



amdl

Advanced Micronic Devices Ltd

**33rd Annual Report
2013-2014**

Board of Directors

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

Auditors

M/s. Anand Amarnath & Associates
Chartered Accounts
S-2, II Floor, Gem Plaze,
No 66, Infantry Road,
Bengaluru 560 001

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

A-306, II Floor, Block I, KSSIDC Building,
Electronics City, Bengaluru 560 100, Karnataka
Tel : 080-42991800
Fax : 080-42991823
Email : investorsservices@amdcorp.com

Website: <http://www.amdcorp.com>

CORPORATE OFFICE

Advanced Micronic Devices Ltd.,
No. 51, "Sara house"
27th Main, 1st Cross, BTM 1st Stage
Bengaluru 560 068

Annual General Meeting

Day & Date	:	Tuesday, 30th September 2014
Time	:	2.30 pm
Venue	:	Manipal County, No.65, Singasandra Off Hosur Road, Bengaluru 560 068

CHAIRMAN'S STATEMENT

Chairman's

Dear Fellow Shareholders,

The past year has been a year of low performance resulting in a substantial drop in the revenues contributed by short term economic scenario which has delayed several projects both in the Healthcare and Defence Sectors. Further our US operations have suffered because of stretched working capital in the U.S. During the year FY 2014 we have suffered setbacks with long term contracts both in the Defence and Healthcare Segments.

This year we are seeing signs of a strong economic recovery due to the initiatives taken by the new government in encouraging investments in both sectors.

We have been aggressively marketing our AEDs in primary healthcare centers and also in ambulances. We also see traction in demand for our AEDs from Government Departments and Sports Stadia around the country. We have been marketing AEDs in the private sector which includes airports, software companies and gymnasiums.

The ICU segments with small and medium sized hospitals coming up in tier II cities will help penetrate the Indian market better.

In the Strategic Electronic Division apart from time and frequency business unit we have aggressively been able to get into the PCB design and delivery of high-end PCBs. This division is expected to grow well in the current year with the government focusing on the Defence R&D laboratories in the country.

The ICTD division continues to meet customer expectations and maintain high level service standards meeting all delivery metrics established by our principals. Our strong service team around the country with focused leadership has been appreciated both by our principals and customers we are confident of maintaining our success in this division.

Our co-operation with the co-operative credit societies, system integrators in micro finance and Companies dealing with cash collection and money transfers has given our BCD printers a fillip. In fact our printers, Wireless Bluetooth and Biometric are well accepted in the industry. With microfinance being a focus area we envisage a huge growth potential for our printers in the coming years.

Our continuous efforts to reinforce the various business segments will create better shareholder value in near future. The continued support from all our stakeholders is our primary strength; I would like to thank our Stakeholders, Customers, Vendors and Bankers for their continued support in these difficult times. It will be our pleasure to also thank the Board of Directors, the key management personnel and our employees who are focused and committed toward taking the company to better heights.

Sincerely

Vinod Ramnani

Chairman

DIRECTORS' REPORT

To

The Shareholders,

The Directors are pleased to present the Thirty Third Annual Report of the Company, together with the Audited Financial Statements and Auditors Report for the financial year ended 31st March 2014

Financial Results

(₹) in Lakhs

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
Turnover and Profitability		
Gross Sales	2146.98	4534.77
Total Expenditure	2414.62	4466.25
Profit before Depreciation and Financial Charges	(267.64)	68.52
Depreciation	196.31	178.04
Financial Charges	212.60	237.04
Profit before Tax	(676.55)	(346.56)
Provision for Taxation	(177.90)	(16.67)
Profit after Tax	(854.45)	(363.23)
Extraordinary item	-	(125.59)
Add Profit brought forward from previous year	44.38	533.21
Profit available for Appropriation from Operations	(810.06)	(488.83)
Appropriations		
Proposed Dividend		
Provision for Tax on Proposed Dividend		
Balance in Profit and Loss Account	(810.06)	44.38

Results from Operations

The total income for your company reduced by 52.65% over the previous year.

Turnover and Profitability

The gross sales and other income for the financial year under review was Rs. 2146.98 lakhs. The profit before tax (after depreciation and Financial charges) was Rs. (676.55) Lakhs and Profit after Tax was Rs.(854.45) Lakhs.

Appropriations

Dividend

Considering the performance of the Company, your Directors have not declared a Dividend.

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

During the year under review, following were the changes in the composition of the Board of Directors; Ms. Usha Ramnani ceased to be a Director of the Company with effect from 1st October 2013 and Mr. Vinod Ramnani ceased to be Managing Director with effect from 12-11-2013, and continue to be Director on the Board.

Appointment / re-appointment

In terms of provisions of Companies Act, 2013, Independent Directors are not liable to retire by rotation. It is proposed to appoint Mr. Balasubramaniam Visvanathan (DIN: 01177493) and Mr. Rajkumar Tulsidas Raisinghani (DIN: 01411084) as Independent Directors at the AGM for a period of three years with effect from the date of the AGM.

Pursuant to the provisions of the Companies Act, 2013, Mr. Vinod Ramnani (DIN: 01580173) retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment as Director.

Brief resume of the Directors seeking appointment / re-appointment at the AGM, as required under Clause 49 of the Listing Agreement and Companies Act 2013, forms part of the Notice convening the AGM.

Auditors

M/s Anand Amaranth & Associates, Chartered Accountants, Bengaluru, Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. In terms of Section 139 of the Companies Act, 2013, they can be appointed for a remaining term of three years starting from the conclusion of the ensuing Annual General Meeting until the conclusion of the Thirty Sixth Annual General Meeting of the Company to be held in the year 2017 (subject to ratification of re-appointment by the members at every AGM held after this AGM) The Company has received letter from the statutory auditors to the effect that their reappointment, if made, would be within the prescribed limits under Section 139 of the Companies Act, 2013 and that they are not disqualified for reappointment to disqualified for reappointment.

Auditors Observations:

The Board of Directors would like to give clarity as under to the observations made by the Auditors in the their Report dated 30th May 2014, on point No. 1, 2 & Annexure 9 under the heading Opinion:

1. We have assessed the entire Terminals and Multi Para Patient Monitors inventory. During the Financial year, we have written-off inventory worth Rs.328.81 Lakhs. The remaining inventory, we are working on modifying the Terminals and Multi Para Patient Monitors trying to sell them in some of the developing countries.
2. We confirm the receivables of Rs.1967 Lakhs over a period of 180 days are good. We are awaiting certification from our principles for the powerlines and other surveys done. We expect to receive the payments before December 2014. In other cases, where there has been undue delay, we are aggressively pursuing for the payment or return of the inventory.
3. As for as undisputed statutory dues of Rs.233.61 Lakhs, we have paid Rs. 150.94 Lakhs as on 20th August 2014 and the balance will be cleared before 30th November 2014.

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 at 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 the affairs of the Company as at 31st March 2014 and of the Profit of the Company for the year ended on that date;
- (iii) We have taken 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) 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 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 would like to place on record their gratitude for all the guidance and cooperation received from all its clients, vendors, bankers, financial institutions, business associates, advisors, regulatory and government authorities.

Your Directors also take this opportunity to thank all its 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

Place : Bengaluru
Date : August 12, 2014

VINOD RAMNANI
Chairman

ANNEXURE – I

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Macroeconomic Overview

The growth slowed much more than anticipated with the GDP growth for fiscal year 2013-14 being pegged below _5_%, at factory cost, at constant price, the lowest in a decade. Added to this is the pressure of inflationary condition and resulting high interest rates. The growth in real GDP is placed at 4.6% in the fourth quarter of 2013-2014.

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 catering to industries like Healthcare, Defence, Aerospace, BFSI and many such industry verticals with promising potential.

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) AMDL HEALTH

AMDL HEALTH with its extensive medical product range in the Cardiology and Critical Care segments and its team of experienced sales, service and applications support personnel is a preferred vendor of choice among the medical fraternity. Further, the range of products it offers and the price points makes it a one stop solution for its customers.

Interestingly, AMDL Health not only has a huge market opportunity in Tier I cities but also in Tier II and Tier III Cities and rural India which are seeing increasing demand for quality and affordable healthcare as there is HEALTH INSURANCE SCHEME supported by NATIONAL and STATE GOVERNMENTS.

AMDL has appointed specialized distributors catering to the target segments with demarcated territories to increase the customer acquisition. The company's direct field force work hand-in-hand with the regional distributors in ensuring maximum lead conversion. Simultaneously it has built a team of experienced support personnel to directly cater to the requirements of these markets. Further, the rejuvenated focus in Accessories and consumable business adds more Dealers and Customers and improves our position in the Market

India is the second largest cardiovascular market in the world and is expected to reach

US\$ 589 Mn by 2017 underlines the potential in this segment

AMDL has also launched the Power heart Automated External Defibrillator (AEDs) which are easy to use devices that are utilized for emergency treatment of Sudden Cardiac Arrest (SCA). Powerheart AED G3 Plus with Rescue Coach voice prompts to talk rescuers through the process. This is a growing segment considering the number of deaths due to SCA.

ii) Strategic Electronic Division (SED) and Information Technology Divisions(ICTD):

Defence in India is the 10th largest in the world & fastest growing segment today and the Defence expenditure by the government has been pegged at Rs. 2.03 Lakh Crores for the fiscal. 2013-2014 AMDL caters to 6% of this market.

Another major industry consumer is Aerospace which according to Lucintel's report "Opportunities in Indian Aerospace and MRO Market : 2011-2016" has experienced significant growth during the last five years and is expected to reach US\$ 23.52 Pn by 2016.

AMDL's SED supplies and supports GPS products from world renowned manufacturers for fighters, missiles and helicopters manufactured by Defence organizations. It has been a part of India's missile project for Synchronization systems. Other key

applications encompass space programs, telecom and e-commerce. Research labs and universities also use GDP's for Ionosphere research.

AMD's SED is working very closely with the Indian Defence organizations for their programs. With the Government's focus on these organizations growing, the potential for AMDI products and services is strong.

GPS has widespread application and another emerging area is its utility for Infrastructure and Energy Management. The Power sector budget is pegged at Rs. 13,700 crores for India and the potential market for survey equipment and Services for various Infrastructure segments are listed below.

Segment	Size in Billion US \$
Electricity	167
Railways	65
Highways	92
Seaports	22
Airports	8

AMD provides cost management and effective services for ELECTRONIC DESIGN AUTOMATION; SIMULATION and AUTOMATION PRODUCTS. The thrust given to ELECTRONICS MANUFACTURING and immeasurable Design and Development projects in various segments provide an opportunity for sustainable and profitable growth.

iii) **Bankcard Division**

With Government's thrust on reaching out to rural areas with basic banking facilities, the bank card division is expected to see good volumes over the next 18-24 months. With the Government's focus on each Indian having a Bank account and the extensive use of mobile, for bill payments and money transfers the potential for BCD printers is bound to be high.

Risks & Concerns

- Slowing Economy
- Technological obsolescence
- Competition from foreign vendors
- Execution Risk of Projects
- Volatile Foreign Exchange affecting the GROSS MARGIN.
- Extended sales cycle
- Likely import controls.

b. **Internal Control Systems & their Adequacy:**

Your company has adequate internal control systems and procedures in all the areas of activities. The activities are also subject to internal and external audit. The finance department is well staffed with experienced and qualified personnel who play an important role in implementing and monitoring internal control environment. The internal control and procedures are commensurate and adequate with the size and nature of the business of the Company.

a. 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.

PARTICULARS	Amount in ₹.	
	As on 31.03.2014	As on 31.03.2013
EQUITY AND LIABILITIES		
SHAREHOLDERS FUNDS		
(a) Share Capital	52,811,000	52,811,000
(b) Reserves & Surplus	13,217,695	102,751,656
(c) Money received against share warrants		
	66,028,695	155,562,656
SHARE APPLICATION MONEY PENDING ALLOTMENT		
NON-CURRENT LIABILITIES		
(a) Long-term borrowings	177,626,797	169,918,831
(b) Deferred tax liabilities (Net)	5,084,995	6,594,995
(c) Other Long term liabilities		
(d) Long term provisions		
	182,711,792	176,513,826
CURRENT LIABILITIES		
(a) Short-term borrowings	63,655,305	134,734,590
(b) Trade payables	175,403,221	161,865,435
(c) Other current liabilities	67,747,963	61,140,964
(d) Short-term provisions	24,424,325	7,920,146
	331,230,814	365,661,135
Total	579,971,301	697,737,617
ASSETS		
(a) Fixed assets		
(i) Tangible assets	59,377,363	87,629,425
(ii) Intangible assets		
(iii) Capital work in progress		
(iv) Intangible assets under development		
	59,377,363	87,629,425
(b) Non-current investments	109,000	109,000
(c) Deferred tax assets (net)		
(d) Long term loans and advances		
(e) Other non-current assets	28,066,111	27,883,804
	28,175,111	27,992,804
CURRENT ASSETS		
(a) Current investments		
(b) Inventories	230,739,125	277,957,181
(c) Trade receivables	246,289,050	273,554,984
(d) Cash and Cash Equivalents	7,792,781	18,406,716
(e) Short-term loans and advances	7,597,871	12,196,507
(f) Other current assets		
	492,418,827	582,115,388
Total	579,971,301	697,737,617

Revenues

Amount in ₹.

Profit And Loss Account for the year ended March 31,2014

PARTICULARS	As on 31.03.2014	As on 31.03.2013
INCOME		
Sales	125,913,395	451,490,040
Other income	88,785,074	1,986,753
	214,698,469	453,476,793
EXPENDITURE		
Changes in inventories of Stock-in-Trade	68,512,335	236,025,815
Employees benefit expense	84,820,719	123,150,081
Finance costs	21,260,220	23,704,330
Other expenses	88,128,549	87,448,721
	262,721,823	470,328,947
PROFIT BEFORE DEPRECIATION AND TAXES	(48,023,354)	(16,852,154)
Depreciation	19,631,364	17,804,195
PROFIT BEFORE TAXES	(67,654,718)	(34,656,349)
Provision for Taxes		
Current Tax	19,300,000	
Deferred Tax	(1,510,000)	1,667,358
Extraordinary item		
NET PROFIT FOR THE YEAR	(85,444,718)	(48,882,914)
Balance brought forward from the previous year	4,438,650	53,321,564
PROFIT AVAILABLE FOR APPROPRIATION	(81,006,068)	4,438,650
Proposed dividend on equity shares		
Tax on proposed dividend		
Transfer to General Reserve		
BALANCE AT END OF THE YEAR	(81,006,068)	4,438,650