customer needs.

We are positive that the fresh infusion of talent and focused business strategies of each of our business divisions will soon translate into better financial performance.





## AMDL Health - Advancing Healthcare

Our Healthcare Division, rechristened as AMDL Health, will focus on Cardiac Care, Critical Care and Vascular Diagnostics segments across various cities. We have extended our product portfolio significantly to address the needs of diverse markets, customer segments across diverse price points, proving us competitive advantage in the market.

Today the company offers premium as well as affordable healthcare solutions which should drive growth for us going ahead. Our affordable healthcare products are seeing increased demand in Tier II and Tier III cities. Our premium range of products along with our affordable healthcare range enable us to position ourselves as an end to end healthcare products portfolio provider across cities of various income levels.

The Product Range of AMDL Health encompasses patient monitors, pulse oximeters, syringe pumps, infusion pumps, monitors, automated external defibrillators (AEDs), stress test systems, ECG machines, holter monitors, cardiac rehabilitation systems, digital thermometers, sensors and accessories.

With a comprehensive product range in place, which we are making available across price points to provide premium and affordable services, we have transformed our marketing group into an organization designed to support our renewed brand focus and regional deployment of teams. The same has been revamped to increase coverage and depth across India, by considerably increasing distributor and sales personnel count. Formalized

contractual processes and confidence-building initiatives, coupled with training programs for distributors, employees and dealers, have resulted in a discernible improvement in revenues.

Several initiatives were taken during the year. AMDL Health launched the Cardiac Science family of advanced cardiac diagnostic products in India. The products were showcased at the 63rd Annual Conference of CSI, Mumbai, in December 2011. This marks AMDL Health's foray into the Indian cardiovascular market. The products to be sold are under the brands of Cardiac Science, Quinton®, Burdick®, and Powerheart®.

It is estimated that by 2020, 60% of all patients suffering from cardiovascular disease could be from India. Our renewed cardiac care focus is evident with high equity brands as Burdick® and Quinton® to address the CVD capital of the world. Additionally, AMDL has introduced advanced non-invasive technology to diagnose peripheral arterial disease which is commonly prevalent in diabetic patients and has tremendous potential as India has the largest number of diabetes patients.

We have introduced our Mediaid® range of infusion pumps and ECG machines for cost conscious customer segments. These efforts are aimed at positioning AMDL as a leading provider of Affordable Healthcare services. We at AMDL sincerely believe that this could well be the game-changer for us in this segment.

Another major milestone was the introduction of Powerheart®



Automated External Defibrillators (AEDs). AEDs are life saving devices, used to revive victims of sudden cardiac arrest (SCA). In such an emergency, since the heart stops beating, time is of essence. Immediate CPR and defibrillation need to be administered. Survival rates post cardiac arrest decrease approximately 7 to 10% every minute that defibrillation is delayed.

AMD L and its holding company Opto Circuits, as part of their initiative to create heart-safe environments have deployed Powerheart® G3 AEDs at various organizations and public domain areas such as Bangalore Metro's M.G. Road Station, Delhi Metro's Central Secretariat and Kashmere Gate Stations, Cochin International Airport's Domestic and International Terminals, India Habitat Centre, Delhi and the Bengaluru International Airport. The market for this is huge as it finds utility in gymnasiums, retail malls, stadiums, multiplexes, corporate offices and many other areas where there is concentration of public presence. The Company's marketing strategies revolves around creating awareness about sudden cardiac arrest and help make the environment heart-safe.

The Powerheart® AED is receiving a good response across all segments. We are hoping to capture this nascent market. We have begun concept selling initiatives as an initiation point and position AEDs as a life saving equipment which empowers people from a non-medical background to save lives.

It is also expected to be a major growth driver going forward as we are undertaking several awareness creation initiatives. We also hope to see rising demand for the same in the form of legislations.



## Strategic Electronics Devices Part of Mission Critical Projects

The Strategic Electronics Division (SED) offers high technology products and services that are based on Global Positioning System (GPS) technology. We offer customized solutions in the aerospace, defense and power segments. We are also part of India's mission critical projects and see tremendous potential due to India's ambitious plans of having an independent and sustainable defense system.

SED also offers high technology products and services to its Indian consumers under two technology areas - Electronic Design Automation (EDA) and Simulation & Automation Products (SAP). Also, within SED, the Electronic Design Automation group markets and supports high-end tools for start-to-finish PCB design and simulation.

SED has seen many positive developments during the year. GPS Product sales achieved highest billing figures which is an extremely positive development. We also completed the installation of US \$ 1.7 million system at the Indian Deep Space Network.

In the power sector, we demonstrated our GPS Survey Service capabilities as we completed the North East Region Survey project across extremely difficult terrains.

AMD L represents several partners across technology domains which are internationally acclaimed companies for their technology and leadership. AMD L plays a crucial role in their success in India making it a partner of choice for its global partners.

We foresee immense potential in our SED business. With presence in sectors such as defense, aerospace, power and infrastructure we are poised to benefit backed by our strong domain expertise. Our history of successful commissioning of projects at the client's end coupled with the value addition we bring to the table have resulted in AMD L being the preferred partner amongst our global associates for their products and services which we market in India.