

## LED Ecosystem towards Energy Efficiency



25<sup>th</sup> Annual Report 2012-13



SOLAR STREET LIGHT



LED STREET LIGHT

## SOLAR LED HOME LIGHTING SYSTEM

### Home Light Package



Solar Panel



DC LED Lights



Control Box



Lead Acid Tubular Battery



DC Fan



Angel LED Light



Cell Phone Charger



LED Lantern

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**Dr. M.V. Ramana Rao**  
Chairman and Managing Director

## Dear Shareholders,

I am happy to share with you, through this 25th Annual Report of your company, developments that have taken place, which I strongly believe will aid the growth of the company both in the short and long term periods. These developments relate to important additions to customer list, acceptance of your company's products in the market place and certain policy initiatives of the Government of India which are designed to encourage indigenous development and manufacture of Electronics Hardware and investments on infrastructure for the manufacture of state-of-the-art Electronic Hardware.

As I have mentioned in my earlier statement, we are trying to consolidate on the products already developed and increase our market shares through proven products in carefully selected market segments with an intense focus.

## LED Lighting Products

Your company succeeded in obtaining a fairly large order for the supply and maintenance of street lights in one of the Districts of the Maharashtra State. Your company also succeeded in forging an alliance with Energy Efficiency Services Limited (EESL) for joint execution of the project. EESL is an organization promoted by a few Government of India Enterprises for promoting energy efficient appliances and deployment of Non-conventional sources of energy. Their areas of interest include Illumination applications and Conservation of Energy. It is expected that successful execution of this mega order not only will improve the top and bottom lines of your company but also will lead to obtaining similar business opportunities in other parts of the country.

ESCO Models have come to stay in the execution of large capital intensive projects which offer sustainable energy savings in the lighting segment. Your company's success in obtaining the prestigious order from the State of Maharashtra, therefore assumes a Very happy Significance. This will certainly be a niche segment of focus for your company.

You will be gratified to note High Technology Business Houses like software Industries, which almost work on 24x7, 365 day basis, have fully realized the energy saving potential of LED luminaires. Your company succeeded in enlisting the biggest software company of the country in the Customer list.

It is expected that this beginning will augur well in obtaining repeat orders from similar industries. Retrofits of existing luminaires aimed at energy savings are expected to take off in a big way-in addition to total adoption of LED Lighting technology for all new campuses.

Products developed for Rural applications like "Nano-Moon" and Solar Home Gen Sets for handling both AC and DC loads have been received very well by the prospective customers. This is a very encouraging sign because though these products are primarily designed for the rural segments of India, they will play a significant role even in semi-urban and urban parts of the country because of the severe shortages of power that are expected to be experienced by the Nation for several years to come.

Another niche area, which was expected to be a major market segment for your company is Coach lighting for Indian Railways. RDSO approval for the products was obtained as early as in the year 2009. The long wait of the company for orders, after the pioneering work done, will soon be over. The potential business opportunity for this product stream alone is expected to be in excess of Rs.500 Cr. in the next 4-5 years.

## True Colour LED Displays

On the Display front, your company is continuing to receive repeat orders from the U.S based Colorado Time Systems (CTS), on a steady basis. This is certainly an index of the customer confidence on your company and the quality of its products. Your company will be exporting its 200th Screen to USA alone during this quarter.

Business opportunities from Indian Railways for the Passenger Information System Displays are also expected to pick-up rapidly as the Railway authorities have completed the selection criteria, in terms of modified specifications aimed at cost reduction and increasing the sources of supply for future additions of Displays in different Railway stations of the country. As in the case of coach lighting products, your company, so far, has been the only company to have received RDSO approval for the Railway Passenger Information Display Systems. Ironically your company's unique strength has become its weakness in so far as business is concerned. This issue also will be resolved in the coming few months and your company expects receipt of sizeable business from this segment very soon.

Product Development and innovation are the core strengths of your company. The feedback obtained from the users and channel partners being retained for promoting the lighting products has been very gratifying. There is un-qualified praise for the quality of your company's products and the consensus is that they compare very favourably with the best in the world in terms of performance and price.

To further improve and strengthen the quality, scope and elegance of your company's products, technical and business partnerships have been worked out with a couple of reputed foreign companies. To gear up for the supply of low-pitch-high resolution next generation LED Display products, an alliance is formed with M/s. Schenzhen Leyard Optoelectronic Co., Ltd, China. A joint venture 'Luxtronics' is formed with the Malaysian Company 'Kenplus' for carrying out mechanical designs and also to help MIC in the marketing of LED lighting products. These measures are expected to provide definite competitive advantages to your company.

It is on this core strength that your company plans to leverage on in its growth plans. Associations are being forged with partners for Marketing your company's products and carrying out Field operations. Beginnings made in this direction are showing very encouraging signs both in the Display and Lighting segments.

In respect of the cash-flow management and funds availability, to cater to the market demand being generated for your company's products and to support the growth plans being targeted, efforts are being made to mobilize additional equity and floating of convertible debentures. There is

considerable progress in this regard and there are encouraging signals from National and International sources. Further, the business models being drawn-up, with the help of the channel partners envisage collection of sizeable advances from Customers / Distributors to meet the working capital needs. I am happy to inform you that there are positive signals in this respect also mainly because of the strength of your company's products and the demand for them.

Notwithstanding all the problems experienced in the last 2-3 years, I feel very confident that your company will realise its full potential much sooner than later. Towards this end, the company's strategy will be to fully leverage on its core strengths namely Product Development, Product Customisation and Innovation in offering solutions for different customer applications.

I extend my grateful thanks to all the shareholders of the company for the trust reposed and the patience exhibited during the difficult times that the company has been passing through. I would like to reassure the share holder family that the days of struggle will be over and we will be on the path of growth and prosperity very soon. This confidence of mine stems from the fact that the business areas we are in offer tremendous growth opportunities and the products that we have are world class.

I look forward to your continued support and patronage and I reiterate my sense of gratitude to you all.

With Best Wishes

**Dr. M.V. Ramana Rao**

NOTICE is hereby given that the 25th Annual General Meeting of the Members of the Company will be held on Friday, the 22nd November 2013 at 11.00 AM at the registered office of the Company situated at A-4/II, Electronic Complex, Kushaiguda, Hyderabad – 500062 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 30th June 2013 and Profit & Loss Account for the Period ended on that date along with Notes forming part of it and the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Shri L N Malleswara Rao who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri N Srinivasa Rao who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.

"RESOLVED THAT M/s. Pavuluri & Co, Chartered Accountants, Hyderabad (Registration No.0121945) be and are hereby Re-appointed as Statutory Auditors of the company, to hold office from the conclusion of this Annual General Meeting until conclusion of next Annual General Meeting of the company on such remuneration as shall be determined by the Board of Directors."

### SPECIAL BUSINESS:

#### 5. Appointment of Shri J N Prasanna Kumar as Director

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Shri J N Prasanna Kumar, who was appointed as an Additional Director of the Company w.e.f. 9th February, 2013 and who is eligible to hold office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company.

#### 6. Preferential Allotment of Warrants to Promoters:

To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions of the Companies Act, 1956 (the "Act") (including any statutory modification or re-enactment thereof), the listing agreements entered into by the Company with the various stock exchanges where the shares of the Company are listed or to be listed, the applicable guidelines and clarifications issued by the **Government of India (GOI), Securities and Exchange Board of India (SEBI)** and any other statutory or regulatory authorities and clarifications thereon issued from time to time and subject to all statutory, regulatory and government approvals, consents, permissions and/or sanctions as may be necessary and subject to any such conditions and modifications as may be prescribed or imposed by any one or more of them while granting any such approvals, consents, permissions or sanctions agreed to by the Board of Directors of the Company (the "Board", which term shall be deemed to include any committee which the Board may have constituted or may hereinafter constitute to exercise its powers including powers conferred on the Board by this resolution) and in accordance with the Securities and Exchange Board of India (**Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended/modified from time to time (the "SEBI ICDR Regulations")**), the consent of the Company be and is hereby accorded to the Board to issue, offer and allot 2,69,95,070 (Two Crores Sixty Nine Lakhs Ninety Five Thousand and Seventy) warrants (the "Warrants") to the promoters, as per the list mentioned below on preferential allotment basis, on such terms and conditions and in such manner as the Board may think fit, each Warrant, on exercise, entitling the holder thereof to apply for and be allotted one (1) equity share of Rs.2/- each (Rupees Two only) per Warrant, which exercise may be made within a period not exceeding eighteen (18) months from the date of allotment of the Warrants, in one or more tranches, in accordance with SEBI ICDR Regulations and other relevant

guidelines/regulations as may be applicable, such that the equity shares to be issued on exercise of Warrants so issued or allotted, aggregate to 2,69,95,070 (Two Crores Sixty Nine Lakhs Ninety Five Thousand and Seventy) equity shares of Rs.2/- (Rupees Two only) each fully paid up at a premium of Re.1/- (Rupee One Only) per equity share aggregating to Rs.3/- (Rupees Three Only) of which a sum of 0.75p/- (Paise Seventy Five Only) per Warrant (being 25% of the subscription price per equity share) which comes to around Rs. 2,02,46,303 (Rupees Two Crore Two Lakhs Forty Six Thousand Three Hundred and Three Only) would be payable at the time of allotment of the Warrants, and Rs. 2.25/- (Rupees Two and Paise Twenty Five Only) balance amount of 75% (i.e., being 75% of the subscription price per equity share) which is 6,07,38,907 (Rupees Six Crores Seven Lakhs Thirty Eight Thousand Nine Hundred Seven Only) to be paid within 18 months from the date of allotment, such equity shares to be allotted to the holders of the Warrants on exercise shall rank pari passu in all respects including entitlement for dividend with the then existing equity shares of the Company. The proposed Promoter Warrants shall be allotted in the following proposition on such terms and conditions and in such manner as the Board may think fit.

| S.No.        | Name of the Applicant     | No. of Warrants   |
|--------------|---------------------------|-------------------|
| 1            | Usha Rani Maganti         | 9,000,000         |
| 2            | Chaitanya Deepthi Maganti | 5,000,000         |
| 3            | Chaitanya Keerthi Maganti | 6,500,000         |
| 4            | Chaitanya Pavan Maganti   | 6,495,070         |
| <b>Total</b> |                           | <b>26,995,070</b> |

#### RESOLVED FURTHER THAT:

- the equity shares to be offered on exercise of Warrants and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company and the provisions of SEBI ICDR Regulations;
- the relevant date for the purpose of determining the price of the above mentioned issue of the Warrants (and the equity shares to be allotted on exercise thereof) in accordance with the SEBI ICDR Regulations be fixed as 24th October 2013 being the 30th day prior to **22nd November 2013** (i.e. the 30th day prior to the date on which meeting of the general body of shareholders is held in terms of Section 81(1A) of the Companies Act, 1956 (Section 81(1A) of the Companies Act, 1956) to consider the proposed issue);
- the Board be and is hereby authorised to decide and approve the other terms and conditions of the issue of the Warrants and shall also be entitled to vary, modify or alter any of the terms and conditions, as it may deem expedient, without being required to seek any further consent or approval of the Company in the general body meeting of shareholders, subject however to compliance with the provisions of all applicable law, guidelines, notification, rules and regulations;
- the Board be and is hereby authorised to accept any amendments, modifications, variations and alterations as the GOI, SEBI or any other regulatory authority may stipulate in that behalf; and
- the Board be and is hereby authorised to delegate all or any of the powers herein conferred by this resolution to any Director or Directors or Committee of Directors or any other employee or officer of the Company (as it may consider appropriate) to give effect to the aforesaid resolutions.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to take such steps and to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or incidental to this resolution and to settle any question, difficulty or doubt that may arise from time to time in regard to the offer/issue and allotment of Warrants or fresh equity shares on exercise of Warrants, to one of the promoters, as per the list mentioned above and further to do all such acts, deeds, matters and things and to finalise and execute all documents, papers, agreements, deeds and writings as may be necessary, desirable or expedient as it may deem fit."

## 7. Preferential Allotment of Warrants to Investors:

To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions of the Companies Act, 1956 (the "Act") (including any statutory modification or re-enactment thereof), the listing agreements entered into by the Company with the various stock exchanges where the shares of the Company are listed or to be listed, the applicable guidelines and clarifications issued by the **Government of India (GOI), Securities and Exchange Board of India (SEBI)** and any other statutory or regulatory authorities and clarifications thereon issued from time to time and subject to all statutory, regulatory and government approvals, consents, permissions and/or sanctions as may be necessary and subject to any such conditions and modifications as may be prescribed or imposed by any one or more of them while granting any such approvals, consents, permissions or sanctions agreed to by the Board of Directors of the Company (the "Board", which term shall be deemed to include any committee which the Board may have constituted or may hereinafter constitute to exercise its powers including powers conferred on the Board by this resolution) and in accordance with the Securities and Exchange Board of India (**Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended/modified from time to time (the "SEBI ICDR Regulations")**), the consent of the Company be and is hereby accorded to the Board to issue, offer and allot upto 5,04,82,000, (Five Crores Four Lakhs Eighty Two Thousand Only) warrants (the "Warrants") to Investors, as per the list mentioned below on preferential allotment basis, on such terms and conditions and in such manner as the Board may think fit, each Warrant, on exercise, entitling the holder thereof to apply for and be allotted one (1) equity share of Rs.2/- each (Rupees Two only) per Warrant, which exercise may be made within a period not exceeding eighteen (18) months from the date of allotment of the Warrants, in one or more tranches, in accordance with SEBI ICDR Regulations and other relevant guidelines/regulations as may be applicable, such that the equity shares to be issued on exercise of Warrants so issued or allotted, aggregate to 5,04,82,000, (Five Crores Four Lakhs Eighty Two Thousand Only) equity shares of Rs.2/- (Rupees Two only) each fully paid up at a premium of Re.1/- (Rupee One Only) per equity share aggregating to Rs.3/- (Rupees Three Only) of which a sum of 0.75p/- (Paise Seventy Five Only) per Warrant (being 25% of the subscription price per equity share) which is Rs. 3,78,61,500 (Rupees Three Crore Seventy Eight Lakhs Sixty One Thousand Five Hundred Only) would be payable at the time of exercise of the Warrants and Rs. 2.25/- (Rupees Two and Paise Twenty Five Only) balance amount of 75% (i.e., being 75% of the subscription price per equity share) which is Rs. 11,35,84,500 (Rupees Eleven Crores Thirty Five Lakhs Eighty Four Thousand Five Hundred Only) to be paid within 18 months from the date of allotment, such equity shares to be allotted to the holders of the Warrants on exercise shall rank pari passu in all respects including entitlement for dividend with the then existing equity shares of the Company. The proposed Investor Warrants shall be allotted in the following proposition on such terms and conditions and in such manner as the Board may think fit.

| S.No. | Name of the Applicant            | No. of Warrants |
|-------|----------------------------------|-----------------|
| 1     | Venkata Ram Atluri               | 1,600,000       |
| 2     | Naga Malleswara Rao Lingamaneni  | 2,300,000       |
| 3     | Srinivasa Rao Nimmagadda         | 1,950,000       |
| 4     | Rei Atluri                       | 2,400,000       |
| 5     | Nimmagadda Venkata Surendra      | 950,000         |
| 6     | Sahil Khosla                     | 1,050,000       |
| 7     | Venkata Satya Arun Kovelanmudi   | 700,000         |
| 8     | M Venkata Suhas                  | 500,000         |
| 9     | Raghu Veer Yarlagadda            | 5,950,000       |
| 10    | Pavuluri Lakshmi                 | 150,000         |
| 11    | Pavuluri Balakrishna             | 165,000         |
| 12    | Venkata Saitya Subba Rao Talluri | 175,000         |

| S.No.        | Name of the Applicant                | No. of Warrants   |
|--------------|--------------------------------------|-------------------|
| 13           | Pradeep Vundavalli                   | 175,000           |
| 14           | Koneru Lakshmi Tulasi                | 100,000           |
| 15           | Sridevi Chitturi                     | 200,000           |
| 16           | Peda Rathayya Makineni               | 300,000           |
| 17           | M V Subbayamma                       | 300,000           |
| 18           | Ganesan Mudaliar Rajaretnam          | 200,000           |
| 19           | Srikanth Paladugu                    | 125,000           |
| 20           | V Nagendra Babu Lingamaneni          | 125,000           |
| 21           | Duggirala Panduranga Rao             | 150,000           |
| 22           | Bandi Krishna Kumari                 | 1,925,000         |
| 23           | K Siva Kumari                        | 250,000           |
| 24           | B Usha Rani                          | 300,000           |
| 25           | Rama Devi                            | 300,000           |
| 26           | Garimella Venkata Krishna Rao        | 150,000           |
| 27           | J.N.Bhushan                          | 250,000           |
| 28           | Mullapudi Mohan Rao                  | 300,000           |
| 29           | Girijesh Kumar Agarwal               | 1,400,000         |
| 30           | Venkateswara Rao Golla               | 300,000           |
| 31           | Pinnamneni Holdings Pvt Ltd          | 450,000           |
| 32           | Y.Madhu Seshu                        | 150,000           |
| 33           | Parul Gandhi                         | 250,000           |
| 34           | Ideamax Consultancy Services Pvt Ltd | 24,892,000        |
| <b>Total</b> |                                      | <b>50,482,000</b> |

#### RESOLVED FURTHER THAT:

- the equity shares to be offered on exercise of Warrants and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company and the provisions of SEBI ICDR Regulations;
- the relevant date for the purpose of determining the price of the above mentioned issue of the Warrants (and the equity shares to be allotted on exercise thereof) in accordance with the SEBI ICDR Regulations be fixed as 24th October 2013 being the 30th day prior to **22nd November 2013** (i.e. the 30th day prior to the date on which meeting of the general body of shareholders is held in terms of Section 81(1A) of the Companies Act, 1956 to consider the proposed issue);
- the Board be and is hereby authorised to decide and approve the other terms and conditions of the issue of the Warrants and shall also be entitled to vary, modify or alter any of the terms and conditions, as it may deem expedient, without being required to seek any further consent or approval of the Company in the general body meeting of shareholders, subject however to compliance with the provisions of all applicable law, guidelines, notification, rules and regulations;
- the Board be and is hereby authorised to accept any amendments, modifications, variations and alterations as the GOI, SEBI or any other regulatory authority may stipulate in that behalf; and
- the Board be and is hereby authorised to delegate all or any of the powers herein conferred by this resolution to any Director or Directors or Committee of Directors or any other employee or officer of the Company (as it may consider appropriate) to give effect to the aforesaid resolutions.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to take such steps and to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or incidental to this resolution and to settle any question, difficulty or doubt that may arise from time to time in regard to the offer/issue and allotment of Warrants or fresh equity shares on exercise of Warrants, to one of the Investors, as per the list mentioned above and further to do all such acts, deeds, matters and things and to finalise and execute all documents, papers, agreements, deeds and writings as may be necessary, desirable or expedient as it may deem fit."

## 8. Employee Stock Option Scheme 2013:

To Consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution :

**"RESOLVED THAT** pursuant to the provisions of Section 81(1A) and other applicable provisions of the Companies Act, 1956 ("the Act"), the provisions of the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines") (including any statutory amendments, modification or re-enactment of the Act or the Guidelines for the time being in force) and the Company's Memorandum and Articles of Association and further subject to such approvals, permissions, sanctions of the Regulatory Authorities as may be required and subject to such conditions and modifications as may be prescribed or imposed by the Regulatory Authorities while granting such approvals, permissions and sanctions, approval and consent of the shareholders of the Company be and is hereby accorded to the Employees Stock Option Plan, 2013 (hereinafter referred to as "ESOP, 2013") on the terms and conditions set out in the Plan and the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee including ESOP Compensation Committee of the Board), be and are hereby authorised to grant stock options and to issue and allot in one or more tranches under the said ESOP, 2013 at any time for the benefit of present and future eligible Employees of the company and eligible Directors of the Company (including Independent Directors and Nominee Directors) such number of equity shares or securities convertible into equity shares, as may be deemed appropriate provided, however, that the aggregate stock options granted shall not exceed 50,00,000 Options in aggregate, at the price of Rs. 2/- each on such terms and conditions as may be fixed or determined by the Board in accordance with the Guidelines or other applicable provisions of any law as may be prevailing at that time.

**RESOLVED FURTHER THAT** in terms of clause 49(I)(B) of the listing agreement with the stock exchanges 10,00,000 number of stock options be and is hereby fixed as the maximum limit for grant of stock options to Directors (including Independent Directors and Nominee Directors) pursuant to ESOP, 2013 and the stock options to be granted to any particular director shall not exceed 1,00,000 options, in aggregate, and during a particular financial year the number of options to be granted to any individual director shall not exceed 50,000 options.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to amend, vary or modify any of the terms and conditions of the ESOP, 2013 pertaining to grant of options, pricing of options, issue or allotment of equity shares or convertible securities pursuant to the options including authority to withdraw, recall, accept, surrender or cancel options issued or to be issued pursuant to this resolution and to issue fresh options in lieu thereof at such price, in such manner, during such period, in one or more tranches and on such other terms and conditions as the Board may decide, without being required to seek any further consent or approval of the Shareholders.

**RESOLVED FURTHER THAT** the new Equity Shares to be issued and allotted pursuant to ESOP, 2013 shall rank pari passu in all respects with the then existing Equity Shares of the Company.

**RESOLVED FURTHER THAT** in case the equity shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition of the shares by the aforesaid allottees under the ESOP, 2013 shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of Rs. 2/- per equity share bears to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees as decided by the Compensation Committee.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to take necessary steps for listing of the securities allotted under ESOP, 2013 on the Stock Exchanges, where the securities of the Company are listed, as per the provisions of the Listing Agreements with the concerned Stock Exchanges and other applicable guidelines, rules and regulations.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary or expedient and to settle any questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of securities without requiring the Board to seek any further consent or approval of the shareholders".

## 9. Issue of Shares to employees / directors of the holding and subsidiary companies:

To Consider and if thought fit, to pass with or without modification, the following resolution as a special resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 81(1A) and other applicable provisions of the Companies Act, 1956 ("the Act"), the provisions of the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines") (including any statutory amendments, modification or re-enactment of the Act or the Guidelines for

the time being in force) and the Company's Memorandum and Articles of Association and further subject to such approvals, permissions, sanctions of the Regulatory Authorities as may be required and subject to such conditions and modifications as may be prescribed or imposed by the Regulatory Authorities while granting such approvals, permissions and sanctions, approval and consent of the shareholders be and is hereby accorded to the Board to extend the benefits of aforesaid ESOP 2013 proposed in the earlier resolution in this Notice to the eligible employees/ directors of the subsidiary and holding companies, (present and future) and/or to such other persons, as may from time to time be allowed under prevailing laws, rules and regulations, and/or amendments thereto from time to time, on such terms and conditions as may be decided by the Board.

**RESOLVED FURTHER THAT** for the purpose of giving effect to any creation, offer, issue, allotment or listing of Securities, the Board be and is hereby authorised on behalf of the Company to evolve, decide upon and bring in to effect the Plan and make any modifications, changes, variations, alterations or revisions in the said Plan from time to time or to suspend, withdraw or revive the Plan from time to time as may be specified by any statutory authority and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties, or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company."

#### **10. APPROVAL FOR ISSUE OF SHARES TO SPECIFIED EMPLOYEES MORE THAN 1%:**

To Consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of 81(1A) and other applicable provisions of the Companies Act, 1956 ("the Act"), the provisions of the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines") (including any statutory amendments, modification or re-enactment of the Act or the Guidelines for the time being in force) and the Company's Memorandum and Articles of Association and further subject to passing of aforesaid resolution and such approvals, permissions, sanctions of the Regulatory Authorities as may be required and subject to such conditions and modifications as may be prescribed or imposed by the Regulatory Authorities while granting such approvals, permissions and sanctions, approval and consent of the shareholders, the consent of the company be and is hereby accorded to the Board to create, offer, issue and allot or transfer from the Trust, at any time, to such Eligible Employee/Director, as decided by the board of the any committee during any one year, a number of shares, which may exceed more than 1%, shares of the Post Capital of the Company and in the aggregate shall not exceed the maximum number of shares allocated for ESOP, and on such terms and conditions as may be fixed or determined by the Board in accordance with the Guidelines or other provisions of the law as may be prevailing at that time and as per the other Terms and Conditions specified in the Explanatory Statement to this resolution.

**RESOLVED FURTHER THAT** the new Equity Shares to be issued and allotted by the Company in the manner aforesaid shall rank pari passu in all respects with the then exist Equity Shares of the Company."

By order of the Board  
For MIC Electronics Limited

Place: Hyderabad

Date: 26/10/2013

**Dr. M V Ramana Rao**  
(Chairman & Managing Director)

## NOTES:

- a) A member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself / herself and the proxy need not be a member of the company. The enclosed instrument of proxy in order to be effective, must be deposited at the registered office of the Company, duly completed and signed not less than 48 hours before the meeting.
- b) Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of Board Resolution authorizing their representatives to attend and vote on their behalf in the meeting.
- c) Members attending the meeting are requested to complete and bring the attendance slip enclosed with the Annual Report and hand over the attendance slip duly signed at the entrance of the meeting hall.
- d) The Register of Members and Share Transfer Books of the Company will remain closed from **18th November 2013 to 22nd November 2013** (both days inclusive) for the Annual Meeting.
- e) The relevant Explanatory Statement in respect of the Special Business set out above, as required by **Sec.102 (2) of the Companies Act, 2013** is annexed hereto.
- f) Documents referred to in the accompanying Notice and Explanatory Statement is available for inspection at the Registered Office of the Company during office hours between 9.30 a.m. and 6.00 p.m. on all working days prior to the date of the Annual General Meeting.
- g) Members may address their Correspondence to Registrar and Share Transfer Agents of the Company M/s. Venture Capital and Corporate Investments Private Limited Unit: MIC Electronics Limited H.No:12-10-167, Bharatnagar, Hyderabad - 500018 or to the registered office of the company.
- h) The shareholders who have not en-cashed the dividend warrant(s) so far for the financial years 2006-07, 2007-08 & 2008-09 are requested to make their claim to the Company.
- i) Pursuant to provisions of Sec 205C of the Companies Act, 2013, the amount of dividend remaining unclaimed for the period of 7 years from the date that becomes due for payment are required to be transferred by the company to the Investor Education and Protection fund.
- j) The details of Directors seeking re-appointment, in terms of Clause 49 of the listing Agreement are annexed hereto and form part of this Notice.
- k) The Company has designated an exclusive email id viz. investors@mic.co.in to enable the investors to post their grievances.

## Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

### Item No. – 2 & 3

#### BRIEF PROFILES OF DIRECTORS SEEKING RE-ELECTION

|                                   |  |   |
|-----------------------------------|--|---|
| Name of the Director              | L N Malleswara Rao                                 | N Srinivasa Rao   |
| Date of Birth                     | 15.05.1960   | 25.07.1953  |
| Date of Appointment               | 25.05.1996   | 04.12.2004  |
| Qualification                     | Bachelor of Technology<br>(Mechanical Engineering) | Double post graduate in public<br>administration and politics |
| Relationship with other Directors | None:  | None:   |
| Directorship in Other Companies   | Nil  | Lakshmi Sarada Hatcheries Private Limited                     |

**Item No. 4:**

The Members are informed that the Board has appointed Shri J N Prasanna Kumar as an Additional Director of the Company on 9<sup>th</sup> February, 2013 According to the provisions of Section 260 of the Companies Act, 1956 and Articles of Association of the Company, he holds office as Director only upto the date of the ensuing General Meeting of the Company. In accordance with the provisions of the Companies Act, 1956, his name has been proposed for appointment as Director of the Company.

Shri J N Prasanna Kumar is a Practicing Chartered Accountant in Bangalore and he is one of the Independent directors in Power Finance Corporation. He has vast experience in matters relating to Corporate Laws. So his expertise and extensive involvement would certainly benefit the Company at large.

Hence, your Directors recommend acceptance of the proposed Resolutions in the best interest of the Company.

**Item No's. 6 & 7:**

Section 81(1A) and other applicable provisions of the Companies Act, 1956 provides, inter-alia, that when it is proposed to increase the issued capital of a company by allotment of further shares, such further shares shall be offered to the existing shareholders of the company and other investors in the manner laid down in Section 81(1A) read with the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2009 (the "SEBI ICDR Regulations"), unless the shareholders in general meeting decide otherwise by way of a special resolution.

The special resolution has been proposed under the provisions of Section 81(1A) and other applicable provisions of the Companies Act, 1956 in view of the fact that the warrants proposed to be issued by the Company on preferential basis as per the list mentioned above. Further, under the listing agreements with the various stock exchanges where the shares of the Company are listed, the Company, in the first instance, is required to offer all shares to be issued for subscription, pro-rata to the existing equity shareholders unless they decide otherwise in a meeting of shareholders.

Accordingly, the consent of the shareholders is being sought pursuant to the provisions of Section 81(1A) and other applicable provisions of the Companies Act, 1956 (Section 81(1A) of the Companies Act, 1956) and other applicable provisions of the Act and the SEBI ICDR Regulations as applicable to the Company, subject to the regulations, guidelines and clarifications issued by the GOI, SEBI and in terms of the provisions of the listing agreements executed by the Company with the stock exchanges, where the Company's securities are presently listed.

The resolution passed by the Shareholders on 30th June, 2012 was not acted upon within the permissible time in accordance with the Regulation 74(2) of the SEBI ICDR Regulations 2009, therefore the Company proposes the aforesaid fresh resolution.

**The Resolution at Item No.6** relates to the proposal by the Company to issue and allot upto 2,69,95,070 (Two Crores Sixty Nine Lakhs Ninety Five Thousand and Seventy) Warrants to the promoters as per the list mentioned above, which on exercise, shall entitle the holder thereof, to subscribe 2,69,95,070 (Two Crores Sixty Nine Lakhs Ninety Five Thousand and Seventy) equity shares of Rs.2/- (Rupees Two only) each fully paid up at a premium of Re.1/- (Rupee One Only) per equity share aggregating to Rs.3/- (Rupees Three Only) of which a sum of 0.75p/- (Paise Seventy Five Only) per Warrant (being 25% of the subscription price per equity share) which comes to around Rs. 2,02,46,303 (Rupees Two Crore Two Lakhs Forty Six Thousand Three Hundred and Three Only) would be payable at the time of allotment of the Warrants, and Rs. 2.25/- (Rupees Two and Paise Twenty Five Only) balance amount of 75% (i.e., being 75% of the subscription price per equity share) which is 6,07,38,907 (Rupees Six Crores Seven Lakhs Thirty Eight Thousand Nine Hundred Seven Only) shall be paid by the subscriber at the time of exercising the Warrants to subscribe to equity shares for such number of Warrants, in respect of which the subscriber exercises the conversion option on or before the exercise period of 18 months from the date of allotment provided however, if the option to acquire shares is not exercised within the period of 18 months from the date of allotment, then the amount paid upfront per Warrant shall be forfeited. The exercise price per equity share on exercise of Warrants has been calculated as per SEBI ICDR Regulations 2009. The Warrants will be converted into Equity Shares in the ratio of 1:1.

**The Resolution at Item No.7** relates to the proposal by the Company to issue and allot upto 50,482,000, (Five Crores Four Lakhs Eighty Two Thousand Only) Warrants to the Investors, as per the list mentioned above, which on exercise, shall entitle the holder thereof, to subscribe aggregate to 5,04,82,000, (Five Crores Four Lakhs Eighty Two Thousand Only) equity shares of Rs.2/- (Rupees Two only) each fully paid up at a premium of Re.1/- (Rupee One Only) per equity share aggregating to Rs.3/- (Rupees Three Only) of which a sum of 0.75p/- (Paise Seventy Five Only) per Warrant (being 25% of the subscription price per equity share) which is Rs. 3,78,61,500 (Rupees Three Crore Seventy Eight Lakhs Sixty One Thousand Five Hundred Only) would be payable at the time of exercise of the Warrants and Rs. 2.25/- (Rupees Two and Paise Twenty Five Only) balance amount of 75% (i.e., being 75% of the subscription price per equity share) which is Rs. 11,35,84,500 (Rupees Eleven Crores Thirty Five Lakhs Eighty Four Thousand Five Hundred Only) shall be paid by the subscriber at the time of exercising the Warrants to subscribe to equity shares for such number of Warrants, in respect of which the subscriber exercises the conversion option on or before the exercise period of 18 months from the date of allotment provided however, if the option to acquire shares is not exercised within the period of 18 months from the date of allotment, then the amount paid upfront per Warrant shall be forfeited. The exercise price of Warrants has been calculated as per SEBI ICDR Regulations. The Warrants will be converted into Equity Shares in the ratio of 1:1.

The "Relevant Date" for the purpose of determining the price of the Warrants being allotted pursuant to these resolutions (including the equity shares to be issued on conversion of the Warrants) is 24th October 2013, being the date thirty (30) days prior to the date of this meeting.

Copy of the certificate from M/s. Pavuluri & Co, Chartered Accountants, Auditors of the Company, certifying that the issue of Warrants is being made in accordance with the requirements of SEBI ICDR Regulations shall be placed before the shareholders at the AGM.

The issue price of the Warrants to promoters and investors is calculated in accordance with SEBI ICDR Regulations 2009

The Equity Shares to be allotted pursuant to the proposed special resolution shall be subject to lock-in in accordance with SEBI ICDR Regulations. In the case of Warrants, the lock period shall be computed from the date of conversion. The entire pre-preferential allotment shareholding of the Allottees, if any, shall be locked in from the Relevant Date up to the period of six months from the date of preferential allotment.

The proposed preferential allotment shall not result in any change in the management control of the Company

The consent of the shareholders is being sought pursuant to the provision of Section 81(1A) and other applicable provisions of the Companies Act, 1956 (Section 81(1A) of the Companies Act, 1956) Hence, the Company proposes resolution as mentioned in the accompanying notice

**Disclosures, which are required to be given in terms of Regulation 73 of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2009 for Preferential Issues are as under:**

#### **The object of the issue through preferential offer**

The proceeds of this entire issue viz. issue of the Warrants and exercise of warrants into equity shares thereof is proposed to be utilised for expansion of the business and production facilities of the Company, development of Infrastructure Facilities for manufacture of LED Products, Investment in Research, Design & Development of LED Products manufactured or to be manufactured by the Company, Design Development and manufacture of Next Generation of LED Video Display System and other LED products, Normal Capital Expenditure, General Corporate Purposes and Working Capital Requirements during the course of business of the Company.

#### **The intention of the promoters/directors/key management persons to subscribe to the offer**

Promoters (i) Usha Rani Maganti (II) Chaitanya Deepthi Maganti (iii) Chaitanya Keerthi Maganti (iv) Maganti Chaitanya Pavan propose to subscribe for 90,00,000, 50,00,000, 65,00,000 and 65,95,070 equity shares in one or more tranches, at a later

date, provided that the Warrants shall not be exercised so as to exceed Five (5) percent of the equity shares or voting rights of the Company in a financial year save and except for Warrants proposed to be subscribed to by one of the promoters as mentioned above. Takeover regulations will be complied as and when it applies.

**Shareholding pattern of the Company before and after the proposed issue of the Warrants and Shares:**

| Category   | Pre-issue equity holding as per shareholding pattern as on 30st SEP 2013. | %             | Issue Warrants Holdings to be | %             | Allotted holding post exercise of Warrants and shares (on an assumption that all the Warrants are exercised) | %             |
|--|---|---------------|-------------------------------|---------------|--|---------------|
| <b>PROMOTER GROUP</b>  |   |               |                               |               |  |               |
| A. Promoters   | 4644902   | 4.53          |                               |               | 4644902  | 2.58          |
| B. Person acting in concert with the Promoter                                      | 3597375   | 3.51          | 26995070                      | 34.84         | 30592445   | 17.00         |
| <b>Total Promoters holding</b>   | <b>8242277</b>  | <b>8.04</b>   | <b>26995070</b>               | <b>34.84</b>  | <b>35237347</b>  | <b>19.58</b>  |
| Foreign Bodies Corporate participating in the offer                                | 0   | 0.00          |                               | 0.00          | 0  | 0.00          |
| Other Foreign Institutional, Investors/Mutual Funds not participating in the offer | 0   | 0.00          |                               |               | 0  | 0.00          |
| Bank and Financial Institutions  | 0   | 0.00          |                               |               |  |               |
| Foreign Individuals  | 0   |               | 1400000                       | 1.81          | 1400000  | 0.78          |
| Body Corporate   | 8038656   | 7.84          | 25342000                      | 32.71         | 33380656   | 18.55         |
| NRI/OCBs   | 7367630   | 7.19          | 11300000                      | 14.58         | 18667630   | 10.37         |
| Others Including Public And Trustees   | 78849712  | 76.93         | 12440000                      | 16.06         | 91289712   | 50.72         |
| <b>Total</b>   | <b>102498275</b>  | <b>100.00</b> | <b>77477070</b>               | <b>100.00</b> | <b>179975345</b>   | <b>100.00</b> |

The figures in the shareholding pattern are on the assumption that all the warrants will be subscribed by the subscribers, to the full number of warrants authorized to be issued and allotted pursuant to the shareholders resolution and all the warrants will be exercised. However, if any warrants are not issued or allotted or any warrants are not exercised, the shareholding pattern will vary and change correspondingly. In case the if the Allottee exercises the warrants in the same financial year, then they will comply with the Securities And Exchange Board Of India (Substantial Acquisition Of Shares And Takeovers) Regulations, 2011 as and when it is applicable.

**Proposed time within which allotment will be completed**

The Warrants and shares of the Company shall be allotted within fifteen (15) days from the date of the Annual General Meeting i.e. on or before 6th December 2013 provided that where the allotment is pending on account of pendency of any approval of such allotment by any regulatory authority, if applicable including Stock Exchange, the allotment shall be expected to be completed within fifteen (15) days from the date of receipt of such approval. In case the if the Allottee exercises the warrants in the same financial year, then they will comply with the Securities And Exchange Board Of India (Substantial Acquisition Of Shares And Takeovers) Regulations, 2011 as and when it is applicable.

The Company confirms that the proposed preferential allotments are in compliance with its conditions of continuous listing.

The Company undertakes that issue price of the warrants will be recomputed in terms of the provisions of the SEBI ICDR Regulations, where it is required to do so.

**The promoters are:**

- (i) Usha Rani Maganti - Spouse
- (ii) Chaitanya Deepthi Maganti - Daughter
- (iii) Chaitanya Keerthi Maganti - Daughter
- (iv) Maganti Chaitanya Pavan - Son

of the Promoter Dr. Venkata Ramana Rao Maganti and he is considered to be one among the promoter group.

In the circumstances, the approval of the shareholders is being sought for issue of the Warrants and Shares to Promoters as mentioned above which on exercise, shall enable subscription to equity shares to the holders thereof, each on a preferential basis pursuant to the provisions of Section 81(1A) of the Companies Act, 1956 and other applicable provisions.

The Resolutions set out in Item No.6 may be considered accordingly and the Board of Directors recommended the same for your approval.

Dr. Venkata Ramana Rao Maganti is interested in Resolution No.1 to the extent of the Warrants (and on exercise the equity shares) and shares allotted to promoters group.

Other than above, none of the directors of the Company are in any way concerned or interested in the said resolution.

## **Item No. 8, 9 & 10**

The exponential growth of the Company over the past decade has, in large measure, been possible owing to the wholehearted support, commitment and teamwork of its personnel. The Company has been desirous of finding means to allow its personnel to participate in its growth, through an appropriate mechanism. Stock Options have long been recognized internationally, as an effective instrument, to align the interest of employees with those of the Company, its shareholders and provide an opportunity to employees to share the growth of the Company, and create long term wealth in the hands of the employees. Stock Options create a common sense of ownership between the Company and its employees, paving the way for a unified approach to the common objective of enhancing overall shareholders value. Stock Options provide for performance linked rewards to employees, and serve as an important means, to attract, retain and motivate the best available talent for the Company. From the Company's perspective, Stock Options provide an opportunity to optimise personnel costs, by allowing for an additional, market-driven mechanism to compensate and reward employees. The SEBI Guidelines have provided a conducive environment for the implementation of an Employee Stock Option Plan.

The Company proposes to introduce Stock Option Plan 2013 for the benefit of employees of the Company, its Directors, and such other persons/entities as may be prescribed by SEBI from time to time, and in accordance with the provisions of prevailing regulations.

### **Employee Stock Option Plan 2013**

#### **Stock Options**

Under this Plan, employees will be granted an option to acquire a certain number of shares of the face value of Rs. 2/- each at the price as mentioned hereinafter. Each option will have a right to convert it into one equity share subject to adjustment on account of Corporate Actions, if any.

**The broad terms and conditions of the Plan are as under**

After obtaining the approval of the Members, Board will constitute ESOP Compensation Committee, which is a Committee of the Board of Directors, and consists of a majority of independent Directors, for administration and superintendence of the ESOP. The ESOP Compensation Committee will formulate the detailed terms and conditions of the ESOP. The ESOP Compensation Committee will, specify, inter alia, the following

- Quantum of options to be granted under the Plan per employee and in aggregate.
- Conditions under which options vested in employees may lapse in case of termination of employment for misconduct.
- Time period within which an employee may exercise vested options in the event of termination or resignation.
- The exercise period within which the employee should exercise the options and that option would lapse on failure to exercise the options within the exercise period.
- Rights of an employee to exercise all the vested options at one time or at various points of time within the exercise period.
- Procedure for making a fair and reasonable adjustment to the number of options and to the exercise period, in case of rights issues, bonus issues, other corporate actions, or otherwise.
- Lock-in period for the shares issued pursuant to exercise of the options, if any.
- Any other related or incidental matters.

The following are the various disclosures as required by Clause 6 of the SEBI Guidelines

**The salient features of the Plan are as under**

**a. The total number of options to be granted**

The total number of Options that may, in aggregate, be issued, under the Plan, cannot exceed 50,00,000 or such number as may be required on account of Corporation Action.

**b. Identification of classes of employees/directors entitled to participate in the ESOP**

Employees entitled to participate in the ESOP are, "employees" of the Company, Directors (present & future) (whether full time or not), as defined in the ESOP Guidelines (including any statutory modification(s) or re-enactment of the Act or the Guidelines, for the time being in force), and as may be decided by the ESOP Compensation Committee, from time to time. Under the prevailing regulations, an employee who is a promoter or belongs to the promoter group will not be eligible to participate in the ESOP. Identification of employees eligible to participate in the ESOP and Grant of options to identified employees will be based on such parameters as may be decided by the ESOP Compensation Committee, in its discretion, from time to time. The options granted to an employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

**c. Requirements of vesting and period of vesting**

For the employees who have been granted option and who are in continuous employment of the company, the vesting of options will commence after a period of 1 year from the date of grant and extends up to 5 years from the date of grant. The vesting occurs in annual tranches as shown below. However, no fraction of the vested options shall be exercisable in its fractional form.

| S. No. | Vested Period Completion of  | No. of Options |
|--------|------------------------------|----------------|
| 1      | After completion of 1st year | 25%            |
| 2      | After completion of 2nd year | 35%            |
| 3      | After completion of 3rd year | 40%            |

d. Maximum period of Vesting

The maximum vesting period may extend up to 5 years from the date grant of options as per (c) above. In case of termination of employment for any reason, the vesting period may be revised by the Compensation committee as per the provisions of the scheme.

e. Exercise Price or Pricing Formula

The exercise price for the purposes of the grant of options will be Rs. 2/- (Rupees Two Only) per option, subject to adjustments that may be required on account of Corporate Action.

f. Exercise Period and the process of Exercise

The exercise period may commence from the date of vesting, and will expire not later than 1 year from the date of Vesting of options, or such other period as may be decided by the ESOP Compensation Committee, from time to time. The Options will be exercisable by the Employees by a written application to the Company to exercise the Options, in such manner, and on execution of such documents, as may be prescribed by the ESOP Compensation Committee from time to time. The options will lapse if not exercised within the specified exercise period. The options lapsed/forfeited will be re-issued, subject to condition that the total options that may be exercised will not exceed 50,00,000.

g. Process for determining the eligibility of employees/ directors to ESOP

The Board/Compensation Committee shall determine the eligibility criteria for the employees and directors (including whole time directors) under ESOP based on evaluation of the employees/directors on various parameters, such as length of service, designation, performance, technical knowledge, leadership qualities, merit, contribution and conduct, future potential etc., and such other functional and managerial parameters as may be deemed appropriate by it. The appraisal process will be revised at regular intervals in line with emerging global standards.

h. Maximum number of options to be issued per employee/ directors and in aggregate

The number of Options that should be granted to an employee/director under the Scheme shall be decided by the Board/Compensation Committee. However, the maximum number of Options to be granted per employee/ director during any one year and in aggregate shall be less than 1% of the issued and outstanding equity shares of the Company as on November 22 2013. This is however, subject to Corporate Actions that may require adjustments as decided by Compensation Committee.

i. Accounting Policy

The Company will conform to the accounting policies specified in Clause 13.1 of the SEBI Guidelines and/or such other guidelines or accounting standards as may be applicable, from time to time.

j. Method of valuing the options

The Company will adopt the intrinsic value method to value the options granted under the Scheme.

**k. Disclosure in Directors' Report**

Since the Company calculates the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on earning per share of the Company shall also be disclosed in the Directors' Report.

As the Plan will entail further shares to be offered to persons other than existing shareholders of the Company, the consent of the members is sought pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Act, and as per the requirement of clause 6 of the SEBI Guidelines.

The Options to be granted under the Plan shall not be treated as an offer or an invitation made to public for subscription in the securities of the Company. The Board accordingly commends the Resolution for the approval of the Members as a Special Resolution. The Directors other than (i) promoter directors and (ii) those directors if any, holding directly or indirectly more than 10% of the outstanding equity shares of the Company, shall be deemed to be interested or concerned in passing of this Resolution to the extent of benefit they may derive under the Plan.

As per the SEBI Guidelines, a separate resolution is required to be passed to authorize the Board to extend the benefits of ESOP to for employees and directors of subsidiary companies and Holding Company (present and future). This separate resolution is being proposed accordingly; to cover those Employees, Directors, and / or such other persons as may be permitted from time to time, under prevailing laws, rules and regulations, and/or amendments thereto from time to time. This may be read with explanatory statement for Item No. 8. The Board accordingly commends the resolution for approval of the Members as a special resolution.

None of the Director of the Company is, in any way, concerned or interested in the resolution, except to the extent of the extent of the securities that may be offered to them under the plan.

By order of the Board  
For **MIC Electronics Limited**

Place: Hyderabad

Date: 26/10/2013

**Dr. M V Ramana Rao**  
(Chairman & Managing Director)

To  
The Members,  
MIC Electronics Limited

## Dear Shareholders,

Your Directors have pleasure in presenting the 25th Annual Report on the business and operations of the Company along with the Audited Balance Sheet and Profit & Loss Account for the period ended 30th June 2013 (9 months).

## FINANCIAL RESULTS

Financial Results of the Company for the period under review along with the figures for previous period are as follows.

(Rs. in crores)

| Particulars                                       | As at 30.06.2013<br>(9 months) | As at 30.09.2012<br>(15 months) |
|---|--------------------------------|---------------------------------|
| Net Sales / Income from Operations                | 70.19                          | 131.88                          |
| Other Income                                      | 6.40                           | 7.94                            |
| Total income                                      | 76.60                          | 139.82                          |
| Profit before interest, depreciation & tax        | 9.12                           | 37.42                           |
| Less : Interest                                   | 12.12                          | 25.44                           |
| Depreciation                                      | 4.48                           | 7.64                            |
| Profit / (Loss) before Extra Ordinary items & Tax | (7.48)                         | 4.34                            |
| Less: Extra Ordinary Items                        | 0.00                           | (69.07)                         |
| Profit / (Loss) before Tax                        | (7.48)                         | (64.73)                         |
| Tax Expenses :                                    |                                |                                 |
| Current Tax                                       | 0.00                           | 0.00                            |
| Taxes of earlier years written back               | 0.00                           | 1.40                            |
| Deferred Tax Liability / (Asset)                  | 7.39                           | (0.20)                          |
| Net Profit / (Loss) after Tax                     | (14.87)                        | (63.13)                         |
| Add : Balance Carried form Profit & Loss A/c      | 178.86                         | 241.99                          |
| Profit available for appropriation                | 163.99                         | 178.86                          |
| Dividends   | 0.00                           | 0.00                            |
| Transfer to General Reserve                       | 0.00                           | 0.00                            |
| Balance Carried to the Balance Sheet              | 163.99                         | 178.86                          |
| EPS - Basic                                       | (1.45)                         | (6.16)                          |
| Diluted   | (1.45)                         | (4.12)                          |

## REVIEW OF OPERATIONS

During the 9 months period under review the turnover is decreased by Rs. 61.69 crores as compared to previous 15 months' period turnover of Rs. 131.88 cores due to slow off take from railways and general slow-down and prevailing recessionary trend in the market. During the period the company has incurred an operating loss of Rs. 7.48 crores as against operating profit of Rs. 4.34 crores in the previous period.

**DIVIDEND**

For the financial year 2012-13 Company didn't declare any Dividend.

**TRANSFER TO RESERVES**

The Company has not transferred any amount to the general reserve since the Company has incurred loss during the period.

**CONSOLIDATED FINANCIAL STATEMENTS**

The audited stand alone and Consolidated Financial Statements of the company which form part of the annual report have been prepared in accordance with the provisions of the Companies Act, 1956, the Listing Agreement, the Accounting Standards (AS-21) on Consolidated Financial Standard and the Accounting Standard (AS-23) on Accounting for Investments in Associates.

**TRANSFER TO THE INVESTOR EDUCATION AND PROTECTION FUND**

In terms of Section 205C of the Companies Act, 1956, there is no due for remittance to the Investor Education and Protection Fund established by the Central Government.

**MARKETING AND EXPORT**

Export prospects of the Company are encouraging during the year in the light of increased focus in the area of LED lighting division since overseas market is diverting from conventional lighting to LED lighting. Your directors are positive towards the future.

**SUBSIDIARIES**

Ministry of Corporate Affairs vide General Circular No: 2/2011, dated 08.02.2011 has granted approval about the requirement to attach various documents in respect of subsidiary companies, as set out in sub-section (l) of section 212 of the Companies Act, 1956, shall not apply to the Company. Accordingly, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. Financial information of the subsidiary companies, as required by the said order, is disclosed in the Annual Report. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company and its subsidiaries who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection by any investor at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include financial results of its subsidiary companies.

The company has four subsidiaries

1. MIC Electronics Inc (USA)
2. Maave Electronics Private Limited (India)
3. MIC Green Energy Solutions Private Limited (India)
4. MIC Candilux Private Limited (India)

**RIGHTS ISSUES**

During the year under review, the Company didn't make any Rights Issues.

**HEALTH, SAFETY AND ENVIRONMENTAL PROTECTION**

Your Company has complied with all the applicable environmental laws and labour laws. The Company continues to be certified under ISO-14001:2004 and ISO-9001:2008 for its environment management system. The Company has been complying with the relevant laws and has been taking all necessary measures to protect the environment and maximize worker protection and safety.

## DETAILS ABOUT MIC ELECTRONICS LTD EMPLOYEES STOCK OPTIONS PLAN 2006 (MIC ESOP 2006)

The Company had established MIC Electronics Limited Employees Welfare Trust in 2005 to create Employee Stock Option Plan.

On 12th August 2006, the Shareholders approved that ESOP to issue 45,00,000 (Face Value Rs.2/-) stock options of the Company to its employees through the trust.

The ESOPs scheme 2010 approved by the shareholders in their meeting held on 30<sup>th</sup> December 2010 has increased the number of options from 25,00,00 to 60,00,00 in their meeting held on 27<sup>th</sup> December 2011, has lapsed.

ESOP 2006 scheme was ended on 24<sup>th</sup> October 2009, however 7,49,100 shares were lying in the trust because of Non-exercise of the options due to heavy disproportion to price of the scrip and few options because of resignation of employees in general.

## DIRECTORS

In accordance with the provisions of the Companies Act, 1956 read with the Articles of Association of the Company, Shri L N Malleswar Rao, Executive Director, Shri N Srinivasa Rao, Director of the company will retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment.

### Changes in Directorate

The Board consists of executive and non-executive directors including Non-Independent & independent directors who have wide and varied experience in different disciplines of corporate functioning has resigned. The valuable services rendered by them were appreciation by the directors of the Company.

Resigned Directors & Appointed Directors details are as follows.

| S.No. | Name of the Director  | Category                   |
|-------|---|----------------------------|
| 1     | Somendra Khosla (Resignation w.e.f 27.02.2013   | Independent, Non Executive |
| 2     | J N Prasanna Kumar (Appointment w.e.f 09.02.2013)   | Independent, Non Executive |
| 3     | Pramod Kumar Bahinipati (Appointments as Additional Director as on 08.01.2013 and Resignation w.e.f 14.05.2013) | Independent, Non Executive |

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, your Directors confirm to the best of their knowledge and belief that:

- I. In the preparation of annual accounts, the applicable accounting standards have been followed and there were no material departures;
- II. The accounting policies selected have been applied consistently, judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as at 30th June 2013 and of the profit / (loss) of the Company for the period ended 30th June 2013;
- III. Proper and sufficient care is 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;

- IV. The annual accounts have been prepared for the year ended 30th June 2013 on a 'going concern' basis;
- V. Necessary steps have been taken to regularize the qualifications mentioned by the Auditor in his report.

### AUDITOR'S AND THEIR REPORT

The Company proposes to Re-appoint M/s. Pavuluri & Co. as Statutory Auditor of the company from the conclusion of 25th Annual General Meeting till the conclusion of next Annual General Meeting.

M/s Pavuluri & Co. Chartered Accountants have confirmed that their Re-appointment, if made, shall be in accordance with the provisions of Section 224(1)(b) of the Companies Act, 1956.

### EXPLANATION FOR QUALIFICATIONS AS PER AUDITOR'S REPORT:

| S.No. | Basis for Qualified Opinion  | Explanation  |
|-------|--|--|
| 1.    | Reference is invited to Note 3.16 of the financial statements, the Company's Trade Receivables to the extent of Rs 63.26 crores are more than three years old and "we are unable to ascertain whether such balances as at balance sheet date are fully recoverable. Accordingly, we are unable to ascertain the impact, if any, that may arise in case any of these receivables are subsequently determined to be doubtful of recovery. Had the Company provided provision for the same, the loss for the period would have been higher by the said amount." | Due to the prevailing recessionary trend in the industry in the last 3 to 4 years, significant portion of trade receivables remain uncollected. The management has setup a separate team for close monitoring and collection of such overdue receivables. The management is confident of collecting such overdue trade receivables over a period of time and hence no provision has been made.   |
| 2.    | Reference is invited to Note 3.18 of the financial statements, the Company's Other Advances to the extent of Rs 6.02 crores, "we are unable to ascertain whether such balances as at balance sheet date are fully recoverable. Accordingly, we are unable to ascertain the impact, if any, that may arise in case any of these advances are subsequently determined to be doubtful of recovery. Had the Company provided provision for the same, the loss for the period would have been higher by the said amount."   | The above advances include a sum of Rs.1.90 crores given as advance for acquisition of shares in those companies which are engaged in manufacture of LED lighting products and power electronics and the management is insisting such companies to allot/transfer shares at the earliest or else refund the invested amount. Balance of Rs.4.12 crores related to advances given to various suppliers for supply of materials / services in the ordinary course of business. The management is closely pursuing with such suppliers for supply of materials / services. We are insisting such suppliers to either supply the materials/services or refund the advance amount without further delay. The management is confident of adjustment of such advances and hence no provision has been made. |

| S.No. | Basis for Qualified Opinion   | Explanation   |
|-------|---|---|
| 3.    | Reference is invited to Note 3.13 of the financial statements, the Company's Capital Advances to the extent of Rs 11.97 crores, "we are unable to ascertain whether such balances as at balance sheet date are fully recoverable. Accordingly, we are unable to ascertain the impact, if any, that may arise in case any of these advances are subsequently determined to be doubtful of recovery. Had the Company provided provision for the same, the loss for the period would have been higher by the said amount." | Company has given advances to various suppliers for supply of capital goods for its LED Display Division's expansion projects. The management is closely pursuing with such suppliers for supply of such capital goods. We are insisting such suppliers to either supply the goods or refund the advance amount without further delay. The management is confident of adjustment of such capital advances and hence no provision has been made. |
| 4.    | Reference is invited to Note 3.07 of the financial statements, The Company has not provided the interest on unsecured loans for the nine months period ended 30th June 2013, for Rs 2.47 crores since the company is pursuing the matter for settlement. Had the Company provided provision for the same, the loss for the period would have been higher by the said amount."   | Due to tight liquidity position, company has approached the lenders of unsecured loans for one time settlement. Since the company is of the opinion that the lenders will consider favourably, interest has not been provided on such unsecured loans.  |

## INSURANCE

The assets of the Company are adequately insured against the loss of fire, riot, earthquake, terrorism, loss profits, etc. and other risks which considered necessary by the management.

## DEPOSITS

There are no Fixed Deposits accepted by the Company in the financial year 2012-13.

## PERSONNEL

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956, and the Companies (Particulars of Employees) Rules, 1975, as amended forms a part of this report. However, in pursuance to Section 219(1) (b) (iv) of the Companies Act, 1956, this report is being sent to all the Company shareholders, excluding the aforesaid information and the said particulars are made available at the Company's registered office. The members interested in obtaining information under Section 217(2A) may write to the Company Secretary at its registered office.

## CORPORATE GOVERNANCE

Pursuant to the provisions of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, a report on Corporate Governance and Management Discussion and Analysis figures as a part of the Annual Report.

Your Company will continue to implement and adhere in letter and spirit to the policies of good Corporate Governance.

Your Company is committed to good Corporate Governance Practices and following the guidelines prescribed by the SEBI and Stock Exchanges from time to time. The Company has implemented all of its major stipulations as applicable to the Company. The Statutory Auditor's Certificate dated 26th October, 2013 in accordance with Clause 49 of the Listing Agreement and report on Corporate Governance is annexed to and forming part of the Directors' Report.

## CORPORATE SOCIAL RESPONSIBILITY VOLUNTARY GUIDELINES

The Ministry of Corporate Affairs has released a set of voluntary guidelines on Corporate Social Responsibility (CSR) in December 2010. The Company is proactively practicing the guidelines laid down. Some of the activities carried out by the Company as a part of its CSR initiatives are briefly described in the Annual Report the detailed Corporate Sustainability Report is also available on the Company's website.

## MANAGEMENT DISCUSSION AND ANALYSIS

A Management discussion and Analysis as required under the Clause 49 of the Listing Agreement is annexed and forming part of the Directors' Report.

## CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTIONS AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required under section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is as given below and forms part of the Directors' Report.

### Conservation of energy:

The operations of the Company are not energy intensive. However, adequate measures have been taken to conserve and reduce the energy consumption by using energy efficient hardware and other equipment. Air conditioners are used only when required and air-conditioned areas have been treated with heat resistant material like sun control film to reduce heat absorption. We believe that energy saved is energy produced.

### Research and Development and technology absorption

Your company is an intrinsically R&D driven organization, will continue to focus in its R&D activities in energy efficient true color LED Display and LED Lighting solutions.

A strong embedded technology base was created in the company and several embedded products were developed, produced and delivered by the company.

### Foreign exchange earnings and outgo

| Particulars | 2012-13 (9months ended 30th<br>June 2013) | 2011-2012 (15 months ended 30th<br>September 2012) |
|-------------|---|--|
| Outgo       | 2.75                                      | 7.16   |
| Earnings    | 2.44                                      | 6.57   |

## LISTING AGREEMENT COMPLIANCE

The Company being listed on both NSE & BSE is complying with all the requirements of the Listing Agreement. The following are the compliance to the Stock Exchanges during the Financial Year.

- Cancellation of 5,06,75,000 convertible warrants which was approved by members at the Extraordinary General Meeting held on 26th March 2012
- Cancellation of 5,06,75,000 convertible share warrants approved by the members at the Extraordinary General Meeting held on 30th June 2012.

The Company has paid Listing Fee for the Financial Year 2013-14 to each of the said stock exchanges and had currently complied with the conditions of the Listing Agreement.

## ACKNOWLEDGMENT

The Directors take this opportunity to place on record their sincere thanks to analysts, Banks and Financial Institutions, Insurance Companies, Central and State Governments, Departments and the Shareholders for their support and co-operation extended to the company from time to time.

Directors are pleased to record their appreciation for the sincere and dedicated services of the employees and workmen at all levels, during the year under review and look forward to their continued support over the foreseeable future.

**For and on behalf of the Board**

Sd/-

**Dr. M V Ramana Rao**  
Chairman & Managing Director

Sd/-

**Shri L N Malleswara Rao**  
Executive Director

Place : Hyderabad  
Date : 26/10/2013

The Management challenges to be addressed by the company, to achieve the growth rates and levels of business required to ensure a respectable status in the market place, can be categorised as: (1) Sustaining the leadership status in Product Development and Innovation in the areas of LED Displays and Lighting Products (2) Market Penetration and Rapid Business Development (3) Ensuring the availability of necessary manufacturing and testing capacities to cater to the targeted business levels (4) Creation of the Supply and Distribution Channels across the Country to fully exploit the tremendous business opportunities that the company's products offer (5) Ensuring that the performance levels of the product groups in the field are as desired and most importantly (6) Mobilisation of the required Funds and bringing about the needed Financial Discipline for ensuring a satisfactory cash flow situation for supporting the targeted growth levels.

Considering the difficult times that the company has been going through, meeting these challenges, though daunting, is mandatory and vital. With determined efforts the challenges should be and can be met.

### 1. Leadership status in product Development

The pioneering work done for more than two & half decades in the field of LED Displays has enabled the company to reach a position of eminence in this product range not only in the country but also across the globe. MIC could find a position in the top 15 companies in the world in terms of capability for development and manufacture of high quality True Colour LED Displays. Several variants of these products were developed for deployment both in Indoor and Outdoor applications. MIC has come out with Display screens with pitch sizes of 40mm, 25mm, 21mm, 16mm, 14mm and 12mm for Outdoor applications. For Indoor applications the company has developed so far 12mm, 9mm, 7mm, 6mm, 4mm and 3mm screens. These products have been in use in and outside the country for applications covering Entertainment, Event coverage, Sports, Product advertisements, Theatre applications, Highway messaging, and mass communications. In addition, MIC could also develop special niche products for use by the Indian Railways for Passenger Information, Coach Guidance and Platform Display applications.

MIC has been the only company in the country, till date, for developing such sophisticated display systems. In respect of product range, these displays are considered adequate to cover all the application segments outlined above. However, the company has to focus on enhancing the application potential of the products already developed, by carrying out marginal additions in hardware and software to cater to the

needs of Education and Training, Information dissemination relevant to Rural areas, Mass communications with interactive features and Support systems for disaster management etc. The potential of the day light visible LED Displays with excellent True Colour features needs to be fully exploited.

Further, in order to enhance the scope of applications of these displays in High end applications like in control room and security domains, work needs to be carried out for realizing low pitch and future generation display systems for increased resolution and Indoor usage from short distances. Technological partnerships may have to be built towards this end.

In respect of the lighting segment, a plethora of products was developed by the company for Grid based, Off-grid based and Solar powered applications. Considering the highly competitive situation in the market place and considering the resource constraints that the company suffers from, it is necessary that very careful product rationalization has to be carried out for retaining market leadership in chosen application segments. The choice, obviously, has to centre around provenness of the products, established and envisaged market demand and targeted customer population. Since the elegance and performance of the lighting products largely hinges on Mechanical design, Heat dissipation systems, and Power Supplies, appropriate help may have to be sought from competent design agencies working on similar products abroad. This is vital for ensuring long term reliable performance of the products which is meant to be the main selling point for LED Lighting.

Actions taken so far in this regard :

- i. Technical and Business relationship with M/s Shenzhen Leyard Opto-Electronics Co Ltd for LED Display products
- ii. Forming an association with M/s. Kenplus of Malaysia for Design and marketing of LED Lighting products

In the light of policy initiatives taken by the Department of Electronics and Information Technology (DeitY), whereby concrete encouragement is meant to be provided for indigenously developed products, the company needs to further strengthen its R&D capabilities and infrastructure as quickly as possible.

### 2. Market Penetration and Rapid Business Development

It needs to be recognised that, the company's real core strengths are Product Development and Innovation. In respect of niche products for select single customers, like in the case of Railway applications, centralised corporate selling may prove adequate and effective since such selling is more technical selling than commercial selling. Similar is the

situation in respect of very high end usage of Displays like in the Nautanki Kingdom of Dreams - theater application which is a one off project for a unique requirement.

In order to meet the requirements of broad based and geographically dispersed clientele for both Display and Lighting segments, structured relationships need to be forged with specialists in the field who have the required resources and reach.

Actions taken so far in this regard :

- i. Business Association with Colorado Timing Systems (CTS) of U.S.A for LED Display Products
- ii. Business Association with SMIC360 for promotion of Display Products for Sporting applications
- iii. Business Association with IMEC for promotion of LED Lighting Products
- iv. Business Association with Energy Efficiency Services Limited (EESL) for joint project execution.

It is fully recognised that lot more needs to be done in this area for both Display and Lighting products. Supply of the products on OEM basis to companies with established marketing strengths has to be seriously pursued.

### 3. Note on Operations for 2012-13:

During 2012-13 (9 months) MIC has incurred an operating loss of Rs. 7.48 cr. due to significant reduction in turnover/ low level of operations. Where as fixed costs (including finance cost) could not be reduced commensurate with low level of operations.

Turnover of Rs.131.88 cr. during 2011-12 represents for 15 months period from 01.07.2011 to 30.09.2012. Whereas Rs.70.20 cr. during 2012-13 represents for 9 months period only from 01.10.2012 to 30.06.2013. Due to discontinuation of telecom business along with software division, there was no revenue generation from these divisions which resulted in decline in revenue. Further due to the prevailing recessionary trend, as you are aware, all the manufacturing industries have been effected during the last two years. This also causes reduction in turnover.

### 4. Ensuring availability of necessary manufacturing and testing capacities

It is expected that the available manufacturing and testing facilities will prove adequate for the coming two years, with appropriate usage of external centralised facilities especially for qualification and type approval purposes.

However, the incentives being offered by the Government of India in respect of investments on creation of infrastructure for Electronic Hardware Manufacture have to be taken

advantage of as soon as possible when the situation permits for the company.

Hopefully, this can be done in the course of the next two years

### 5. Creation of the Supply and Distribution Channels across the Country

This issue is partially covered in respect of Point 2 above.

### 6. Field Performance Monitoring of the Products

The existing system for the purpose, admittedly, is inadequate and needs to be strengthened and made effective very soon. The Channel Partners being put in position are expected to give valuable feedback in this regard. Retaining the services of third party performance auditors is also being considered for the purpose. This activity is recognised as very important for the company as it aims to solely leverage on its product strength and performance for its business opportunities.

### 7. Fund Mobilisation for supporting the targeted growth

This task, at this point of time, is the most vital one to address. Thankfully, considering the strength of our products, some business and channel partners are catering to the company's working capital requirements with advances against purchase orders. Bill discounting facilities being offered by some agencies are also being made use of. However, these measures alone will not be adequate to support the growth being targeted.

Infusion of additional equity through appropriate routes needs to be worked for. Efforts are on in this regard.

Considering the unpleasant experiences suffered in the past, the company needs to exercise great caution and diligence in the choice of its customers and compliance with legal and commercial issues.

To sum up, the company needs to continuously carry out very objective SWOT analysis and initiate the required mid course corrections as warranted to exploit the opportunities and to counter the threats. It needs essentially to operate leveraging its areas of strength - namely product strengths.

By Order of the Board  
for MIC Electronics Limited

Sd/-

Place : Hyderabad

Date : 26/10/2013

**Dr. M.V. Ramana Rao**  
Chairman & Managing Director

## 1) COMPANY PHILOSOPHY ON CORPORATE GOVERNANCE

MIC management continues to strive for excellence in Good Corporate Governance and Responsible Management Practices, benchmarking with best of global companies.

Your company believes that for a company to be successful it must maintain global standards of corporate conduct towards its stakeholders. The company believes that it is rewarding to be better managed and governed and to identify its activities with national interest. To that end, your company has always focused on good corporate governance which is the key driver of sustainable corporate growth and long term value creation.

Your company views corporate governance in its widest sense almost like a trusteeship, a philosophy to be progressed, a value to be imbibed and an ideology to be ingrained into the corporate culture.

It is not merely compliance and simply a matter of creating checks and balances; it is an ongoing measure of superior delivery of company's objectives with a view to translate opportunities into reality. It involves leveraging its resources and aligning its activities to national need, shareholders benefit and employee growth, thereby delighting all its stakeholders, while minimizing the risks. The primary objective is to create and adhere to a corporate culture of conscience and consciousness, transparency and openness, fairness, accountability, propriety, equity, sustainable Value Creation, ethical practices and to develop capabilities and identify opportunities that best serve the goal of value creation, thereby creating an outperforming organization.

## 2) BOARD OF DIRECTORS

Composition and size of the Board:

Presently, the Board of Directors comprises Six Directors out of which two of them are Executive Directors one of them is Non-Independent & Non-Executive and the Three are Non-executive & Independent Directors.

The Board of Directors of the Company has an optimum combination of Executive, Non-Executive and Independent Directors. The Board has no Institutional Nominee Directors.

According to Clause 49, if the Chairman is Executive Director, at least one half of the Board should consist of non-executive, Independent Directors. As provided below shows, this provision is met at MIC.

| S.No. | Name of the Director   | Category                                |
|-------|--|---|
| 1     | Dr. M V Ramana Rao   | Promoter, Chairman & Managing Director  |
| 2     | Shri Atluri Venkata Ram  | Non-Independent, Non Executive Director |
| 3     | Shri L N Malleswara Rao  | Non-Independent, Executive Director     |
| 4     | Shri N Sreenivasa Rao  | Independent, Non Executive Director     |
| 5     | Shri Veera Venkata Satya Surya<br>Chandra Bhima Sekhar Babu Alla   | Independent, Non Executive Director     |
| 6     | J N Prasanna Kumar Setty<br>(Appointed with effect from 09 <sup>th</sup> February 2013)  | Independent, Non Executive Director     |
| 7     | Shri Somendra Khosla<br>(Resignation with effect from 27 <sup>th</sup> February 2013)  | Independent, Non Executive Director     |
| 8     | Pramod Kumar Bahinipati<br>(Appointed with effect from 08 <sup>th</sup> January 2013<br>and Resignation with effect from 14 <sup>th</sup> May 2013 ) | Independent, Non Executive Director     |

### Meetings held and Attendance of Board Meetings:

During the period Board Meetings were held from 1<sup>st</sup> October 2012 to 30<sup>th</sup> June 2013.

The Dates on which the Board Meetings were held are: 29-Nov-12, 29-Dec-12, 17-Jan-13, 9-Feb-13, 17-Apr-13, 14-May-13.

### Attendance of Directors in the above said meetings:

| Sr. No | Director   | Attendance Particulars      |                          |
|--------|--|-----------------------------|--------------------------|
|        |  | Board Meetings & Attendance | Presence at the Last AGM |
| 1      | Dr. M V Ramana Rao   | 6(6)                        | Yes                      |
| 2      | Shri Atluri Venkata Ram  | 2(6)                        | No                       |
| 3      | Shri L N Malleswara Rao  | 4(6)                        | Yes                      |
| 4      | Shri N Sreenivasa Rao  | 6(6)                        | Yes                      |
| 5      | Shri Veera Venkata Satya Surya<br>Chandra Bhima Sekhar Babu Alla   | 6(6)                        | No                       |
| 6      | J N Prasanna Kumar Setty<br>(Appointed with effect from 09.02.2013)  | 2(2)                        | No                       |
| 7      | Shri Somendra Khosla (Resignation with<br>effect from 27 <sup>th</sup> February 2013)                              | 0(4)                        | No                       |
| 8      | Pramod Kumar Bahinipati<br>(Appointed with effect from 08.01.2013<br>and Resignation with effect from 14.05.2013 ) | 0(1)                        | No                       |

The maximum time gap between any of two of the Board meetings was not more than four months.

The Information as required under clause 49 of the listing agreement is made available to the Board. The agenda and the related papers for consideration at the Board meeting are circulated sufficiently in advance of the Board Meetings.

### Number of other Directorships and Committee Member / Chairmanships as on 30.06.2013:

| Sr. No | Director   | Category                       | Other Directorship | Committee Membership | Committee Chairmanship |
|--------|--|--------------------------------|--------------------|----------------------|------------------------|
| 1      | Dr. M V Ramana Rao   | Promoter, Executive Director   | 6                  | -                    | -                      |
| 2      | Shri Atluri Venkata Ram  | Non Independent, Non Executive | 2                  | -                    | -                      |
| 3      | Shri L N Malleswara Rao  | Non Independent, Executive     | -                  | -                    | -                      |
| 4      | Shri N Sreenivasa Rao  | Independent, Non-Executive     | 1                  | -                    | -                      |
| 5      | Shri Veera Venkata Satya Surya<br>Chandra Bhima Sekhar Babu Alla       | Independent, Non-Executive     | 1                  | -                    | -                      |
| 6      | J N Prasanna Kumar Setty<br>(Appointed with effect<br>from 09.02.2013) | Independent, Non Executive     | 2                  | -                    | -                      |

### 3) BOARD COMMITTEES

The Company has the following standing committees on the Board

#### A) Audit Committee

The terms of reference of the Audit Committee are in accordance with Section 292 of the Companies Act, 1956 and the guideline set out in Clause 49 of the Listing Agreement.

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements 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 the management, the quarterly financial statements before submission to the board for approval
- 5A. Reviewing, with the management, the statement 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 document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.

12A. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.

13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

**The Audit Committee comprises the following Directors.**

| Name of the Director   | Designation | Nature of Directorship             |
|--|-------------|------------------------------------|
| Shri Veera Venkata Satya Surya   | Chairman    | Independent Non Executive          |
| Chandra Bhima Sekhar Babu Alla   | Director    |                                    |
| Shri N Srinivasa Rao   | Member      | Independent Non Executive Director |
| Dr. M V Ramana Rao   | Member      | Executive Chairman                 |
| Shri Somendra Khosla (Resignation with effect from 27th February 2013) | Member      | Independent Non Executive Director |

The Audit Committee consists of Two Independent, Non-executive Directors and one Executive Chairman who are financially literate as required by Clause 49. Moreover, the Audit Committee has members who have accounting or related financial management expertise.

**Audit Committee Meetings and Attendance:**

During the Period Audit Committee Meetings were held from 1st October 2012 to 30th June 2013.

The Dates on which the Audit Committee Meetings were held are: 29-Nov-12, 9-Feb-13, 14-May-13, 27-Aug-13

| Sr. No | Director   | No. of Meeting Attended |
|--------|--|-------------------------|
| 1.     | Shri Veera Venkata Satya Surya Chandra Bhima Sekhar Babu Alla          | 3(3)                    |
| 2      | Shri N Srinivasa Rao   | 3(3)                    |
| 3.     | Dr. M V Ramana Rao   | 3(3)                    |
| 4.     | Shri Somendra Khosla (Resignation with effect from 27th February 2013) | 0(2)                    |

The maximum time gap between any of two of the Audit Committee meetings was not more than four months.

**4) SUBSIDIARY COMPANIES:**

1. MIC Electronics Inc (USA) in which Dr M V Ramana Rao and Atluri Venkata Ram are Directors.
2. Maave Electronics Private Limited (India)
3. MIC Green Energy Solutions Private Limited (India) in which Dr M V Ramana Rao and Atluri Venkata Ram are Directors.
4. MIC Candilux Private Limited (India) - in which Dr M V Ramana Rao is a Director.

The Details of aforesaid Subsidiary Companies as required in accordance with Clause 49 of the Listing Agreement are provided in the Directors Report.

## 5) REMUNERATION COMMITTEE

The company's remuneration committee determines the company's policy's on the remuneration package of the Executive directors and approves the payment of remuneration to the Managerial Personnel.

The Broad terms of reference of Remuneration Committee are to determine on behalf of the Board and on behalf of Shareholders with agreed terms of reference, the Company's policy on specific remuneration package for executive directors, administration of Employees Stock Option Scheme and administration of employee compensation & benefit plans

Composition of the committee:

| Name of the Director   | Designation | Nature of Directorship | Profession                      |
|--|-------------|------------------------|---------------------------------|
| Shri Veera Venkata Satya Surya<br>Chandra Bhima Sekhar Babu Alla       | Chairman    | Independent Director   | Practicing Company Secretary    |
| Shri N Srinivasa Rao   | Member      | Independent Director   | Business                        |
| Shri J N Prasanna Kumar Setty  | Member      | Independent Director   | Practicing Chartered Accountant |
| Shri Somendra Khosla (Resignation with effect from 27th February 2013) | Member      | Independent Director   | Business                        |

Remuneration Committee Meetings and Attendance:

During the period one Remuneration Committee Meetings was held from 1st October 2012 to 30th June 2013.

The Dates on which the Remuneration Committee Meetings were held are: 29th November, 2012

| Sr. No | Director   | No. of Meeting Attended |
|--------|--|-------------------------|
| 1.     | Shri Veera Venkata Satya Surya Chandra Bhima Sekhar Babu Alla          | 1(1)                    |
| 2      | Shri N Srinivasa Rao   | 1(1)                    |
| 3.     | Shri J N Prasanna Kumar Setty  | 0(0)                    |
| 4.     | Shri Somendra Khosla (Resignation with effect from 27th February 2013) | 0(1)                    |

Details of remuneration paid to the Executive Directors during the Period 2012-13 are given below:

| Name of the Director    | Relationship with other Directors | Business Relationship with company if any | Loans and advances from company | Total Remuneration (Rs.) |
|-------------------------|-----------------------------------|---|---------------------------------|--------------------------|
| Dr. M V Ramana Rao      | None                              | None                                      | None                            | 22,60,000                |
| Shri L N Malleswara Rao | None                              | None                                      | None                            | 1125000                  |

Note : Dr. M V Ramana Rao Remuneration includes In Rent free accommodation of Rs. 2,70,000/-

Non-Executive Directors Compensation:

As per the Provisions of Clause 49, the Company has not paid any compensation to non-executive Directors other than Sitting Fee for attending the Board Meeting. The Company has not issued any Stock Options to any Non-executive Directors, during the period under Review.

## 6) SHAREHOLDERS'S TRANSFER & GRIEVANCE COMMITTEE:

Committee specifically looks into redressing of shareholders' and investors' complaints/grievances pertaining to share transfers, non receipt of annual reports, dividend payments, issue of duplicate certificates, transmission(with or without legal representation) of shares and other miscellaneous complaints. The Committee oversees and review performance of the Registrar and Transfer Agent and recommends measures for overall improvement in the quality of investor services. The Committee also monitors implementation and compliance of Company's Code of Conduct for Prevention of Insider Trading in the company securities.

Composition of the Committee:

| Name of the Director   | Designation | Nature of Directorship | Profession                      |
|--|-------------|------------------------|---------------------------------|
| Shri N. Srinivasa Rao  | Chairman    | Independent Director   | Business                        |
| Shri L. N. Malleswara Rao  | Member      | Executive Director     | Service                         |
| Shri Veera Venkata Satya Surya<br>Chandra Bhima Sekhar Babu Alla | Member      | Independent Director   | Practicing Company<br>Secretary |

Name & Designation of the Compliance officer : Vijay Kumar Naidu Ch.  
Company Secretary

Email id for Investor Grievances: info@mic.co.in

**Number of shareholders complaints received so far.**

**At the begging of the Financial year pending complaints are 2 during the period, the Company has received 2 complaints and resolved 2 complaints. Pending complaints as on 30th June 2013 are 2 due to documents to be received from the investors.**

During the Period there is no Sharehodlers's Transfer & Grievance Committee Meetings held from 1st October 2012 to 30th June 2013.

The details of shares held by the Directors as on 30th June, 2013

| Sr. No | Director   | Category                                | No. of Shares | % of Holding |
|--------|--|---|---------------|--------------|
| 1      | Dr. M V Ramana Rao   | Promoter, Executive Director            | 4644902       | 4.53         |
| 2      | Shri Atluri Venkata Ram  | Non-Independent, Non-Executive Director | 1052255       | 1.03         |
| 3      | Shri L N Malleswara Rao  | Non-Independent, Executive Director     | 124234        | 0.12         |
| 4      | Shri N Sreenivasa Rao  | Independent, Non Executive              | 65            | 0.00         |
| 5      | Shri Veera Venkata Satya<br>Surya Chandra Bhima<br>Sekhar Babu Alla    | Independent, Non Executive              | -             | -            |
| 6      | J N Prasanna Kumar Setty<br>(Appointed with effect<br>from 09.02.2013) | Independent, Non Executive              | -             | -            |

**7) DETAILS OF GENERAL BODY MEETINGS:**

Location and time of the last three AGM's.

| Financial Year | Date & Time              | Venue   | Nature of special resolutions, if any passed   |
|----------------|--------------------------|---|--|
| 2011-12        | 29-12-2012<br>11.00 AM   | A-4/II, Electronic Complex,<br>Kushaiguda, Hyderabad-62 | Revision in Remuneration of Dr. M V Ramana Rao   |
| 2010-2011      | 30-12-2011 1<br>1.00.A.M | A-4/II, Electronic Complex,<br>Kushaiguda, Hyderabad-62 | Reduction of Price from Rs.6 to Rs. 4/- of Issue of shares to Subsidiary Company Employees through Employee Stock Option Plan – 2010.<br>Remuneration of CEO Shri Atluri Venkata Ram   |
| 2009-2010      | 30-12-2010<br>11.00.A.M  | A-4/II, Electronic Complex,<br>Kushaiguda, Hyderabad-62 | Inserting of Corporate Guarantee Clause in Articles of Association.<br><br>Issue of shares to Employees through Employee Stock Option Plan – 2010.<br><br>Issue of shares to Subsidiary Company Employees through Employee Stock Option Plan – 2010. |

None of the Resolutions were put through postal ballot in the last year.

**8) DISCLOSURES**

● Related party transactions:

No Transactions of material nature was entered in to by the Company with the related parties i.e, Directors or the management, their subsidiaries or relatives conflicting with the Company's interest. Transactions with the related parties are disclosed in notes to accounts in the Annual Report.

● Penalties:

No penalties have been imposed on the company by the stock exchanges where the company's shares are listed or by SEBI or any other statutory authority on any matter.

● Disclosure of Accounting Treatment:

The Company follows the accounting standards as specified in the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The significant accounting policies which are consistently applied have been set out in the Notes to the Accounts of the Audited Financial Statements for the Period ended 30th June 2013.

● Code of Conduct

The Board has laid down a Code of Conduct covering the Ethical requirements to be complied with covering all the Board members and senior management personnel of the Company an affirmation of compliance with the code is received from them on an annual basis, which has been posted on the website [www.mic.in](http://www.mic.in)

● CEO/CFO Certification

The Chief Executive Officer and the Chief Financial Officer of the Company give certification on financial reporting and internal controls to the Board as required under Clause 49(V) of the Listing Agreement.

● **Appointment of Directors**

The Information required for appointment/re-appointment or regularization of Directors at the ensuing Annual General Meeting, is provided along with the AGM Notice, and the explanatory Statement thereof.

● **Compliance Reports:**

The Board has periodically reviewed the compliance reports of all laws applicable to the company and there are no instances of Non-compliances.

● **Audit Qualifications:**

There are some qualifications in the Financial Statements of the Company for the Period ended 30th June, 2013.

Qualifications as per auditor's report and explanation given by the directors:

| S.No. | Basis for Qualified Opinion   | Explanation   |
|-------|---|---|
| 1.    | Reference is invited to Note 3.16 of the financial statements, the of Rs 63.26 crores the industry in the last 3 to 4 years, are more than three years old and "we are unable to ascertain whether such balances as at balance sheet date are fully recoverable. Accordingly, we are unable to ascertain the impact, if any, that may arise in case any of these receivables are subsequently determined to be doubtful of recovery. Had the Company provided provision for the same, the loss for the period would have been higher by the said amount." hence no provision has been made.   | Due to the prevailing recessionary trend in Company's Trade Receivables to the extent significant portion of trade receivables remain uncollected. The management has setup a separate team for close monitoring and collection of such overdue receivables. The management is confident of collecting such overdue trade receivables over a period of time and |
| 2.    | Reference is invited to Note 3.18 of the financial statements, the Company's Other Advances to the extent of Rs 6.02 crores, "we are unable to ascertain whether such balances as at balance sheet date are fully recoverable. Accordingly, we are unable to ascertain the impact, if any, that may arise in case any of these advances are subsequently determined to be doubtful of recovery. Had the Company provided provision for the same, the loss for the period would have been higher by the said amount." crores related to advances given to various suppliers for supply of materials / services in the ordinary course of business. The management is closely pursuing with such suppliers for supply of materials / services. We are insisting such suppliers to either supply the materials/services or refund the advance amount without further delay. The management is confident of adjustment of such advances and hence no provision has been made. | The above advances include a sum of Rs.1.90 crores given as advance for acquisition of shares in those companies which are engaged in manufacture of LED lighting products and power electronics and the management is insisting such companies to allot/transfer shares at the earliest or else refund the invested amount. Balance of Rs.4.12                 |

| S.No. | Basis for Qualified Opinion   | Explanation   |
|-------|---|---|
| 3.    | Reference is invited to Note 3.13 of the financial statements, the Company's Capital Advances to the extent of Rs 11.97 crores, "we are unable to ascertain whether such balances as at balance sheet date are fully recoverable. Accordingly, we are unable to ascertain the impact, if any, that may arise in case any of these advances are subsequently determined to be doubtful of recovery. Had the Company provided provision for the same, the loss for the period would have been higher by the said amount." delay. The management is confident of adjustment of such capital advances and hence no provision has been made. | Company has given advances to various suppliers for supply of capital goods for its LED Display Division's expansion projects. The management is closely pursuing with such suppliers for supply of such capital goods. We are insisting such suppliers to either supply the goods or refund the advance amount without further |
| 4.    | Reference is invited to Note 3.07 of the financial statements, The Company has not provided the interest on unsecured loans for the nine months period ended 30th June 2013, for Rs 2.47 crores since the company is pursuing the matter for settlement. Had the Company provided provision for the same, the loss for the period would have been higher by the said amount."   | Due to tight liquidity position, company has approached the lenders of unsecured loans for one time settlement. Since the company is of the opinion that the lenders will consider favourably, interest has not been provided on such unsecured loans.  |

● Whistle Blower Policy:

Though the Company does not have whistle Blower Policy, no person is denied access to the Audit Committee.

● Risk Management

Business risk evaluation and management is an ongoing process within the organization. During the period under review, a detailed exercise on Business Risk Management (BRM) was initiated covering the entire gamut of business operations.

## 9) MEANS OF COMMUNICATION

- Quarterly/Annual Results: The Company regularly intimates un-audited as well as audited financial results to the Stock Exchanges, immediately as they are taken on record/ approved. These financial results are normally published in Business Standard (English), Andhra Prabha (Telugu) and displayed on the Company's website [www.mic.in](http://www.mic.in)
- News Release, Presentation etc.: The official news releases, detailed presentations made to media, institutional investors, financial analysis etc. are displayed on the Company's website [www.mic.in](http://www.mic.in)
- Website: The Company's website [www.mic.in](http://www.mic.in) contains separate dedicated section 'Investor information' where the shareholders information is available. Full Annual Report, Quarterly Results, Press Releases, Products and Services etc. are also available on the web-site in a user-friendly manner.
- Ministry of Corporate Affairs as a 'Green Initiative in the Corporate Governance' has issued a Circular no 17/2011 on 21 April 2011, permitting companies to service delivery of documents electronically on the registered members'/shareholders' email addresses under section 53 of the Companies Act, 1956. The company is accordingly proposing to send documents, such as Notice calling the general meeting, audited financial statements, directors' report, auditors' report etc in electronic form on the email ids provided by the shareholders & made available by them to the company through the depositories. Shareholders desiring to receive the said documents in physical form will continue to get the same in physical form.

The company also files the following information, statements, reports on the website as specified by SEBI:

- Full version of the annual report including the balance sheet, profit and loss account, directors' report and auditors' report, cash flow statement, half-yearly financial statement and quarterly financial statements.
- Corporate governance report.
- Shareholding pattern.

## 10) GENERAL SHAREHOLDER INFORMATION

|   |   |
|---|---|
| Date & Venue of AGM   | 22nd November 2013 at A-4/II, Electronic Complex, Kushaiguda, Hyderabad-500062 Andhra Pradesh   |
| Financial Year  | 1st 1st October to 30th June 2013   |
| Tentative Calendar of Events for the FY 2013-2014 (July- June)  | 1st Quarter ending 30th September 2013 - before 14th November 2013<br>2nd Quarter ending 30th December 2013 - before 15th February 2014<br>3rd Quarter ending 31st March 2014 - before 15th May 2014<br>4th Quarter ending 30th June 2014 – before 14th August 2014 |
| Book Closure for AGM (Both days Inclusive)  | 18th November 2013 to 22nd November 2013  |
| Dividend Payment Date (if declared & approved)  | NIL   |
| Listing on Stock Exchanges  | National Stock Exchange Ltd (NSE) Stock Code - MIC<br>Bombay Stock Exchange Ltd (BSE) Stock Code - 532850   |
| Registrars & Transfer Agents (RTA)  | Venture Capital and Corporate Investments Pvt. Ltd.<br>12-10-167, Bharatnagar, Hyderabad-500018<br>Tel: 040-23868257/258  |
| Share Transfer System   | Physical share transfers are processed and share certificates are returned to the Shareholders with in a maximum Period of twenty one days from the date of receipt, Subject to the documents being valid and complete in all respects.                             |
| Dematerialization of shares   | Company had Provided Demat facility through National Securities Depository Ltd & Central Depository Services Ltd ISIN: INE287C01029   |
| CIN Number  | L31909AP1988PLC008652   |
| Outstanding GDRs / ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity | NIL   |
| Address for Correspondence<br>Company Secretary   | Vijay Kumar Naidu Ch<br>MIC Electronics Limited<br>A-4/II, Electronic Complex, Kushaiguda, Hyderabad-500062<br>Andhra Pradesh<br>cs@mic.co.in   |

- **Market Price data: High / Low during each month in the Period 2012-13 and performance in comparison to broad based indices such as NSE Nifty and BSE SENSEX.**

| MONTH & YEAR | NSE (IN RS.) |      | NIFTY   |         | BSE (IN RS.) |      | SENSEX   |          |
|--------------|--------------|------|---------|---------|--------------|------|----------|----------|
|              | HIGH         | LOW  | HIGH    | LOW     | HIGH         | LOW  | HIGH     | LOW      |
| Oct – 2012   | 5.70         | 4.50 | 5815.35 | 4888.20 | 5.80         | 4.51 | 19137.29 | 18393.42 |
| Nov- 2012    | 6.30         | 4.40 | 5885.25 | 5548.35 | 6.30         | 4.40 | 19372.7  | 18255.69 |
| Dec-2012     | 6.55         | 4.85 | 5965.15 | 5823.15 | 6.50         | 4.90 | 19612.18 | 19149.03 |
| Jan - 2013   | 5.35         | 4.25 | 6111.80 | 5935.20 | 5.36         | 4.25 | 20203.66 | 19508.93 |
| Feb - 2013   | 5.65         | 4.35 | 6052.95 | 5671.90 | 5.65         | 4.37 | 19966.69 | 18793.97 |
| Mar - 2013   | 4.95         | 3.25 | 5971.20 | 5604.85 | 5.05         | 3.25 | 19754.66 | 18568.43 |
| Apr - 2013   | 4.20         | 3.45 | 5962.30 | 5477.20 | 4.31         | 3.41 | 19622.68 | 18144.22 |
| May - 2013   | 4.00         | 3.00 | 6229.45 | 5910.95 | 3.95         | 2.98 | 20443.62 | 19451.26 |
| Jun - 2013   | 3.35         | 2.40 | 6011.00 | 5566.25 | 3.35         | 2.45 | 19860.19 | 18467.16 |

- **Distribution of Shareholding as on 30th June, 2013**

| Shares          | Holders      |            | Shares           |            |
|-----------------|--------------|------------|------------------|------------|
|                 | Number       | % To Total | No Of Shares     | % To Total |
| Upto - 500      | 33607        | 69.12      | 6336969          | 6.18       |
| 501 - 1000      | 6383         | 13.13      | 5417768          | 5.29       |
| 1001 - 2000     | 3695         | 7.60       | 5879008          | 5.74       |
| 2001 - 3000     | 1531         | 3.15       | 3989786          | 3.89       |
| 3001 - 4000     | 697          | 1.43       | 2543331          | 2.48       |
| 4001 - 5000     | 669          | 1.38       | 3200258          | 3.12       |
| 5001 - 10000    | 1041         | 2.14       | 7815382          | 7.62       |
| 10001 and above | 997          | 2.05       | 67315773         | 65.68      |
| <b>Total</b>    | <b>48620</b> | <b>100</b> | <b>102498275</b> | <b>100</b> |

- **Share holding pattern as on 30th June 2013.**

| Category                        | Holding as on 29/9/2012 | %    |
|---------------------------------|-------------------------|------|
| BODIES CORPORATE                | 9942382                 | 9.70 |
| CLEARING MEMBER                 | 1719761                 | 1.68 |
| CENTRAL/STATE GOVERNMENT(S)     | 0                       |      |
| FINANCIAL INSTITUTIONS/BANKS    | 0                       |      |
| FOREIGN BODIES CORPORATE        | 0                       |      |
| FOREIGN INSTITUTIONAL INVESTORS | 0                       |      |
| INSURANCE COMPANIES             | 0                       |      |
| MUTUAL FUNDS/UTI                | 0                       |      |
| NON RESIDENTIAL INDIVIDUALS     | 7339303                 | 7.16 |

| Category                    | Holding as on 29/9/2012 | %             |
|-----------------------------|-------------------------|---------------|
| PROMOTER AND PROMOTER GROUP | 8242277                 | 8.04          |
| PUBLIC                      | 74492557                | 72.68         |
| TRUST                       | 761995                  | 0.74          |
| <b>TOTAL</b>                | <b>102498275</b>        | <b>100.00</b> |

BY ORDER OF THE BOARD OF DIRECTORS  
For MIC ELECTRONICS LIMITED

Place : Hyderabad  
Date : 26/10/2013

Sd/-  
**Dr.M.V.Ramana Rao**  
Chairman & Managing Director

#### DECLARATION

As provide under clause 49 of the Listing Agreement with the Stock Exchange, the Board of Directors and the Senior Management personnel have confirmed compliance with the Code of Conduct and Ethics for the Period ended 30th June 2013.

Sd/-  
**Dr.M.V.Ramana Rao**  
Chairman & Managing Director

## 05 CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of  
MIC Electronics Limited

We have reviewed the records concerning the Company's compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into, by the Company, with the Stock Exchanges of India, for the Financial Year ended 30th June 2013.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for the review, and the information and explanations given to us by the Company.

Based on such a review, and to the best of our information and according to the explanations given to us, in our opinion, the Company has complied with the conditions of Corporate Governance, as stipulated in Clause 49 of the Listing Agreements.

We further state that, such compliance is neither an assurance as to the future viability of the Company, nor as to the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **dvmgopal & associates**

Company Secretaries

Sd/-

**D. V. M. Gopal**  
Proprietor

Place : Hyderabad

Date : 26th October 2013

To

The Board of Directors

MIC Electronics Limited

We Dr. M V Ramana Rao, Managing Director, and L N Malleswara Rao, Executive Director of M/s. MIC Electronics Limited, to the best of our knowledge and belief,

We certify that :

1. We have reviewed financial statements and the Cash Flow statement for the period ended on 30th June, 2013 and that to the best of our knowledge and belief :
  - i) These statements do not contain any materially untrue statement of omit any material fact or contain statements that might be misleading.
  - ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or volatile of the company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the auditors and the Audit committee that there are no :
  - i) Significant changes in internal control over financial reporting during the year.
  - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For MIC Electronics Limited

Place : Hyderabad  
Date : 26th October 2013

Sd/-  
**Dr. M V Ramana Rao**  
Managing Director

Sd/-  
**L N Malleswara Rao**  
Executive Director

To the members of,

M/s. MIC ELECTRONICS LIMITED,

## Report on the Financial Statements:

We have audited the accompanying financial statements of M/s. MIC Electronics Ltd, which comprise the Balance Sheet as at June 30, 2013, the Statement of Profit and Loss and Cash Flow Statement for the nine months period ended on that date and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the

appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

## Basis for Qualified Opinion

- (1) Reference is invited to Note 3.16 of the financial statements, the Company's Trade Receivables to the extent of Rs 63.26 crores are more than three years old and "we are unable to ascertain whether such balances as at balance sheet date are fully recoverable. Accordingly, we are unable to ascertain the impact, if any, that may arise in case any of these receivables are subsequently determined to be doubtful of recovery. Had the Company provided provision for the same, the loss for the period would have been higher by the said amount."
- (2) Reference is invited to Note 3.18 of the financial statements, the Company's Other Advances to the extent of Rs 6.02 crores, "we are unable to ascertain whether such balances as at balance sheet date are fully recoverable. Accordingly, we are unable to ascertain the impact, if any, that may arise in case any of these advances are subsequently determined to be doubtful of recovery. Had the Company provided provision for the same, the loss for the period would have been higher by the said amount."
- (3) Reference is invited to Note 3.13 of the financial statements, the Company's Capital Advances to the extent of Rs 11.97 crores, "we are unable to ascertain whether such balances as at balance sheet date are fully recoverable. Accordingly, we are unable to ascertain the impact, if any, that may arise in case any of these advances are subsequently determined to be doubtful of recovery. Had the Company provided provision for the same, the loss for the period would have been higher by the said amount."
- (4) Reference is invited to Note 3.07 of the financial statements, The Company has not provided the interest on unsecured loans for the nine months period ended

30th June 2013, for Rs 2.47 crores since the company is pursuing the matter for settlement. Had the Company provided provision for the same, the loss for the period would have been higher by the said amount.”

### Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at June 30, 2013;
- b) In the case of the Statement of Profit and Loss, of the loss for the nine months period ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the nine months period ended on that date.

### Report on Other Legal and Regulatory Requirements :

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion proper books of account as required

by law have been kept by the Company so far as appears from our examination of those books.

- c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. Except for the effects of the matters described in the Basis for Qualified Opinion paragraph, In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in section 211(3C) of the Act;
- e. On the basis of written representations received from the directors as on June 30, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on June 30, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f. Since the Central Government has neither issued any notification as to the rate at which the cess is to be paid under Section 441A of the Act nor has it issued any Rules under the said Section prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For PAVULURI&Co.  
Chartered Accountants  
Firm Reg. No:012194S

(CA N. RAJESH)  
PARTNER  
M.No : 223169

Place: Hyderabad  
Date : 27.08.2013

**REFERRED TO IN PARAGRAPH (1) IN OUR REPORT OF EVEN DATE FOR THE PERIOD ENDED 30.06.2013.**

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
(b) As informed to us, most of the fixed assets have been physically verified by the management. There is annual verification of fixed assets, which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies have been noticed on such verification.  
(c) During the year, the company has not disposed off substantial part of the assets. According to the information and explanations given to us, we are of the opinion that no transactions are made involving disposal of assets so as to affect going concern status of the company.
2. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of the verification is reasonable.  
(b) The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
(c) The company is maintaining proper records of inventory. The discrepancies noted on physical verification between the physical stocks and book records were not material.
3. (a) The Company has granted unsecured loan to one of its subsidiary covered in the register maintained under section 301 of the companies Act, 1956. The maximum amount outstanding during the year was Rs.22,827,597/- and the year-end balance of loan granted to such party was Rs. 22,827,597/-.  
(b) In our opinion and according to the information and explanations given to us, the terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.  
(c) As the terms of repayment have not been stipulated in respect of loans given as above, we are not in a position to make any specific comment regarding the repayment of principal and also interest.  
(d) In respect of the said loan, we are not in a position to make any specific comment regarding any overdue amount.  
(e) As informed, the Company has taken unsecured loan of Rs.4,683,573/- from the party covered in the register maintained under section 301 of the companies Act, 1956. In our opinion and according to the information and explanations given to us, the terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of the stores, raw materials including components, plants and machinery, equipment and other assets and with regard to the sale of goods.
5. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:  
(a) According to the information and explanation given to us we are of the opinion, that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.  
(b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 aggregating during the 9 months period to Rs.5,00,000/- or more in respect of any party have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

6. According to the information and explanations given to us, the provisions of Section 58-A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975, do not apply to this Company, as it has not accepted deposits from the public other than corporate bodies and directors of the company.
7. The Company has an adequate internal Audit system commensurate with the size and nature of the business.
8. We have broadly reviewed the Books of Account maintained by the Company as prescribed by the Central Government for maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the accounts and records with a view to determine whether they are accurate or complete.
9. (a) According to the information and explanations given to us, the company is not regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, the following are the undisputed amounts of Income Tax, Wealth Tax, Customs Duty, Sales Tax, Excise Duty, Provident Fund, Employees State Insurance and Professional tax outstanding as at 30th June, 2013 for a period of more than 6 months from the date they became payable.

| Sl.No. | Nature of the dues       | Amount (Rs)  |
|--------|--------------------------|--------------|
| 1.     | Service Tax              | 1,929,383/-  |
| 2.     | Excise Duty              | 5,847,910/-  |
| 3.     | Provident Fund           | 9,156,369/-  |
| 4.     | Employee State Insurance | 2,398,706/-  |
| 5.     | Professional Tax         | 695,790/-    |
| 6.     | TDS                      | 15,666,531/- |
| 7.     | Income Tax               | 77,430,737/- |

- (c) According to the information and explanations given to us following are the disputed dues relating to Customs Duty, Sales Tax and Excise Duty as on 30th June, 2013.

| Name of the Statue       | Nature of the Dispute | Amount (Rs) | Period to which the amounts relate (F.Y) | Forum where the dispute is pending and amount deposited  |
|--------------------------|-----------------------|-------------|--|--|
| Central Excise Act, 1944 | Excise Duty           | 3,896,982/- | 2008-2009                                | Customs, Excise & Service Tax Appellate tribunal, south zonal bench, Bangalore vide appeal no.C/2303 of 2010<br>Amt. deposited : ` 2,896,982/- |
| Customs Act, 1962        | Customs Duty          | 1,801,111/- | 2008-2009                                | O/o.The Commissioner of Customs, Central Excise and Service Tax, Hyderabad III Commissionerate vide Appeal No.C/2302 of 2010                   |

| Name of the Statute   | Nature of the Dispute | Amount (Rs) | Period to which the amounts relate (F.Y) | Forum where the dispute is pending and amount deposited   |
|-----------------------|-----------------------|-------------|--|---|
| The A.P.VAT Act, 2005 | APVAT                 | 840,705/-   | 2008-2009                                | Appellate Deputy Commissioner (CT), Secunderabad Division vide Appeal No.S/23/09-10/V<br>Amt. deposited : ` 840,705/- |
| The A.P.VAT Act, 2005 | APVAT                 | 545,677/-   | 2007-2008                                | Appellate Deputy Commissioner (CT), Secunderabad Division<br>Amt. deposited : ` 545,677/-                             |
| The A.P.VAT Act, 2005 | APVAT                 | 1,809,145/- | 2005-2006                                | WP No.14764/2009 filed with High Court, AP<br>Amt. deposited : ` 1,809,145/-  |
| The A.P.VAT Act, 2005 | APVAT                 | 127,666/-   | 2007-2008                                | Appellate Deputy Commissioner (CT) vide Appeal No.S/101/10-11/V<br>Amt. deposited : ` 127,666/-                       |
| The A.P.VAT Act, 2005 | APVAT                 | 483,509/-   | 2008-2009                                | Appellate Deputy Commissioner (CT) vide Appeal No.S/102/10-11/V<br>Amt. deposited : ` 483,509/-                       |
| The A.P.VAT Act, 2005 | APVAT                 | 1,496,129/- | 2009-2010                                | Appellate Deputy Commissioner (CT) vide Appeal No.S/103/10-11/V<br>Amt. deposited : ` 1,496,129/-                     |

- 10 The Company has no accumulated losses as at the end of the 9 months period. The Company has incurred cash losses during the period covered by our audit but has not incurred cash losses in the immediately preceding financial year.
11. As per the records of the Company and according to the information and explanations given to us, the company has defaulted in repayment of dues to the following as on 30th June 2013.

| S.No. | Name of the bank/institution | Amount (Rs.) | Due since            |
|-------|------------------------------|--------------|----------------------|
| 1.    | UCO Bank                     | 6,249,565/-  | Since April 2013     |
| 2.    | Technology Development Board | 16,000,000/- | Since January 2013   |
| 3.    | L&T Finance Ltd              | 68,599,693/- | Since January 2012   |
| 4.    | State Bank of India          | 46,520,180/- | Since April 2013     |
| 5.    | Standard Chartered Bank      | 56,160,774/- | Since September 2012 |

12. The company has not given any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not a chit fund or a nidhi /mutual benefit fund/ society. Accordingly the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
14. The company is not dealing in or trading in shares, securities, and debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
15. In our opinion, the terms and conditions on which the company has given guarantees for loans taken by the subsidiaries/associates from banks or financial institutions are not prejudicial to the interest of the company.
16. In our opinion, the term loans taken by the company were applied for the purpose for which they were taken.
17. According to the information and explanations given to us and on an overall examination of statements and records of the company, that the funds raised on short-term basis have, prima facie, not been used during the year for long-term investment. No long term funds have been used to finance short term assets except permanent working capital.
18. The company has not made preferential allotment of shares/warrants during the year to parties covered in the register maintained under section 301 of the Companies Act, 1956.
19. During the year, the Company has not issued any debentures, therefore the question of creating security or charge in respect thereof does not arise.
20. During the year, the Company has not made any public issue and therefore the question of disclosing the end use of money raised by public issue does not arise.
21. Based upon the audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

For **PAVULURI&Co.**  
**Chartered Accountants**  
Firm Reg. No:012194S

**(CA N. RAJESH)**  
PARTNER  
M.No : 223169

Place: Hyderabad  
Date : 27.08.2013

(Amount in Rs.)

| Particulars                              | Note. | As at 30.06.2013      | As at 30.09.2012      |
|--|-------|-----------------------|-----------------------|
| <b>I. EQUITY AND LIABILITIES</b>         |       |                       |                       |
| <b>(1) Shareholder's funds:</b>          |       |                       |                       |
| Share capital                            | 3.01  | 20,49,96,550          | 20,49,96,550          |
| Reserves and surplus                     | 3.02  | 3,24,62,99,694        | 3,39,49,74,543        |
| Money received against share warrants    |       | -                     | 4,66,38,340           |
|  |       | <b>3,45,12,96,244</b> | <b>3,64,66,09,433</b> |
| <b>(2) Non-current liabilities</b>       |       |                       |                       |
| Long-term borrowings                     | 3.03  | 34,09,88,244          | 36,40,01,672          |
| Long-term provisions                     | 3.04  | 1,76,83,315           | 1,93,63,193           |
|  |       | <b>35,86,71,559</b>   | <b>38,33,64,865</b>   |
| <b>(3) Current liabilities</b>           |       |                       |                       |
| Short-term borrowings                    | 3.05  | 91,42,44,152          | 86,33,81,347          |
| Trade payables                           | 3.06  | 69,67,71,904          | 64,53,17,359          |
| Other current liabilities                | 3.07  | 56,12,37,273          | 44,80,80,492          |
| Short-term provisions                    | 3.08  | 7,74,30,737           | 8,10,67,147           |
| <b>TOTAL</b>                             |       | <b>6,05,96,51,869</b> | <b>6,06,78,20,643</b> |
| <b>II. ASSETS</b>                        |       |                       |                       |
| <b>(1) Non-current assets</b>            |       |                       |                       |
| Fixed assets                             | 3.09  |                       |                       |
| (i) Tangible assets                      |       | 1,40,11,27,847        | 1,44,39,16,959        |
| (ii) Intangible assets                   |       | 27,69,145             | 35,73,893             |
| (iii) Capital Work in Progress           |       | 40,14,04,072          | 40,13,42,457          |
| (iv) Intangible assets under development | 3.10  | 8,98,40,672           | 8,98,40,672           |
| Deferred Tax asset (Net)                 | 3.11  | 2,54,51,539           | 9,93,30,331           |
| Non current Investments                  | 3.12  | 5,54,15,453           | 5,54,15,453           |
| Long-term loans and advances             | 3.13  | 47,90,17,417          | 46,96,40,253          |
| Other Non-current assets                 | 3.14  | 95,23,335             | 1,33,77,243           |
|  |       | <b>2,46,45,49,480</b> | <b>2,57,64,37,261</b> |

| Particulars                                | Note.  | As at 30.06.2013      | As at 30.09.2012      |
|--|--------|-----------------------|-----------------------|
| (2) Current assets                         |        |                       |                       |
| Inventories                                | 3.15   | 1,74,73,15,096        | 1,58,79,80,732        |
| Trade receivables                          | 3.16   | 1,11,79,25,330        | 1,15,10,98,003        |
| Cash and cash equivalents                  | 3.17   | 2,18,14,663           | 3,40,31,403           |
| Short-term loans and advances              | 3.18   | 68,50,50,954          | 69,72,80,298          |
| Other current assets                       | 3.19   | 2,29,96,346           | 3,59,51,02,389        |
| <b>TOTAL</b>                               |        | <b>6,05,96,51,869</b> | <b>6,06,78,20,643</b> |
| Notes forming part of financial statements | 1-3.40 |                       |                       |

per our report of even date  
For PAVULURI & CO  
Chartered Accountants  
Firm Reg. No: 012194S

For and on behalf of the Board of Directors  
Sd/- Sd/-  
Dr.M.V. Ramana Rao L.N.Malleswara Rao  
Managing Director Executive Director

Sd/-  
CA.N.Rajesh  
Partner  
M.No : 223169

Sd/-  
Ch. Vijay Kumar Naidu  
Company Secretary

Place : Hyderabad.  
Date : 27.08.2013

## STATEMENT OF PROFIT &amp; LOSS FOR 9 MONTHS ENDED 30TH JUNE 2013

(Amount in Rs.)

| Particulars  | Note.       | 9 months ending<br>30.06.2013 | 15 months ending<br>30.09.2012 |
|--|-------------|-------------------------------|--------------------------------|
| <b>I INCOME :</b>  |             |                               |                                |
| Revenue from operations  | 3.20        | 70,19,58,881                  | 1,31,87,77,854                 |
| Other income   | 3.21        | 6,40,39,149                   | 7,93,81,063                    |
| <b>Total Revenue</b>   |             | <b>76,59,98,030</b>           | <b>1,39,81,58,917</b>          |
| <b>II EXPENDITURE :</b>  |             |                               |                                |
| Cost of material consumed                                      | 3.22        | 26,90,13,570                  | 30,91,72,598                   |
| Purchase of traded goods                                       |             | 38,38,45,264                  | 71,44,93,455                   |
| (Increase)/ Decrease in Inventories                            | 3.23        | (16,78,52,283)                | (35,06,79,444)                 |
| Employee benefits expense                                      | 3.24        | 3,99,67,581                   | 10,83,51,693                   |
| Finance costs  | 3.25        | 12,12,20,124                  | 25,44,48,532                   |
| Depreciation and amortization expense                          | 3.09        | 4,48,31,517                   | 7,63,90,752                    |
| Other expenses   | 3.26        | 14,97,68,314                  | 24,26,21,846                   |
| <b>Total expenses</b>  |             | <b>84,07,94,087</b>           | <b>1,35,47,99,432</b>          |
| <b>III Profit before extra-ordinary items and tax (I - II)</b> |             | <b>(7,47,96,057)</b>          | <b>4,33,59,485</b>             |
| <b>IV Extraordinary Items-Obsolete Stock Written off</b>       |             | <b>-</b>                      | <b>69,06,60,057</b>            |
| <b>V Profit before tax (III-IV)</b>                            |             | <b>(7,47,96,057)</b>          | <b>(64,73,00,572)</b>          |
| <b>VI Tax expenses:</b>  |             |                               |                                |
| Current tax  |             | -                             | -                              |
| Taxes of earlier years written back                            |             |                               | 1,39,43,984                    |
| Deffered tax Liability (Asset)                                 | 7,38,78,792 | 7,38,78,792                   | (20,36,273)                    |
|  |             |                               | 1,59,80,257                    |
| <b>VII Profit/(Loss) for the period (V - VI)</b>               |             | <b>(14,86,74,849)</b>         | <b>(63,13,20,315)</b>          |
| <b>VIII Earnings per equity share of par value Rs 2/- each</b> |             |                               |                                |
| Basic  |             | (1.45)                        | (6.16)                         |
| Diluted  |             | (1.45)                        | (4.12)                         |

(Amount in Rs.)

| Particulars  | Note.  | 9 months ending<br>30.06.2013 | 15 months ending<br>30.09.2012 |
|--|--------|-------------------------------|--------------------------------|
| <b>IX No. of shares used in computing earnings per share</b> |        |                               |                                |
| Basic  |        | 10,24,98,275                  | 10,24,98,275                   |
| Diluted  |        | 10,24,98,275                  | 15,31,73,275                   |
| <b>Notes forming part of financial statements</b>            | 1-3.40 |                               |                                |

per our report of even date  
For **PAVULURI & CO**  
**Chartered Accountants**  
Firm Reg. No: 012194S

For and on behalf of the Board of Directors  
Sd/- Sd/-  
**Dr.M.V. Ramana Rao** **L.N.Malleswara Rao**  
Managing Director Executive Director

Sd/-  
**CA.N.Rajesh**  
Partner  
M.No : 223169

Sd/-  
**Ch. Vijay Kumar Naidu**  
Company Secretary

Place : Hyderabad.  
Date : 27.08.2013

## 1 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous years.

## 2 Significant accounting policies

### 2.1 Disclosure of Accounting Policies:

Financial statements have been prepared under the historical costs convention and in accordance with applicable accounting standards and provisions of the Companies Act, 1956. All income and expenditure having a material bearing in the financial statements are prepared on accrual basis.

### 2.2 Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

### 2.3 Valuation of Inventories:

a) Raw Materials and Work in Progress are valued at cost. b) Finished goods are valued at cost or net realisable value whichever is less. c) CENVAT & VAT on purchase of raw material/components are deducted from cost of such materials."

### 2.4 Cash Flow Statements:

Cash flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of non cash nature and any deferrals or

accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the companies are segregated based on the available information.

### 2.5 Accounting for Fixed Assets

Fixed assets are capitalized at acquisition cost and other directly attributable cost of bringing the assets to its working condition. Cenvat & VAT claimed on capital goods are credited to plant & machinery account. Development / preoperative expenditure incurred, if any, in connection with new line of production will be capitalized to the respective project Assets.

### 2.6 Depreciation Accounting:

Fixed assets are valued at cost less depreciation provided on Straight Line Method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956. In respect of additions made during the year, depreciation is provided on pro rata basis.

### 2.7 Research & Development (R & D):

Revenue expenditure (including depreciation) on R & D is charged to revenue in the year in which it is incurred. Capital expenditure, if any, on R & D is added to fixed assets.

### 2.8 Revenue Recognition

"Sales & Services are inclusive of taxes and duties collected. Revenue from fixed price contracts are recognized as per the terms of the contract. Revenue from other income is based on accrual basis"

### 2.9 Accounting for effects in foreign exchange rates :

"a) All monetary items denominated in foreign currency are reflected at the rates prevailing on the Balance sheet date. b) Income and Expenditure items involving foreign exchange are translated at the exchange rate prevailing on the dates of transaction. c) Exchange differences, if any, arising on account of fluctuations in foreign exchange have been duly reflected in the Profit & Loss Account except in respect of acquisition of fixed assets."

### 2.10 Accounting for Investments :

Investments that are readily realisable and intended to be held for not more than a year are classified as current

investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost.

#### **2.11 Accounting for Retirement Benefits :**

"a) The Company has a provident fund scheme for their employees. Contributions to the scheme are charged to the profit and loss account.b)Provision for gratuity has been made for all the employees in the rolls of the company at the closing of accounting year. The company is making actual gratuity payments as and when crystallized by debiting to the gratuity fund account.c)The Company extends benefit of Encashment of Leave to its employees while in service as well as on retirement. Leave encashment liability in respect of leave accumulated is accounted for on the basis of last drawn salary."

#### **2.12 Borrowing Cost :**

Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalized till the date of the assets put to use. All other borrowing costs are charged to revenue.

#### **2.13 Segment Reporting :**

The company has no segmentals hence no segmental reporting is made.

#### **2.14 Related party Disclosure :**

The company has entered into transactions with related parties and the said information is shown separately as per AS - 18.

#### **2.15 Operating Leases :**

"Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Where the Company is the lessee : Operating lease payments are recognised as an expense in the Statement of profit and loss on a straight-line basis over the lease term. Where the Company is the lessor : Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Statement of profit and loss. Costs, including depreciation are recognised as an expense in the Statement of profit and loss."

#### **2.16 Earnings Per Share :**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

#### **2.17 Consolidated Financial Statements :**

The company has made consolidated financial statements as per AS - 21

#### **2.18 Deferred Taxation :**

Current Tax is determined as per the amount of tax payable in respect of taxable income for the period. Deferred tax is recognised, subject to the consideration of prudence in respect of deferred tax assets/liabilities, on timing differences, being difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

#### **2.19 Accounting for investments in associates :**

Investment in associates is valued at cost of investment.

#### **2.20 Contingencies and events occurring after the balance sheet date :**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

(Amount in Rs.)

**NOTE - 3.01****Share Capital**

|   | As at 30.06.2013 |              | As at 30.09.2012 |              |
|---|------------------|--------------|------------------|--------------|
|   | No. of Shares    | Amount (Rs)  | No. of Shares    | Amount (Rs)  |
| <b>I. Authorised:</b>                           |                  |              |                  |              |
| Equity shares of Rs 2/- each with voting rights | 20,00,00,000     | 40,00,00,000 | 20,00,00,000     | 40,00,00,000 |
| <b>II. Issued,Subscribed and Paid up:</b>       |                  |              |                  |              |
| Equity shares of Rs 2/- each with voting rights | 10,24,98,275     | 20,49,96,550 | 10,24,98,275     | 20,49,96,550 |
|   | 10,24,98,275     | 20,49,96,550 | 10,24,98,275     | 20,49,96,550 |

The Company has only one class of equity shares having a par value of Rs. 2/- per share. Each Shareholder is eligible for one vote per share. The dividend proposed by the Board of Directors is subject to the approval of shareholders, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.

**a) Details of Reconciliation of Share Capital**

| Particulars                        | As at 30.06.2013 |              | As at 30.09.2012 |              |
|------------------------------------|------------------|--------------|------------------|--------------|
|                                    | No. of Shares    | Amount (Rs)  | No. of Shares    | Amount (Rs)  |
| Equity shares with voting rights:- |                  |              |                  |              |
| Opening Balance                    | 10,24,98,275     | 20,49,96,550 | 10,24,98,275     | 20,49,96,550 |
| Fresh Issue                        | -                | -            | -                | -            |
| Closing Balance                    | 10,24,98,275     | 20,49,96,550 | 10,24,98,275     | 20,49,96,550 |

**b) Details of shares held by each shareholder holding more than 5% shares:**

| Sr No | Class of shares /<br>Name of shareholder | As at 30th June, 2013    |           | As at 30th September, 2012 |           |
|-------|--|--------------------------|-----------|----------------------------|-----------|
|       |  | Number of<br>shares held | % holding | Number of<br>shares held   | % holding |
|       | <b>Equity shares with voting rights</b>  |                          |           |                            |           |
| 1     | Venkata Ramana Rao Maganti               | 46,44,902                | 4.53%     | 56,69,902                  | 5.53%     |
| 2     | Prabhakar Rao Mandava                    | 76,93,153                | 7.51%     | 77,04,398                  | 7.52%     |

| Particulars                                  | As at 30.06.2013      | As at 30.09.2012      |
|--|-----------------------|-----------------------|
| <b>NOTE - 3.02</b>                           |                       |                       |
| <b>Reserves and Surplus</b>                  |                       |                       |
| <b>Share Premium Account</b>                 |                       |                       |
| As at Commencement of the Year               | 1,03,05,55,610        | 1,03,05,55,610        |
| Add : Received on further issue of shares    | -                     | -                     |
|  | 1,03,05,55,610        | 1,03,05,55,610        |
| <b>Profit and Loss Account</b>               |                       |                       |
| As at Commencement of the Year               | 1,78,85,70,888        | 2,41,98,91,203        |
| Add : Transferred from Profit & Loss Account | (14,86,74,849)        | (63,13,20,315)        |
|  | 1,63,98,96,039        | 1,78,85,70,888        |
| <b>Share warrants forfeited</b>              |                       |                       |
| As at Commencement of the Year               | 37,75,81,045          | 21,32,77,045          |
| Add : Additions during the year              | -                     | 16,43,04,000          |
|  | 37,75,81,045          | 37,75,81,045          |
| <b>Capital Reserve</b>                       |                       |                       |
| As at Commencement of the Year               | 2,67,000              | 2,67,000              |
| Add : Additions during the year              | -                     | -                     |
|  | 2,67,000              | 2,67,000              |
| <b>Amalgamation Reserve</b>                  |                       |                       |
| As at Commencement of the Year               | 1,80,00,000           | 1,80,00,000           |
| Add : Additions during the year              | -                     | -                     |
|  | 1,80,00,000           | 1,80,00,000           |
| <b>General Reserve</b>                       |                       |                       |
| As at Commencement of the Year               | 18,00,00,000          | 18,00,00,000          |
| Add : Additions during the year              | -                     | -                     |
|  | 18,00,00,000          | 18,00,00,000          |
|  | <b>3,24,62,99,694</b> | <b>3,39,49,74,543</b> |

|  | Current<br>Portion (*) | Non-Current<br>Portion | Current<br>Portion (*) | Non-Current<br>Portion |
|--|------------------------|------------------------|------------------------|------------------------|
| <b>NOTE - 3.03</b>                         |                        |                        |                        |                        |
| <b>Long Term Borrowings</b>                |                        |                        |                        |                        |
| Secured Loans                              |                        |                        |                        |                        |
| Long Term Loans - From Banks               |                        |                        |                        |                        |
| UCO Bank                                   | 2,03,10,000            | 5,27,98,075            | 1,57,33,098            | 6,49,84,075            |
| Long Term Loans - Others                   |                        |                        |                        |                        |
| Technology Development Board               | 4,95,00,000            | 10,05,00,000           | -                      | 9,50,00,000            |
| L&T Finance Ltd                            | 10,00,00,000           | 1,00,00,000            | 7,00,00,000            | 4,00,00,000            |
| Srei Equipment Finance P Ltd               | -                      | 17,69,21,857           | 4,81,44,283            | 16,40,17,597           |
| Loans Under hire purchase against vehicles | 4,06,106               | 7,68,312               | -                      | -                      |
|  | <b>17,02,16,106</b>    | <b>34,09,88,244</b>    | <b>13,38,77,381</b>    | <b>36,40,01,672</b>    |

(\*) Current portion of Long-term liabilities shown under other current liabilities

**a) Term Loan taken from UCO Bank is secured as follows:**

Primary Security: (i) 1st hypothecation charge over the plant and machinery, LED Display boards, software and other fixed assets of the project at 8 Delhi Metro Railway Stations (DMRC). (ii) 1st charge on receivables arising out of the DMRC project. Collateral Security: Second charge on the fixed assets of the company other than what has been taken as first charge. UCO Bank is further secured by personal guarantee of the Managing Director of the company. Term Loan is repayable in 20 quarterly instalments of Rs.40.62 Lakhs each at variable interest rate of 15.75% commencing from December 2012.

**b) Term Loan taken from Technology Development Board of Rs. 1500 Lakhs is secured as follows:**

(i) first charge on entire fixed assets, present and future, of the company by way of hypothecation and mortgage in favour of TDB ranking pari passu with other charge- holders (Banks/FIs). (ii) Personal guarantees of Managing Director & Executive Director of the Company. (iii) Pledge of 37.50 Lakh shares held by promoter. Term loan is repayable in 9 half yearly instalments at fixed interest rate of 5% p.a. - First instalment of Rs.160.00 lakhs & remaining 8 instalments @ Rs.167.50 lakhs each commencing from 01.01.2013.

**c) Term Loan taken from L&T Finance Limited is secured as follows:**

(i) Hypothecation of charge over 19 LED Display Boards, (ii) Personal Guarantee of Managing Director of the Company. Loan is repayable in 16 quarterly instalments at variable interest rate of 12.25% p.a. 1st instalment being Rs.5 crores and balance 15 instalments are @Rs.1 crore each commencing from October 2010.

**d) Term Loan taken from Srei Equipment Finance Pvt Ltd is secured as follows:**

(i) Hypothecation of equipments, fixtures etc. valued Rs.28.20 crore (ii) Mortgage of Land & building situated at 192/B, Phase II, IDA Cherlapally belonging to company. (iii) Personal Guarantee of the Managing Director of the company. (iv) Term Loan - I of Rs.1000.00 lakhs is repayable in 18 quarterly EMI of Rs.78.29 lakhs each (including interest) at a variable interest rate of 15.50% commencing from 15.01.2012 (v) Term Loan - II of Rs.1400.00 lakhs is repayable in 18 quarterly EMI of Rs.109.60 lakhs each (including interest) at a variable interest rate of 15.50% commencing from 15.02.2012.

e) Loans taken against purchase of vehicles are secured by hypothecation of the respective vehicles.

| Particulars                              | As at 30.06.2013    | As at 30.09.2012    |
|--|---------------------|---------------------|
| <b>NOTE- 3.04</b>                        |                     |                     |
| <b>Long Term Provisions</b>              |                     |                     |
| Provision for employee benefits          |                     |                     |
| - Provision for gratuity                 | 1,40,16,495         | 1,48,82,936         |
| - Provision for leave encashment         | 36,66,820           | 44,80,257           |
|  | <b>1,76,83,315</b>  | <b>1,93,63,193</b>  |
| <b>NOTE - 3.05</b>                       |                     |                     |
| <b>Short Term Borrowings</b>             |                     |                     |
| <b>(A) Secured Loans</b>                 |                     |                     |
| Working capital loans - From Banks       |                     |                     |
| State Bank of India-Cash Credit          | 56,15,20,180        | 50,57,62,822        |
| State Bank of India-Buyers Credit        | -                   | 1,34,68,290         |
| Standard Chartered Bank                  | 5,61,60,774         | 5,42,09,852         |
|  | <b>61,76,80,954</b> | <b>57,34,40,964</b> |
| <b>(B) UnSecured Loans</b>               |                     |                     |
| (i) Loans from Directors                 | 46,83,573           | 35,54,929           |
| (ii) Intercompany Deposits               |                     |                     |
| Malaxmi Infra Ventures (India) Pvt Ltd   | 18,58,79,625        | 18,03,85,454        |
| Sriba Seabase Pvt Ltd                    | 60,00,000           | 60,00,000           |
| Arkay Energy (Rameswaram) Limited        | 10,00,00,000        | 10,00,00,000        |
|  | <b>29,65,63,198</b> | <b>28,99,40,383</b> |
| <b>Total Short Term Borrowings (A+B)</b> | <b>91,42,44,152</b> | <b>86,33,81,347</b> |

i) State Bank of India working capital limits including buyers credit are secured by :

a) Primary Security: First Charge (hyp) on all current assets of the company.

b) Collateral Security: (i) Pari-passu charge on entire fixed assets with TDB excluding fixed assets funded by UCO Bank and vehicle HP loans. (ii) Second charge on EM of industrial plot situated at Plot No.192/B in Sy.No.274 admeasuring 5341 Sq.Yards situated at phase II, IDA, Cherlapally village, Kapra Municipality Ghatkesar Mandal, RR District & Second charge on fixed assets created out of term loan from UCO Bank.

c) SBI is further secured by personal guarantees of Managing Director & Executive Director of the company.

ii) Standard Chartered Bank working capital limits are secured by :

(i) First pari-passu charge on current assets of lighting business (ii) second pari-passu charge on fixed assets of company (iii) second pari-passu charge on current assets of company's display division (iv) Personal Guarantee of the Managing Director (v) Loan is repayable by September 2013.

iii) Andhra Bank working capital (non fund based) limits of Rs.4.66 Crores are secured by :

(Amount in Rs.)

- (i) Exclusive charge on current assets of LED Lighting Division of the company (ii) 1st charge on fixed assets (excluding assets financed by UCO Bank & Srei Equipment Finance Pvt Ltd) of the company ranking pari-passu with SBI (iii) Counter Guarantee of the company.

| Particulars   | As at 30.06.2013    | As at 30.09.2012    |
|---|---------------------|---------------------|
| <b>NOTE - 3.06</b>  |                     |                     |
| <b>Trade Payables</b>   |                     |                     |
| Payables for materials  | 56,69,56,006        | 50,84,93,274        |
| Payables for services   | 12,98,15,898        | 13,68,24,085        |
|   | <u>69,67,71,904</u> | <u>64,53,17,359</u> |
|   | <u>69,67,71,904</u> | <u>64,53,17,359</u> |
| <b>NOTE - 3.07</b>  |                     |                     |
| <b>Other Current Liabilities</b>                                  |                     |                     |
| (i) Interest accrued and due on borrowings                        |                     |                     |
| Interest accrued and due on long term borrowings                  | 1,07,87,258         | 64,00,318           |
| Interest accrued and due on short term borrowings                 | 1,89,58,050         | 1,89,58,050         |
| (ii) Interest accrued but not due on borrowings                   |                     |                     |
| Interest accrued but not due on long term borrowings              | 1,25,84,079         | 1,17,65,168         |
| (iii) Other payables  |                     |                     |
| Current maturities of long term borrowings (Refer Note No : 3.03) | 17,02,16,106        | 13,38,77,381        |
| Statutory remittances   | 5,14,94,074         | 3,81,32,019         |
| Payables on purchase of fixed assets                              | 88,07,432           | 98,95,863           |
| Payables for expenses   | 3,70,29,000         | 3,33,73,657         |
| Salaries Payable  | 7,37,26,347         | 6,42,10,222         |
| Directors remuneration Payable                                    | 46,38,952           | 22,24,976           |
| Audit Fees Payable  | 28,18,540           | 23,12,920           |
| Share Warrants Application Money refundable                       | 12,80,23,671        | 8,13,85,331         |
| Advances from related parties                                     | 2,65,64,723         | 3,46,94,406         |
| Advance from customers & Others                                   | 1,55,89,041         | 1,08,50,181         |
|   | <u>56,12,37,273</u> | <u>44,80,80,492</u> |

**Note :** Interest on unsecured loans - Rs.24,658,128/- is not provided in the books since the company is persuing the matter for settlement with the lenders and company is of the view that interest will be waived off.

| Particulars                    | As at 30.06.2013   | As at 30.09.2012   |
|--------------------------------|--------------------|--------------------|
| <b>NOTE - 3.08</b>             |                    |                    |
| <b>Short Term Provisions :</b> |                    |                    |
| Provision for Income Tax       | 7,74,30,737        | 8,10,67,147        |
|                                | <u>7,74,30,737</u> | <u>8,10,67,147</u> |

## NOTE- 3.09

### Fixed Assets

(Amount in Rs.)

|                                    | Name of the Asset               | Rate         | Gross Block                       |           |              |                              | Accumulated Depreciation          |                                  |              |                              | Net Block                    |                                   |
|------------------------------------|---------------------------------|--------------|-----------------------------------|-----------|--------------|------------------------------|-----------------------------------|----------------------------------|--------------|------------------------------|------------------------------|-----------------------------------|
|                                    |                                 |              | Balance as at 30th September 2012 | Additions | Deletions    | Balance as at 30th June 2013 | Balance as at 30th September 2012 | Depreciation charge for the year | On Deletions | Balance as at 30th June 2013 | Balance as at 30th June 2013 | Balance as at 30th September 2012 |
| A                                  | Tangible Assets                 |              |                                   |           |              |                              |                                   |                                  |              |                              |                              |                                   |
|                                    | Land & Land Development         | 0.00%        | 1,92,35,119                       | -         | -            | 1,92,35,119                  | -                                 | -                                | -            | 1,92,35,119                  | 1,92,35,119                  |                                   |
|                                    | Buildings                       | 3.34%        | 13,09,89,924                      | -         | -            | 13,09,89,924                 | 1,88,17,214                       | 32,92,032                        | -            | 10,88,80,678                 | 11,21,72,710                 |                                   |
|                                    | Plant & Machinery               | 5.38%        | 30,64,39,739                      | 24,596    | -            | 30,64,64,335                 | 10,07,22,536                      | 1,22,30,624                      | -            | 19,35,11,175                 | 20,57,17,203                 |                                   |
|                                    | Plant and Machinery             | 4.75%        | 65,38,43,887                      | -         | -            | 65,38,43,887                 | 7,27,84,814                       | 2,32,29,137                      | -            | 55,78,29,936                 | 58,10,59,073                 |                                   |
|                                    | Furniture and Fixtures          | 6.33%        | 1,85,47,452                       | -         | -            | 1,85,47,452                  | 80,98,373                         | 7,61,494                         | -            | 96,87,585                    | 1,04,49,079                  |                                   |
|                                    | Office equipment                | 4.75%        | 30,33,603                         | 53,980    | -            | 30,87,583                    | 10,66,680                         | 1,05,220                         | -            | 19,15,683                    | 19,66,923                    |                                   |
|                                    | Electrical Installations        | 6.33%        | 1,31,45,831                       | -         | -            | 1,31,45,831                  | 43,83,913                         | 6,17,681                         | -            | 81,44,237                    | 87,61,918                    |                                   |
|                                    | D.G.Set                         | 6.33%        | 12,28,230                         | -         | -            | 12,28,230                    | 3,15,231                          | 58,150                           | -            | 8,54,849                     | 9,12,999                     |                                   |
|                                    | Transformer                     | 6.33%        | 11,09,125                         | -         | -            | 11,09,125                    | 2,81,408                          | 52,511                           | -            | 7,75,206                     | 8,27,717                     |                                   |
|                                    | Furniture and Fixtures-Others   | 6.33%        | 12,01,571                         | -         | -            | 12,01,571                    | 9,92,971                          | 28,505                           | -            | 1,80,095                     | 2,08,600                     |                                   |
| Vehicles                           | 9.50%                           | 2,19,71,792  | 17,72,675                         | 15,86,971 | 2,21,57,496  | 1,09,54,417                  | 14,29,252                         | 7,98,403                         | 1,05,72,230  | 1,10,17,375                  |                              |                                   |
| Computers                          | 16.21%                          | 3,73,78,843  | -                                 | -         | 3,73,78,843  | 3,11,41,956                  | 20,47,189                         | -                                | 41,89,698    | 62,36,887                    |                              |                                   |
| Display Equipment (not put to use) | 0.00%                           | 48,53,51,356 | -                                 | -         | 48,53,51,356 | -                            | -                                 | -                                | 48,53,51,356 | 48,53,51,356                 |                              |                                   |
|                                    | SUB TOTAL (A)                   |              | 1,69,34,76,472                    | 18,51,251 | 15,86,971    | 1,69,37,40,752               | 24,95,59,513                      | 4,38,51,795                      | 7,98,403     | 1,40,11,27,847               | 1,44,39,16,959               |                                   |
| B                                  | Intangible assets               |              |                                   |           |              |                              |                                   |                                  |              |                              |                              |                                   |
|                                    | Computer Software               |              | 1,26,57,277                       | 1,74,974  | -            | 1,28,32,251                  | 90,83,384                         | 9,79,722                         | -            | 27,69,145                    | 35,73,893                    |                                   |
|                                    | SUB TOTAL (B)                   |              | 1,26,57,277                       | 1,74,974  | -            | 1,28,32,251                  | 90,83,384                         | 9,79,722                         | -            | 27,69,145                    | 35,73,893                    |                                   |
|                                    | *Total [A + B ] (Current Year)* |              | 1,70,61,33,749                    | 20,26,225 | 15,86,971    | 1,70,65,73,003               | 25,86,42,897                      | 4,48,31,517                      | 7,98,403     | 1,40,38,96,992               | 1,44,74,90,852               |                                   |
|                                    | (Previous Year)                 |              | 1,73,17,01,167                    | 1,76,230  | 2,57,43,648  | 1,70,61,33,749               | 18,30,55,019                      | 7,63,90,752                      | 8,02,874     | 1,44,74,90,852               | 1,54,86,46,147               |                                   |

**NOTE- 3.10**

Intangible assets under development :

Intangible assets include overheads of Rs 8,98,40,672 /- (Previous year Rs 8,98,40,672/-) incurred for development and commercialization of lighting products yet to be capitalized.

| Particulars   | As at 30.06.2013   | As at 30.09.2012   |
|---|--------------------|--------------------|
| <b>NOTE - 3.11</b>  |                    |                    |
| <b>Deferred Tax Asset</b>   |                    |                    |
| On Depreciation (Difference as per Books & as Per Income Tax Act) | (9,39,88,669)      | (8,03,01,470)      |
| On Accrued compensation to employees                              | 56,04,693          | 76,09,207          |
| On IT Disallowances   | 5,36,78,007        | 2,17,47,911        |
| On Others   | 6,01,57,508        | 15,02,74,683       |
|   | <b>2,54,51,539</b> | <b>9,93,30,331</b> |

**NOTE - 3.12****Non Current Investments****UNQUOTED**

in subsidiaries:

MIC Electronics Inc., USA

(10,00,000 No of ordinary shares of \$0.10 each fully paid up

2,26,97,250

2,26,97,250

purchased at a premium of \$0.40 each converted into

Indian Rupees using the conversion rate of 45.3945)

Maave Electronics Pvt Ltd

1,28,26,659

1,28,26,659

(7,95,165 no. of equity shares of Rs. 10/- each at par fully paid up)

2,51,506 no. of equity shares of Rs. 10/- each purchased at Rs.19.38 each)

MIC Green Energy Solutions Pvt. Ltd.

1,00,000

1,00,000

10,000 equity shares of Rs. 10/- each

MIC Candilux Pvt Ltd

1,00,000

1,00,000

10,000 equity shares of Rs. 10/- each

in other corporate bodies :

| Particulars  | As at 30.06.2013    | As at 30.09.2012    |
|--|---------------------|---------------------|
| Hyperion Green Energy India Pvt Ltd                                      | 1,96,91,544         | 1,96,91,544         |
| ( 40,922 equity shares of Rs.100/-<br>each with premium of Rs.252/- each |                     |                     |
| 7,300 equity shares of Rs.100/-<br>each purchased at Rs.532/- each       |                     |                     |
| 2,700 equity shares of Rs.100/-<br>each purchased at Rs.519/- each)      |                     |                     |
|  | <u>5,54,15,453</u>  | <u>5,54,15,453</u>  |
| <b>NOTE- 3.13</b>  |                     |                     |
| <b>Long-Term Loans and advances</b>                                      |                     |                     |
| Unsecured, Considered Good :   |                     |                     |
| Capital advances   | 15,23,32,015        | 14,91,25,277        |
| Deposit-Delhi Metro Rail Corpn   | 5,51,50,887         | 5,51,50,887         |
| Retention Money-BSNL   | 11,24,18,655        | 11,24,18,655        |
| Share Application money pending<br>allotment in other companies          | 6,15,07,650         | 6,81,03,106         |
| Loans & Advances to Subsidiaries   | 2,36,65,564         | 1,65,85,984         |
| Other Secured Deposits   | 7,29,31,989         | 6,75,99,429         |
| Other Loans and advances   | 10,10,657           | 6,56,915            |
|  | <u>47,90,17,417</u> | <u>46,96,40,253</u> |
| <b>NOTE- 3.14</b>  |                     |                     |
| <b>Other Non Current Assets</b>  |                     |                     |
| Deferred Revenue Expenditure to<br>the extent not written off            | 51,74,759           | 90,28,667           |
| Pre-operative expenses - Lighting<br>expansion (IREDA) Project           | 43,48,576           | 43,48,576           |
|  | <u>95,23,335</u>    | <u>1,33,77,243</u>  |

(Amount in Rs.)

| Particulars   | As at 30.06.2013      | As at 30.09.2012      |
|---|-----------------------|-----------------------|
| <b>NOTE- 3.15</b>                                     |                       |                       |
| <b>Inventories</b>                                    |                       |                       |
| Raw Material  | 15,37,62,029          | 16,08,32,447          |
| Work-in-Progress                                      | 1,45,41,95,218        | 1,67,99,09,322        |
| Less : Obsolete Stock written off                     | - 1,45,41,95,218      | 53,20,86,587          |
| Finished Goods  | 13,82,14,683          | 27,67,34,883          |
| Stores and Spares                                     | 11,43,166             | 25,90,667             |
|   | <u>1,74,73,15,096</u> | <u>1,58,79,80,732</u> |
| <b>NOTE- 3.16</b>                                     |                       |                       |
| <b>Trade Receivables</b>                              |                       |                       |
| Unsecured Considered Good                             |                       |                       |
| Debtors outstanding for a period exceeding six months | 84,86,44,789          | 95,25,24,738          |
| Other Debtors   | 26,92,80,541          | 19,85,73,265          |
|   | <u>1,11,79,25,330</u> | <u>1,15,10,98,003</u> |

Note: Trade receivables include debts due from:

| Particulars                                | As at 30.06.2013 | As at 30.09.2012 |
|--|------------------|------------------|
| MIC Electronics Inc, USA - 100% Subsidiary | 2,29,23,873      | 2,16,70,830      |

Trade receivables include Rs.632,591,299/- which are long overdue and the recovery of which is doubtful. However, the management is of the opinion that no provision is necessary during the year as they are pursuing with debtors and the amounts may be recovered.

| Particulars                        | As at 30.06.2013   | As at 30.09.2012   |
|------------------------------------|--------------------|--------------------|
| <b>NOTE- 3.17</b>                  |                    |                    |
| <b>Cash &amp; Cash equivalents</b> |                    |                    |
| Cash in Hand                       | 5,87,430           | 89,69,015          |
| Balance with Banks :               |                    |                    |
| In Current Accounts                | 9,12,760           | 16,63,212          |
| In Margin Money Accounts           | <u>2,03,14,473</u> | <u>2,33,99,176</u> |
|                                    | 2,12,27,233        | 2,50,62,388        |
|                                    | <u>2,18,14,663</u> | <u>3,40,31,403</u> |

| Particulars  | As at 30.06.2013    | As at 30.09.2012      |
|--|---------------------|-----------------------|
| <b>NOTE- 3.18</b>  |                     |                       |
| <b>Short-term Loans &amp; Advances</b>                     |                     |                       |
| Unsecured Advances - Considered good                       |                     |                       |
| (i) Loans and advances to employees                        | 2,16,24,391         | 1,34,86,703           |
| (ii) Prepaid Expenses                                      | 8,79,789            | 32,20,111             |
| (iii) Balances with Govt Authorities                       |                     |                       |
| Cenvat Deposit   | 77,57,135           | 1,26,43,144           |
| Deferred Cenvat Credit                                     | -                   | 89,610                |
| Cenvat credit receivable                                   | 15,82,376           | 15,82,376             |
| Service tax receivable                                     | 12,50,444           | 10,25,922             |
| VAT credit   | 37,07,627           | 51,88,215             |
| (iv) Others  |                     |                       |
| Advance for Materials                                      | 2,29,03,104         | 2,47,40,585           |
| Advance for Services                                       | 15,29,469           | 28,49,412             |
| Other advances   | 60,48,78,281        | 61,60,71,741          |
| TDS receivable   | 1,52,94,310         | 1,27,38,451           |
| Entry Tax & Octroi Deposit                                 | 6,05,940            | 6,05,940              |
| VAT deposit refundable                                     | 30,38,088           | 30,38,088             |
|  | <b>68,50,50,954</b> | <b>69,72,80,298</b>   |
| <b>NOTE- 3.19</b>  |                     |                       |
| <b>Other Current Assets</b>                                |                     |                       |
| Amounts receivable against sale of investments             | 1,78,57,800         | 1,58,54,400           |
| Deferred Revenue Expenditure to the extent not written off | 51,38,546           | 51,38,546             |
|  | <b>2,29,96,346</b>  | <b>2,09,92,946</b>    |
| <b>NOTE- 3.20</b>  |                     |                       |
| <b>Revenue from Operations</b>                             |                     |                       |
| Exports  | 2,44,10,414         | 6,56,94,645           |
| Deemed Export  | 37,17,020           | 13,30,450             |
| Domestic   | 13,64,46,674        | 56,02,01,797          |
| Freight & Insurance recd. on Sales                         | 160                 | 87,110                |
|  | <b>16,45,74,268</b> | <b>62,73,14,002</b>   |
| Less : Excise Duty   | <b>1,26,44,795</b>  | <b>15,19,29,473</b>   |
| Traded Goods   | <b>55,00,29,408</b> | <b>2,75,03,574</b>    |
|  | <b>70,19,58,881</b> | <b>59,98,10,428</b>   |
|  |                     | <b>71,89,67,426</b>   |
|  |                     | <b>1,31,87,77,854</b> |

(Amount in Rs.)

| Particulars                                 | As at 30.06.2013           | As at 30.09.2012           |
|---|----------------------------|----------------------------|
| <b>NOTE- 3.21</b>                           |                            |                            |
| <b>Other Incomes</b>                        |                            |                            |
| <b>(A) Other Operating Incomes</b>          |                            |                            |
| Equipment Lease Rentals                     | 3,82,477                   | 1,92,87,940                |
| AMC Charges & Service Charges               | 89,89,534                  | 95,66,743                  |
| Installation Charges                        | 38,10,400                  | 52,36,977                  |
|   | <u>1,31,82,411</u>         | <u>3,40,91,660</u>         |
|   | <u><b>1,31,82,411</b></u>  | <u><b>3,40,91,660</b></u>  |
| <b>(B) Other Incomes</b>                    |                            |                            |
| Interest Received                           | 55,27,963                  | 40,22,708                  |
| Credit Balances written back                | 17,23,095                  | 62,02,617                  |
| Profit on Sale of Asset                     | -                          | 1,51,826                   |
| Rents received                              | 7,97,715                   | 13,05,208                  |
| Excess Provisions Written back              | 4,76,930                   | 22,70,020                  |
| Foreign exchange gain                       | 4,23,31,035                | 3,10,95,212                |
| Miscellaneous Income                        | -                          | 2,41,812                   |
|   | <u>5,08,56,738</u>         | <u>4,52,89,403</u>         |
| <b>Total Other Income (A+B)</b>             | <u><b>6,40,39,149</b></u>  | <u><b>7,93,81,063</b></u>  |
| <b>NOTE- 3.22</b>                           |                            |                            |
| <b>Cost of Materials Consumed</b>           |                            |                            |
| <b>A) Raw Material Consumed</b>             |                            |                            |
| Opening Stock                               | 16,08,32,447               | 20,37,31,267               |
| Purchases                                   | 26,11,33,374               | 42,22,98,487               |
| Less : Outdated stock written off           |                            | 15,85,73,470               |
| Less : Material consumed for R&D            | <u>17,00,320</u>           | <u>11,21,290</u>           |
|   | <u>25,94,33,054</u>        | <u>26,26,03,727</u>        |
|   | <u><b>42,02,65,501</b></u> | <u><b>46,63,34,994</b></u> |
| Less : Closing Stock                        | 15,37,62,029               | 16,08,32,447               |
| <b>Raw Material Consumed</b>                | <u><b>26,65,03,472</b></u> | <u><b>30,55,02,547</b></u> |
| <b>B) Packing Materials and consumables</b> |                            |                            |
| Opening Stock                               | 25,90,667                  | 26,98,872                  |
| Purchase of packing material & consumables  | 10,00,846                  | 34,06,453                  |
| Freight & Carriage Inwards                  | 61,751                     | 1,55,393                   |
|   | <u>36,53,264</u>           | <u>62,60,718</u>           |
| Less : Closing Stock                        | 11,43,166                  | 25,90,667                  |
| <b>Consumption</b>                          | <u><b>25,10,098</b></u>    | <u><b>36,70,051</b></u>    |
| <b>Total Cost of material consumed</b>      | <u><b>26,90,13,570</b></u> | <u><b>30,91,72,598</b></u> |

| Particulars  | 9 months ending<br>30.06.2013 | 15 months ending<br>30.09.2012 |
|--|-------------------------------|--------------------------------|
| <b>NOTE- 3.23</b>  |                               |                                |
| <b>Changes in Inventory</b>                                  |                               |                                |
| <b>Closing Stock of :</b>                                    |                               |                                |
| Work-in-Progress   | 1,45,41,95,218                | 1,67,99,09,322                 |
| Finished Goods   | 13,82,14,683                  | 27,67,34,883                   |
| <b>Total (A)</b>   | <b>1,59,24,09,901</b>         | <b>1,95,66,44,205</b>          |
| <b>Opening Stock of :</b>                                    |                               |                                |
| Work-in-Progress   | 1,14,78,22,735                | 1,23,09,24,503                 |
| Finished Goods   | 27,67,34,883                  | 37,50,40,258                   |
| <b>Total (B)</b>   | <b>1,42,45,57,618</b>         | <b>1,60,59,64,761</b>          |
| <b>Increase/(Decrease) in Stock (A-B)</b>                    | <b>16,78,52,283</b>           | <b>35,06,79,444</b>            |
| <b>NOTE- 3.24</b>  |                               |                                |
| <b>Employee Benefit expense</b>                              |                               |                                |
| Salary, Wages, Allowances & other Benefits                   | 3,42,91,682                   | 9,55,53,022                    |
| Directors Remuneration                                       | 31,15,000                     | 63,75,000                      |
| Gratuity   | 56,167                        | 14,20,162                      |
| Leave Salary   | 2,05,800                      | -                              |
| P. F. & ESI Contribution                                     | 16,11,814                     | 35,30,457                      |
| Staff Welfare Expenses                                       | 6,87,118                      | 14,73,052                      |
|  | <b>3,99,67,581</b>            | <b>10,83,51,693</b>            |
| <b>NOTE- 3.25</b>  |                               |                                |
| <b>Financial Cost</b>  |                               |                                |
| Bank Charges   | 46,01,413                     | 1,60,23,466                    |
| <b>Interest on :</b>   |                               |                                |
| Term Loan  | 4,84,90,678                   | 8,36,01,574                    |
| Working Capital Loans  | 6,03,36,447                   | 10,03,24,165                   |
| Others - Interest on other<br>loans/ICDs & Financial Charges | 77,91,586                     | 23,84,25,066                   |
|  | <b>12,12,20,124</b>           | <b>25,44,48,532</b>            |
| <b>NOTE- 3.26</b>  |                               |                                |
| <b>Other Expenses</b>  |                               |                                |
| Job-work Charges   | 2,09,56,071                   | 69,15,357                      |
| Power and Fuel   | 22,47,951                     | 45,75,034                      |
| Insurance  | 15,09,671                     | 21,34,567                      |
| Repairs & Maintenance  | 10,62,203                     | 8,62,015                       |
| Printing & Stationary  | 6,06,946                      | 9,42,680                       |

(Amount in Rs.)

| Particulars                     | 9 months ending<br>30.06.2013 | 15 months ending<br>30.09.2012 |
|---------------------------------|-------------------------------|--------------------------------|
| Postage, Telegrams & Telephones | 17,50,311                     | 32,53,684                      |
| Rent                            | 9,90,687                      | 23,28,031                      |
| Rates & Taxes                   | 1,15,79,760                   | 1,07,34,824                    |
| Lease rental Expenses           | -                             | 5,52,58,646                    |
| Professional Charges            | 88,21,422                     | 1,32,87,429                    |
| Auditors Remuneration:          |                               |                                |
| As Statutory Auditors           | 3,50,000                      | 3,50,000                       |
| As Tax auditors                 | 1,50,000                      | 1,50,000                       |
| General Expenses                | 1,42,79,703                   | 1,06,65,959                    |
| Prior Period Expenses           | 10,00,000                     | 2,29,392                       |
| Security Expenses               | 4,51,201                      | 14,68,434                      |
| Board Meeting Expenses          | 2,51,430                      | 4,97,310                       |
| Travelling & Conveyance         | 1,55,67,209                   | 2,20,15,506                    |
| Vehicle Maintenance             | 12,75,106                     | 24,13,419                      |
| Sales Tax                       | 3,38,41,823                   | 6,14,12,897                    |
| Selling & Distribution Expenses | 24,30,745                     | 53,13,631                      |
| Bad Debts written off           | 1,54,70,059                   | 8,37,063                       |
| Deferred Expenses written off   | 38,53,908                     | 68,89,739                      |
| R & D Expenses                  | 1,13,22,108                   | 3,00,86,229                    |
|                                 | <b>14,97,68,314</b>           | <b>24,26,21,846</b>            |

**NOTE- 3.27**

- (i) In the opinion of the management the Trade Receivables, Current Assets, Loans and Advances are expected to realise the amount at which they are stated and provision for all known liabilities have been adequately made in the accounts.
- (ii) The balances of trade receivables, trade payables, long term loans & advances, short term loans & advances, other current assets & other current liabilities are subject to confirmation from respective parties.

**NOTE- 3.28**

**Contingent Liabilities : The following contingent liabilities are not provided for.**

| Sl No. | Particulars  | As at 30.06.2013 | As at 30.09.2012 |
|--------|--|------------------|------------------|
| 1      | Counter guarantees given by the company to banks towards issue of B.Gs.                                  | 6,07,83,283      | 8,51,57,562      |
| 2      | Counter guarantees given by the company to banks towards issue of B.Gs to Customs & Central Excise Dept. | 70,96,982        | 70,96,982        |
| 3      | Bonds executed to Customs & Central Excise Dept. (net of BGs)  | 8,23,00,000      | 8,23,00,000      |
| 4      | Letter of credits issued by bankers  | 3,23,46,929      | 7,03,85,919      |
| 5      | Corporate Guarantees given by the company to banks on behalf of subsidiaries & associates                | 7,00,00,000      | 6,50,00,000      |
| 6      | Claims against the company, not acknowledged:  | 1,01,49,24,475   | 1,12,61,58,035   |
|        | <b>TAX Matters in Appeals</b>  |                  |                  |
| 1      | Excise Duty  | 38,96,982        | 1,11,94,382      |
| 2      | Customs Duty   | 18,01,111        | 18,01,111        |
| 3      | Service Tax  | -                | -                |
| 4      | Sales Tax  | 53,02,831        | 53,02,831        |

**NOTE- 3.29**

**Managerial Remuneration :**

| Particulars              | For 9 months ending<br>30.06.2013 | For 15 months ending<br>30.09.2012 |
|--------------------------|-----------------------------------|------------------------------------|
| <b>Managing Director</b> |                                   |                                    |
| Remuneration             | 19,90,000                         | 45,00,000                          |
| Perquisite value of Rent | 2,70,000                          | 4,50,000                           |
| <b>Director</b>          |                                   |                                    |
| Remuneration             | 11,25,000                         | 18,75,000                          |
| <b>Total</b>             | <b>33,85,000</b>                  | <b>68,25,000</b>                   |

**NOTE- 3.30**

**Segment Information :** The company is operating only in one segment i.e, LED based products and hence no segmental reporting is made.

**NOTE- 3.31****Related party disclosures :**

In Accordance with the Accounting standard AS-18 " Related Party disclosures" Issued by the ICAI, the transactions with related parties are given below:

- a. List of Related Parties where there exists controlling interest and the nature of relationship :

| Sl No. | Name of the Related Party                   | Nature of Relationship              |
|--------|---|-------------------------------------|
| 1      | M/s.MIC Electronics Inc., USA               | Subsidiary Companies                |
| 2      | M/s.Maave Electronics Pvt Ltd               |                                     |
| 3      | M/s.MIC Green Energy Solutions Pvt Ltd      |                                     |
| 4      | M/s.MIC Candilux Pvt Ltd                    |                                     |
| 5      | M/s.Hyperion Green Energy India Pvt Ltd     | Associate Company                   |
| 6      | Dr.M.V.Ramana Rao, Managing Director        | Directors- Key Management Personnel |
| 7      | Shri L.N.Malleswara Rao, Executive Director |                                     |
| 8      | Shri Atluri Venkata Ram, Executive Director |                                     |

**b) Aggregated Related party disclosures for the 9 months period from October 12 to June 13 :****i) Particulars of transactions during the year**

| Sl No. | Nature of Transaction   | As at 30th June , 2013 | As at 30th September, 2012 |
|--------|---|------------------------|----------------------------|
| 1      | <b>Expenditure during the year:-</b>                                |                        |                            |
|        | ▪ Remunerations to Management personnel                             | 31,15,000              | 63,75,000                  |
|        | ▪ Rents paid towards accommodation provided to Management Personnel | 270,000<br>251,430     | 450,000<br>459,731         |
|        | ▪ Sitting Fee and other expenses reimbursed to Directors            |                        |                            |
| 2      | <b>Sales to Subsidiaries :</b>                                      |                        |                            |
|        | M/s.MIC Electronics Inc., USA                                       | 2,25,78,833            | 5,53,79,703                |
|        | M/s. Maave Electronics Pvt Ltd"                                     | 4,874,851              | 7,401,701                  |
| 3      | <b>Purchase from M/s.Maave Electronics Pvt Ltd (Subsidiary)</b>     |                        |                            |
|        | Raw Material  | -                      | 9,13,501                   |
|        | Capital Equipment   | -                      | -                          |
| 4      | <b>Sales to Associates :</b>  |                        |                            |
|        | M/s. Hyperion Green Energy India Pvt Ltd                            | -                      | 7,200                      |

Amounts due from(due to) related parties at the year end.

| SI No. | Nature of Transaction                                | As at 30th June , 2013 | As at 30th September, 2012 |
|--------|--|------------------------|----------------------------|
| 1      | Advances to Subsidiaries :                           |                        |                            |
|        | M/s.MIC Green Energy Solutions Pvt Ltd               | 837,967                | 787,967                    |
|        | M/s. Maave Electronics Pvt Ltd                       | 22,827,597             | 15,798,017                 |
|        | M/s. MIC Electronics Inc. USA                        | 52,657,650             | 52,657,650                 |
| 2      | Advances to Associates :                             |                        |                            |
|        | M/s. Hyperion Green Energy India Pvt Ltd             | -                      | 4,12,321                   |
| 3      | Advances from Subsidiaries :                         |                        |                            |
|        | M/s. Maave Electronics Pvt Ltd                       | -                      | (6,121,906)                |
| 4      | Advances from Associates (Towards Sales) :           |                        |                            |
|        | M/s. Hyperion Green Energy India Pvt Ltd             | (2,65,64,723)          | (2,85,72,500)              |
| 5      | Outstanding balances payable to Management Personnel |                        |                            |
|        | Unsecured Loan payable to Management personnel       | 4,683,573              | 3,554,929                  |
|        | Remuneration payable to Management personnel         | 4,638,952              | 2,224,976                  |

### NOTE- 3.32

Disclosure in respect of operating lease:

- A general description of leasing arrangements : Leasing arrangement for LED Display Systems
- Lease payment recognized in the statement of Profit & Loss Account for the year: Rs.Nil (Previous year- Rs.55,258,646/-)
- lease amounts not recognised during the year** : First Leasing Company of India Ltd transferred the lease rentals receivables from MIC Electronics Ltd to Reliance Capital Ltd. MIC Electronics Ltd received a notice from Reliance Capital Ltd on 20.01.2012 about the loan agreement termination for delay in payment of lease rentals. Subsequently First Leasing Company stopped billing lease rentals w.e.f 01.04.2012. Hence MIC Electronics Ltd stopped recognizing lease rentals in the books from 01.04.2012. The unrecognized lease rentals from Oct'12 to Jun'13 amount to Rs 47,196,000/-.(previous year - Rs.31,464,000/-)

### NOTE- 3.33

Calculation of earnings per share :

| Particulars                          | For 9 months ending<br>30.06.2013 | For 15 months ending<br>30.09.2012 |
|--------------------------------------|-----------------------------------|------------------------------------|
| Profit attributable to Share Holders | (14,86,74,849)                    | (63,13,20,315)                     |
| No. of Equity Shares Outstanding     | 10,24,98,275                      | 10,24,98,275                       |
| Convertible Share Warrants           | -                                 | 5,06,75,000                        |
| Weighted No. of Equity Shares        | 10,24,98,275                      | 15,31,73,275                       |
| Nominal Value of Equity Share        | 2.00                              | 2.00                               |
| Basic EPS                            | (1.45)                            | (6.16)                             |
| Diluted EPS                          | (1.45)                            | (4.12)                             |

**NOTE- 3.34**

In accordance with the AS-22 'Accounting for taxes on Income issued by the Institute of Chartered Accountants of India, during the current year the company has accounted for the effect of deferred Tax against the income pertaining to current year and has accordingly provided for deferred tax liability of Rs.73,878,792/- on account of current year's deferred tax.

| Particulars                            | For 9 months ending<br>30.06.2013 | For 15 months ending<br>30.09.2012 |
|--|-----------------------------------|------------------------------------|
| Opening Balance Deferred tax asset     | 9,93,30,331                       | 9,72,94,058                        |
| Less : Deferred tax liability (asset ) | 7,38,78,792                       | (20,36,273)                        |
| Closing Balance                        | 2,54,51,539                       | 9,93,30,331                        |

**NOTE- 3.35**

- (i) The company has incurred one time expenditure of Rs.16,361,609/- during the Year 2009-10 towards leased assets which is being amortised over a period of 5 years. During the year an amount of Rs.2,454,240/- (Previous year Rs.4,090,400/-) has been amortised.
- (ii) The company has incurred one time expenditure of Rs.9,331,130/- during the Year 2010-11 towards DMRC project finance which is being amortised over a period of 5 years. During the period an amount of Rs.1,399,668/- (Previous year Rs.2,799,339/-) has been amortised.

**NOTE- 3.36**

Details of Prior Period items credited to Statement of Profit & Loss :

| Sl No. | Particulars                                 | As at 30.06.2013  | As at 30.09.2012   |
|--------|---|-------------------|--------------------|
| 1      | Excess Provision of Income Tax written back | -                 | 1,83,00,000        |
| 2      | Income Tax for earlier years                | -                 | (43,56,016)        |
| 3      | Prior period income                         | 51,400            | 0                  |
| 4      | Prior period expenditure                    | 10,00,000         | 0                  |
|        | <b>Total</b>                                | <b>(9,48,600)</b> | <b>1,39,43,984</b> |

**NOTE- 3.37**

Disclosure of Sundry Creditors under Trade Payables is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006" and relied upon by the Auditors. As per the records with the company, none of the enterprises have been identified as Micro, Small and Medium Enterprises.

**NOTE- 3.38**

**Value of Imported and Indigenous Materials Consumed and their Percentage to total consumption:**

| Particulars                                      | For 9 months ending |                | For 15 months ending  |                |
|--|---------------------|----------------|-----------------------|----------------|
|  | Value               | %              | Value                 | %              |
| Imported   | 2,75,50,643         | 4.22%          | 7,86,17,553           | 7.68%          |
| Indigeneous (including purchase of traded goods) | 62,53,08,191        | 95.78%         | 94,50,48,500          | 92.32%         |
| <b>Total</b>                                     | <b>65,28,58,834</b> | <b>100.00%</b> | <b>1,02,36,66,053</b> | <b>100.00%</b> |

**NOTE- 3.39**

**Foreign Currency / Exchange Transactions :**

| Sl No. | Particulars                          | For 9 months ending<br>30.06.2013 | For 15 months ending<br>30.09.2012 |
|--------|--------------------------------------|-----------------------------------|------------------------------------|
| A)     | <b>Value of Imports on CIF Basis</b> |                                   |                                    |
|        | Components                           | 2,65,60,269                       | 7,01,93,217                        |
|        | Capital Equipment & Software         | -                                 |                                    |
|        |                                      | <b>2,65,60,269</b>                | <b>7,01,93,217</b>                 |
| B)     | <b>Expenditure</b>                   |                                   |                                    |
|        | Travelling                           | 9,41,019                          | 7,34,391                           |
|        | Others                               | 0                                 | 6,61,616                           |
|        |                                      | <b>9,41,019</b>                   | <b>13,96,007</b>                   |
| C)     | <b>Earnings in Foreign Exchange</b>  |                                   |                                    |
|        | FOB Value of Exports                 | 2,44,10,414                       | 6,56,94,645                        |
|        | FOB Value of Plant & Machinery       | -                                 | -                                  |
|        |                                      | <b>2,44,10,414</b>                | <b>6,56,94,645</b>                 |

**NOTE- 3.40**

Figures have been rounded off to nearest rupee. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

per our report of even date

For **PAVULURI & CO**

**Chartered Accountants**

Firm Reg. No: 012194S

For and on behalf of the Board of Directors

Sd/-

**Dr.M.V. Ramana Rao**

Managing Director

Sd/-

**L.N.Malleswara Rao**

Executive Director

Sd/-

**CA.N.Rajesh**

Partner

M.No : 223169

Sd/-

**Ch. Vijay Kumar Naidu**

Company Secretary

Place : Hyderabad.

Date : 27.08.2013

(Amount in Rs.)

| Particulars   | For 9 months ending<br>30.06.2013 | For 15 months ending<br>30.09.2012 |
|---|-----------------------------------|------------------------------------|
| Net Profit before tax and extraordinary items             | (7,47,96,057)                     | 4,33,59,485                        |
| <b>Adjustments for:</b>                                   |                                   |                                    |
| Depreciation  | 4,48,31,517                       | 7,63,90,752                        |
| Financial Charges   | 12,12,20,124                      | 25,44,48,532                       |
| Interest received /Other Income                           | 55,27,963                         | 40,22,708                          |
| Profit on sale of investments                             |                                   |                                    |
| <b>Operating Profit before Working Capital Changes</b>    | <b>9,67,83,547</b>                | <b>37,82,21,477</b>                |
| (Increase)/Decrease in Trade Receivables                  | 3,31,72,673                       | (3,03,19,180)                      |
| (Increase)/Decrease in Inventories                        | (15,93,34,364)                    | 22,44,14,168                       |
| (increase)/Decrease in Long Term Loans & Advances         | (93,77,164)                       | (2,48,26,811)                      |
| (increase)/Decrease in Short Term Loans & Advances        | 1,22,29,344                       | (8,56,49,779)                      |
| (increase)/Decrease in Other Current Assets               | (20,03,400)                       | 4,57,95,600                        |
| (increase)/Decrease in Other Non Current Assets           | 38,53,908                         | 68,89,739                          |
| Increase/(Decrease) in Long Term Provisions               | (16,79,878)                       | (31,64,762)                        |
| Increase/(Decrease) in Short Term Provisions              | (36,36,410)                       | (1,79,43,984)                      |
| Increase/(Decrease) in Trade Payables                     | 5,14,54,545                       | 21,53,26,828                       |
| Increase/(Decrease) in Other Current Liabilities          | 11,31,56,781                      | (45,87,935)                        |
| Increase/(Decrease) in Deferred Tax Asset                 | (7,38,78,792)                     | (20,36,273)                        |
| <b>Cash generated from Operations</b>                     | <b>(3,60,42,757)</b>              | <b>32,38,97,611</b>                |
| Financial Charges paid                                    | (12,12,20,124)                    | (25,44,48,532)                     |
| Extraordinary items                                       | 0                                 | (69,06,60,057)                     |
| Direct Taxes paid   | 7,38,78,792                       | 1,59,80,257                        |
| <b>Net Cash provided/(Used) from operating activities</b> | <b>1,33,99,458</b>                | <b>(22,70,09,244)</b>              |
| (Increase) / Decrease of Current Investments              | 0                                 | 0                                  |
| (Increase) / Decrease of Non Current Investments          | 0                                 | 0                                  |
| (Increase) / Decrease of Fixed Assets                     | (12,37,657)                       | 2,47,64,543                        |
| (Increase) / Decrease of Capital Work-in-Progress         | (61,615)                          | (1,82,17,860)                      |
| Interest Received/Other Income                            | (55,27,963)                       | (40,22,708)                        |
| <b>Net Cash used in Investing Activities</b>              | <b>(68,27,235)</b>                | <b>25,23,975</b>                   |

(Amount in Rs.)

| Particulars   | For 9 months ending<br>30.06.2013 | For 15 months ending<br>30.09.2012 |
|---|-----------------------------------|------------------------------------|
| Proceeds from long term borrowings                              | (2,30,13,428)                     | 13,36,59,166                       |
| Increase/(Decrease) in Short Term borrowings                    | 5,08,62,805                       | 3,17,02,097                        |
| Increase/(Decrease) in Share Capital                            | 0                                 | 0                                  |
| Increase/(Decrease) in forfeiture of Share warrants             | 0                                 | 16,43,04,000                       |
| Increase/(Decrease) in Share Warrants Application Money         | (4,66,38,340)                     | (11,87,77,660)                     |
| <b>Net Cash provided/(Used) from financing activities</b>       | <b>(1,87,88,963)</b>              | <b>21,08,87,603</b>                |
| Net Increase in Cash and Cash equivalents                       | (1,22,16,740)                     | (1,35,97,666)                      |
| Cash and Cash equivalents as at the commencement<br>of the year | 3,40,31,403                       | 4,76,29,069                        |
| <b>Cash and Cash equivalents as at the close of the year</b>    | <b>2,18,14,663</b>                | <b>3,40,31,403</b>                 |

per our report of even date  
For **PAVULURI & CO**  
**Chartered Accountants**  
Firm Reg. No: 012194S

For and on behalf of the Board of Directors  
Sd/-  
**Dr.M.V. Ramana Rao**  
Managing Director

Sd/-  
**L.N.Malleswara Rao**  
Executive Director

Sd/-  
**CA.N.Rajesh**  
Partner  
M.No : 223169

Sd/-  
**Ch. Vijay Kumar Naidu**  
Company Secretary

Place : Hyderabad.  
Date : 27.08.2013

| Sl. No. | Particulars  | Name of the Subsidiary Company                             |  |   |   |
|---------|--|--|--|---|---|
|         |  | Maave Electronics Private Limited                          | MIC Electronics Inc., USA                                    | MIC Green Energy Solutions Private Limited              | MIC Candilux Private Limited                            |
| 1.      | The financial year of the Subsidiary Company ended on  | 30.06.2013   | 30.06.2013   | 31.03.2013  | 31.03.2013  |
| 2.      | (a) Number of shares held by MIC Electronics Limited: with its nominees in the subsidiaries at the end of the financial year of the subsidiary companies | 10,46,671 equity Shares of Rs.10/- each fully paid up 100% | 10,00,000 ordinary shares of \$ 0.10 each fully paid up 100% | 10,000 equity shares of Rs.10/- each fully paid up 100% | 10,000 equity shares of Rs.10/- each fully paid up 100% |
| 3.      | (b) Extent of interest of holding company at the end of the financial year of the subsidiary companies   |  |  |   |   |
|         | The net aggregate amount of the subsidiary companies Profit/Loss so far as it concerns the members of the holding company:                               |  |  |   |   |
|         | (a) Not dealt in the holding companies accounts  |  |  |   |   |
|         | i) For the financial year 30th June., 2013   | -  | -  | -   | -   |
|         | ii) For the previous financial years of the subsidiary company's since they became the holding company subsidiaries                                      | -  | -  | -   | -   |
|         | (b) Dealt in the holding companies accounts  |  |  |   |   |
|         | i) For the financial year 30th June. 2013 (net)  | Rs.1870579/-   | Rs.276321/-  | -   | -   |
|         | ii) For the previous financial years of the subsidiary companies since they became the holding company's subsidiaries.                                   | Rs.4753904/-   | Rs.12083141/-(loss)  | -   | -   |

## STATEMENT PURSUANT TO EXEMPTION RECEIVED UNDER 212(8) OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANIES

| Sr. No. | Name of Subsidiary                         | Reporting Currency | Exchange Rate |         | Issued & Subscribed Share Capital | Reserves # | Total Assets | Total Liabilities | Investments | Turnover    | Profit/(loss) before taxation | Provision for taxation | Profit/(loss) after taxation | Proposed Dividend | Country |
|---------|--|--------------------|---------------|---------|-----------------------------------|------------|--------------|-------------------|-------------|-------------|-------------------------------|------------------------|------------------------------|-------------------|---------|
|         |  |                    | Average       | Closing |                                   |            |              |                   |             |             |                               |                        |                              |                   |         |
| 1       | MIC Electronics Inc. USA                   | USD                | 54.761        | 59.526  | 45,39,450                         | 63,50,980  | 8,79,83,804  | 7,70,93,374       | 6,11,92,728 | 3,42,92,484 | 2,76,321                      | 0                      | 2,76,321                     | 0                 | USA     |
| 2       | Maave Elec. Pvt Ltd., India                | INR                | 1.00          | 1.00    | 1,04,66,710                       | 66,24,483  | 19,95,61,376 | 18,24,70,183      | 0           | 7,52,16,910 | 21,20,838                     | 2,50,259               | 18,70,579                    | 0                 | INDIA   |
| 3       | MIC Green Energy Solutions Pvt Ltd., India | INR                | 1.00          | 1.00    | 1,00,000                          | 0          | 9,74,739     | 8,74,739          | 0           | 0           | 0                             | 0                      | 0                            | 0                 | INDIA   |
| 4       | MIC Candilux Pvt Ltd., India               | INR                | 1.00          | 1.00    | 1,00,000                          | 0          | 1,15,000     | 15,000            | 0           | 0           | 0                             | 0                      | 0                            | 0                 | INDIA   |

# Note :- Reserves in M/s MIC Electronics Inc. USA, includes share premium of Rs. 1,81,57,800/-

To the members of,

**M/s. MIC ELECTRONICS LIMITED,**

**Report on the Financial Statements:**

We have audited the accompanying Consolidated financial statements of M/s. MIC Electronics Limited, which comprise the Consolidated Balance Sheet as at June 30, 2013, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the nine months period ended on that date and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design

audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

**Basis for Qualified Opinion**

- (1) Reference is invited to Note 3.16 of the consolidated financial statements, M/s.MIC Electronics Limited Trade Receivables to the extent of Rs 63.26 crores are more than three years old and "we are unable to ascertain whether such balances as at balance sheet date are fully recoverable. Accordingly, we are unable to ascertain the impact, if any, that may arise in case any of these receivables are subsequently determined to be doubtful of recovery. Had the Company provided provision for the same, the loss for the period would have been higher by the said amount."
- (2) Reference is invited to Note 3.18 of the consolidated financial statements, M/s.MIC Electronics Limited Other Advances to the extent of Rs 6.02 crores, "we are unable to ascertain whether such balances as at balance sheet date are fully recoverable. Accordingly, we are unable to ascertain the impact, if any, that may arise in case any of these advances are subsequently determined to be doubtful of recovery. Had the Company provided provision for the same, the loss for the period would have been higher by the said amount."
- (3) Reference is invited to Note 3.13 of the consolidated financial statements, M/s.MIC Electronics Limited Capital Advances to the extent of Rs 11.97 crores, "we are unable to ascertain whether such balances as at balance sheet date are fully recoverable. Accordingly, we are unable to ascertain the impact, if any, that may arise in case any of these advances are subsequently determined to be doubtful of recovery. Had the Company provided provision for the same, the loss for the period would have been higher by the said amount."

- (4) Reference is invited to Note 3.07 of the consolidated financial statements, M/s.MIC Electronics Limited has not provided the interest on unsecured loans for the nine months period ended 30th June 2013, for Rs 2.47 crores since the company is pursuing the matter for settlement. Had the Company provided provision for the same, the loss for the period would have been higher by the said amount."

### Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements / consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at June 30, 2013;
- b) In the case of the Consolidated Statement of Profit and Loss, of the loss for the nine months period ended on that date; and
- c) In the case of the Consolidated Cash Flow Statement, of the cash flows for the nine months period ended on that date.

### Other Matters :

- (1) We did not audit the financial statements of the subsidiary companies M/s. Maave Electronics Pvt Ltd for Nine months ended 30th June 2013, M/s.MIC Green Energy Solutions Pvt Ltd for year ended 31st March 2013 and M/s.MIC Candilux Pvt Ltd for year ended 31st March 2013. These financial statements and financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
- (2) We have also relied on the unaudited financial statements of subsidiary M/s.MIC Electronics Inc., USA for Nine months ended 30th June 2013. These unaudited financial statements approved by the respective Board of Directors of these companies have been furnished to us by the Management and our report in so far as it relates to the amounts included in respect of this subsidiary company is based solely on such approved unaudited financial statements.

Our Opinion is not qualified in respect of other matters.

For PAVULURI & Co.  
Chartered Accountants  
Firm Reg. No:012194S

(CA N. RAJESH)  
PARTNER  
M.No : 223169

Place: Hyderabad  
Date : 27.08.2013

(Amount in Rs.)

| Particulars                                | Note. | As at 30.06.2013 |                       | As at 30.09.2012 |                       |
|--|-------|------------------|-----------------------|------------------|-----------------------|
| <b>I. EQUITY AND LIABILITIES</b>           |       |                  |                       |                  |                       |
| (1) Shareholder's funds:                   |       |                  |                       |                  |                       |
| Share capital                              | 3.01  | 20,49,96,550     |                       | 20,49,96,550     |                       |
| Reserves and surplus                       | 3.02  | 3,24,11,17,357   |                       | 3,38,47,31,402   |                       |
| Money received against share warrants      |       | -                | 3,44,61,13,907        | 4,66,38,340      | 3,63,63,66,292        |
| <b>(2) Non-current liabilities</b>         |       |                  |                       |                  |                       |
| Long-term borrowings                       | 3.03  | 39,96,82,422     |                       | 36,44,93,984     |                       |
| Long-term provisions                       | 3.04  | 1,76,83,315      | 41,73,65,737          | 1,93,63,193      | 38,38,57,177          |
| <b>(3) Current liabilities</b>             |       |                  |                       |                  |                       |
| Short-term borrowings                      | 3.05  | 96,02,67,519     |                       | 91,76,19,978     |                       |
| Trade payables                             | 3.06  | 73,52,48,196     |                       | 53,35,58,519     |                       |
| Other current liabilities                  | 3.07  | 57,51,63,789     |                       | 44,99,97,296     |                       |
| Short-term provisions                      | 3.08  | 7,77,83,607      | 2,34,84,63,111        | 8,13,35,717      | 1,98,25,11,510        |
| <b>TOTAL</b>                               |       |                  | <b>6,21,19,42,755</b> |                  | <b>6,00,27,34,979</b> |
| <b>II. ASSETS</b>                          |       |                  |                       |                  |                       |
| (1) Non-current assets                     |       |                  |                       |                  |                       |
| Fixed assets                               | 3.09  |                  |                       |                  |                       |
| (i) Tangible assets                        |       | 1,49,56,93,487   |                       | 1,46,25,68,908   |                       |
| (ii) Intangible assets                     |       | 27,69,145        |                       | 35,73,893        |                       |
| (iii) Capital Work in Progress             |       | 40,14,04,072     |                       | 40,13,42,457     |                       |
| (iv)Intangible assets under development    | 3.10  | 8,98,40,672      |                       | 8,98,40,672      |                       |
| Goodwill on consolidation and acquisitions |       | 23,59,949        |                       | 23,59,949        |                       |
| Deferred Tax asset (Net)                   | 3.11  | 2,47,91,269      |                       | 9,87,37,450      |                       |
| Non current Investments                    | 3.12  | 8,08,84,272      |                       | 7,40,19,288      |                       |
| Long-term loans and advances               | 3.13  | 40,40,33,324     |                       | 40,12,99,885     |                       |

## CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE 2013

(Amount in Rs.)

| Particulars                                | Note.  | As at 30.06.2013      | As at 30.09.2012      |
|--|--------|-----------------------|-----------------------|
| Other Non-current assets                   | 3.14   | 1,05,57,187           | 1,43,42,925           |
|  |        | <b>2,51,23,33,377</b> | <b>2,54,80,85,427</b> |
| (2) Current assets                         |        |                       |                       |
| Inventories                                | 3.15   | 1,79,73,88,632        | 1,63,97,22,843        |
| Trade receivables                          | 3.16   | 1,15,36,24,717        | 1,04,63,58,733        |
| Cash and cash equivalents                  | 3.17   | 2,29,64,851           | 3,49,45,704           |
| Short-term loans and advances              | 3.18   | 70,26,34,832          | 71,26,29,326          |
| Other current assets                       | 3.19   | 2,29,96,346           | 3,69,96,09,378        |
| TOTAL                                      |        | <b>6,21,19,42,755</b> | <b>6,00,27,34,979</b> |
| Notes forming part of financial statements | 1-3.38 |                       |                       |

per our report of even date  
For PAVULURI & CO  
Chartered Accountants  
Firm Reg. No: 012194S

For and on behalf of the Board of Directors  
Sd/- Sd/-  
Dr.M.V. Ramana Rao L.N.Malleswara Rao  
Managing Director Executive Director

Sd/-  
CA.N.Rajesh  
Partner  
M.No : 223169

Sd/-  
Ch. Vijay Kumar Naidu  
Company Secretary

Place : Hyderabad.  
Date : 27.08.2013

(Amount in Rs.)

| Particulars  | Note. | 9 months ending<br>30.06.2013 | 15 months ending<br>30.09.2012 |
|--|-------|-------------------------------|--------------------------------|
| <b>I INCOME :</b>  |       |                               |                                |
| Revenue from operations  | 3.20  | 78,07,78,844                  | 1,35,40,41,391                 |
| Other income   | 3.21  | 6,72,82,104                   | 7,98,56,804                    |
| <b>Total Revenue</b>   |       | <b>84,80,60,948</b>           | <b>1,43,38,98,195</b>          |
| <b>II EXPENDITURE :</b>  |       |                               |                                |
| Cost of material consumed  | 3.22  | 29,04,26,291                  | 32,51,27,131                   |
| Purchase of traded goods   |       | 42,13,06,639                  | 71,44,93,455                   |
| (Increase)/ Decrease in Inventories                                | 3.23  | (17,26,97,988)                | (36,87,39,023)                 |
| Employee benefits expense  | 3.24  | 5,11,46,932                   | 12,18,34,229                   |
| Finance costs  | 3.25  | 12,68,24,044                  | 26,64,38,543                   |
| Depreciation and amortization expense                              | 3.09  | 4,62,51,348                   | 7,87,76,079                    |
| Other expenses   | 3.26  | 15,72,02,579                  | 25,54,50,945                   |
| <b>Total expenses</b>  |       | <b>92,04,59,845</b>           | <b>1,39,33,81,359</b>          |
| <b>III Profit before extra-ordinary items<br/>and tax (I - II)</b> |       | <b>(7,23,98,897)</b>          | <b>4,05,16,836</b>             |
| IV Extraordinary Items-Obsolete Stock Written off                  |       | -                             | 69,06,60,057                   |
| <b>V Profit before tax (III-IV)</b>                                |       | <b>(7,23,98,897)</b>          | <b>(65,01,43,221)</b>          |
| VI Tax expenses:   |       |                               |                                |
| Current tax  |       | 1,82,870                      | 2,68,570                       |
| Taxes of earlier years written back                                |       | -                             | 1,39,43,984                    |
| Deferred tax Liability (Asset)                                     |       | 7,39,46,181                   | (19,50,866)                    |
|  |       | 7,41,29,051                   | (1,56,26,280)                  |
| <b>VII Profit/(Loss) for the period (V - VI)</b>                   |       | <b>(14,65,27,948)</b>         | <b>(63,45,16,941)</b>          |

(Amount in Rs.)

| Particulars  | Note.  | 9 months ending<br>30.06.2013 | 15 months ending<br>30.09.2012 |
|--|--------|-------------------------------|--------------------------------|
| <b>VIII Earnings per equity share<br/>of par value Rs 2/- each</b> |        |                               |                                |
| Basic  |        | -1.43                         | -6.19                          |
| Diluted  |        | -1.43                         | -4.14                          |
| <b>IX No.of shares used in computing<br/>earnings per share</b>    |        |                               |                                |
| Basic  |        | 10,24,98,275                  | 10,24,98,275                   |
| Diluted  |        | 10,24,98,275                  | 15,31,73,275                   |
| <b>Notes forming part of<br/>financial statements</b>              | 1-3.38 |                               |                                |

per our report of even date

For PAVULURI &amp; CO

Chartered Accountants

Firm Reg. No: 012194S

For and on behalf of the Board of Directors

Sd/-

Dr.M.V. Ramana Rao

Managing Director

Sd/-

L.N.Malleswara Rao

Executive Director

Sd/-

CA.N.Rajesh

Partner

M.No : 223169

Sd/-

Ch. Vijay Kumar Naidu

Company Secretary

Place : Hyderabad.

Date : 27.08.2013

## 1. Basis of Consolidation :

The Consolidated financial statements relate to the Company and its subsidiary Companies. The Consolidated financial statements have in accordance with the Accounting Standard – 21 ('AS-21') "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India and have been prepared on the following basis:

- a. The financial statements of the Company and its subsidiaries have been consolidated on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions.
- b. In case of foreign subsidiaries, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is disclosed as "Effect of Currency Translation on Conversion".
- c. Difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.
- d. Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the Group in order to arrive at the net income attributable to the shareholders of the Company.
- e. As far as possible, the consolidated financial statements are prepared using the uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

The subsidiaries considered in the financial statements are :

| Company                              | As at 30.06.2013 | As at 30.09.2012 |
|--------------------------------------|------------------|------------------|
| MIC Electronics Inc.                 | 100%             | 100%             |
| Maave Electronics Pvt. Ltd           | 100%             | 100%             |
| MIC Green Energy Solutions Pvt. Ltd. | 100%             | 100%             |
| MIC Candilux Pvt Ltd                 | 100%             | 100%             |

The financial statements of the subsidiaries, considered in the consolidated accounts, are drawn upto 30th June, 2013 other than for M/s.MIC Green Energy Solutions Pvt. Ltd. and M/s.MIC Candilux Pvt Ltd where the last audited financial statement is as on 31st March, 2013.

The Financial Statement of associate company, M/s.Hyperion Green Energy Solutions Pvt Ltd has not been considered for consolidation purpose as the same is not available with the company.

## 2 Significant accounting policies

### 2.1 Disclosure of Accounting Policies:

Financial statements have been prepared under the historical costs convention and in accordance with applicable accounting standards and provisions of the Companies Act, 1956. All income and expenditure having a material bearing in the financial statements are prepared on accrual basis.

**2.2 Use of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

**2.3 Valuation of Inventories:**

- a) Raw Materials and Work in Progress are valued at cost.
- b) Finished goods are valued at cost or net realisable value whichever is less.
- c) CENVAT & VAT on purchase of rawmaterial/components are deducted from cost of such materials."

**2.4 Cash Flow Statements:**

Cash flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the companies are segregated based on the available information.

**2.5 Accounting for Fixed Assets**

Fixed assets are capitalized at acquisition cost and other directly attributable cost of bringing the assets to its working condition. Cenvat & VAT claimed on capital goods are credited to plant & machinery account. Development / preoperative expenditure incurred , if any, in connection with new line of production will be capitalized to the respective project Assets.

**2.6 Depreciation Accounting:**

Fixed assets are valued at cost less depreciation provided on Straight Line Method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956. In respect of additions made during the year, depreciation is provided on pro rata basis.

**2.7 Research & Development (R & D):**

Revenue expenditure (including depreciation) on R & D is charged to revenue in the year in which it is incurred. Capital expenditure, if any, on R & D is added to fixed assets.

**2.8 Revenue Recognition**

"Sales & Services are inclusive of taxes and duties collected. Revenue from fixed price contracts are recognized as per the terms of the contract. Revenue from other income is based on accrual basis"

**2.9 Accounting for effects in foreign exchange rates :**

- a) All monetary items denominated in foreign currency are reflected at the rates prevailing on the Balance sheet date.
- b) Income and Expenditure items involving foreign exchange are translated at the exchange rate prevailing on the dates of transaction.
- c) Exchange differences, if any, arising on account of fluctuations in foreign exchange have been duly reflected in the Profit & Loss Account except in respect of acquisition of fixed assets."

## **2.10 Accounting for Investments :**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost.

## **2.11 Accounting for Retirement Benefits :**

- a) The Company has a provident fund scheme for their employees. Contributions to the scheme are charged to the profit and loss account.
- b) Provision for gratuity has been made for all the employees in the rolls of the company at the closing of accounting year. The company is making actual gratuity payments as and when crystallized by debiting to the gratuity fund account.
- c) The Company extends benefit of Encashment of Leave to its employees while in service as well as on retirement. Leave encashment liability in respect of leave accumulated is accounted for on the basis of last drawn salary.

## **2.12 Borrowing Cost :**

Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalized till the date of the assets put to use. All other borrowing costs are charged to revenue.

## **2.13 Related party Disclosure :**

The company has entered into transactions with related parties and the said information is shown separately as per AS - 18.

## **2.14 Operating Leases :**

Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Where the Company is the lessee : Operating lease payments are recognised as an expense in the Statement of profit and loss on a straight-line basis over the lease term. Where the Company is the lessor : Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Statement of profit and loss. Costs, including depreciation are recognised as an expense in the Statement of profit and loss."

## **2.15 Earnings Per Share :**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

## **2.16 Deferred Taxation :**

Current Tax is determined as per the amount of tax payable in respect of taxable income for the period. Deferred tax is recognised, subject to the consideration of prudence in respect of deferred tax assets/liabilities, on timing differences, being difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

(Amount in Rs.)

**2.17 Accounting for investments in associates :**

Investment in associates is valued at cost of investment.

**NOTE - 3.01****Share Capital**

|   | As at 30.06.2013    |                     | As at 30.09.2012    |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | No. of Shares       | Amount (Rs)         | No. of Shares       | Amount (Rs)         |
| <b>I. Authorised:</b>                           |                     |                     |                     |                     |
| Equity shares of Rs 2/- each with voting rights | 20,00,00,000        | 40,00,00,000        | 20,00,00,000        | 40,00,00,000        |
| <b>II. Issued,Subscribed and Paid up:</b>       |                     |                     |                     |                     |
| Equity shares of Rs 2/- each with voting rights | 10,24,98,275        | 20,49,96,550        | 10,24,98,275        | 20,49,96,550        |
|   | <b>10,24,98,275</b> | <b>20,49,96,550</b> | <b>10,24,98,275</b> | <b>20,49,96,550</b> |

The Company has only one class of equity shares having a par value of Rs. 2/- per share. Each Shareholder is eligible for one vote per share. The dividend proposed by the Board of Directors is subject to the approval of shareholders, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.

**a) Details of Reconciliation of Share Capital**

| Particulars                               | As at 30.06.2013    |                     | As at 30.09.2012    |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | No. of Shares       | Amount (Rs)         | No. of Shares       | Amount (Rs)         |
| <b>Equity shares with voting rights:-</b> |                     |                     |                     |                     |
| Opening Balance                           | 10,24,98,275        | 20,49,96,550        | 10,24,98,275        | 20,49,96,550        |
| Fresh Issue                               | -                   | -                   | -                   | -                   |
| Closing Balance                           | <b>10,24,98,275</b> | <b>20,49,96,550</b> | <b>10,24,98,275</b> | <b>20,49,96,550</b> |

**b) Details of shares held by each shareholder holding more than 5% shares:**

| Sr No | Class of shares /<br>Name of shareholder | As at 30th June, 2013    |           | As at 30th September, 2012 |           |
|-------|--|--------------------------|-----------|----------------------------|-----------|
|       |  | Number of<br>shares held | % holding | Number of<br>shares held   | % holding |
|       | <b>Equity shares with voting rights</b>  |                          |           |                            |           |
| 1     | Venkata Ramana Rao Maganti               | 46,44,902                | 4.53%     | 56,69,902                  | 5.53%     |
| 2     | Prabhakar Rao Mandava                    | 76,93,153                | 7.51%     | 77,04,398                  | 7.52%     |

| Particulars  | As at 30.06.2013             | As at 30.09.2012             |
|--|------------------------------|------------------------------|
| <b>NOTE - 3.02</b>                                     |                              |                              |
| <b>Reserves and Surplus</b>                            |                              |                              |
| <b>Share Premium Account</b>                           |                              |                              |
| As at Commencement of the Year                         | 1,03,05,55,610               | 1,03,05,55,610               |
| Add : Received on further issue of shares              | -                            | -                            |
|  | <u>1,03,05,55,610</u>        | <u>1,03,05,55,610</u>        |
| <b>Profit and Loss Account</b>                         |                              |                              |
| As at Commencement of the Year                         | 1,77,83,27,747               | 2,40,38,03,883               |
| Less : Effect of currency translation on consolidation | (29,13,904)                  | (90,40,805)                  |
| Add : Transferred from Profit & Loss Account           | (14,65,27,948)               | (63,45,16,941)               |
|  | <u>1,63,47,13,702</u>        | <u>1,77,83,27,747</u>        |
| <b>Share warrants forfeited</b>                        |                              |                              |
| As at Commencement of the Year                         | 37,75,81,045                 | 21,32,77,045                 |
| Add : Additions during the year                        | -                            | 16,43,04,000                 |
|  | <u>37,75,81,045</u>          | <u>37,75,81,045</u>          |
| <b>Capital Reserve</b>                                 |                              |                              |
| As at Commencement of the Year                         | 2,67,000                     | 2,67,000                     |
| Add : Additions during the year                        | -                            | -                            |
|  | <u>2,67,000</u>              | <u>2,67,000</u>              |
| <b>Amalgamation Reserve</b>                            |                              |                              |
| As at Commencement of the Year                         | 1,80,00,000                  | 1,80,00,000                  |
| Add : Additions during the year                        | -                            | -                            |
|  | <u>1,80,00,000</u>           | <u>1,80,00,000</u>           |
| <b>General Reserve</b>                                 |                              |                              |
| As at Commencement of the Year                         | 18,00,00,000                 | 18,00,00,000                 |
| Add : Additions during the year                        | -                            | -                            |
|  | <u>18,00,00,000</u>          | <u>18,00,00,000</u>          |
|  | <u><u>3,24,11,17,357</u></u> | <u><u>3,38,47,31,402</u></u> |

(Amount in Rs.)

|  | Current<br>Portion (*) | Non-Current<br>Portion | Current<br>Portion (*) | Non-Current<br>Portion |
|--|------------------------|------------------------|------------------------|------------------------|
| <b>NOTE - 3.03</b>                         |                        |                        |                        |                        |
| <b>Long Term Borrowings</b>                |                        |                        |                        |                        |
| <b>Secured Loans</b>                       |                        |                        |                        |                        |
| <b>Long Term Loans - From Banks</b>        |                        |                        |                        |                        |
| UCO Bank                                   | 2,03,10,000            | 5,27,98,075            | 1,57,33,098            | 6,49,84,075            |
| <b>Long Term Loans - Others</b>            |                        |                        |                        |                        |
| Technology Development Board               | 4,95,00,000            | 10,05,00,000           | -                      | 9,50,00,000            |
| L&T Finance Ltd                            | 10,00,00,000           | 1,00,00,000            | 7,00,00,000            | 4,00,00,000            |
| Srei Equipment Finance P Ltd               | 1,11,94,810            | 23,52,62,685           | 4,81,44,283            | 16,40,17,597           |
| Loans Under hire purchase against vehicles | 5,88,890               | 11,21,662              | 1,45,967               | 4,92,312               |
|  | <b>18,15,93,700</b>    | <b>39,96,82,422</b>    | <b>13,40,23,348</b>    | <b>36,44,93,984</b>    |

(\*) Current portion of Long-term liabilities shown under other current liabilities

**a) Term Loan taken from UCO Bank is secured as follows:**

Primary Security: (i) 1st hypothecation charge over the plant and machinery, LED Display boards, software and other fixed assets of the project at 8 Delhi Metro Railway Stations (DMRC). (ii) 1st charge on receivables arising out of the DMRC project. Collateral Security: Second charge on the fixed assets of the company other than what has been taken as first charge. UCO Bank is further secured by personal guarantee of the Managing Director of the company. Term Loan is repayable in 20 quarterly instalments of Rs.40.62 Lakhs each at variable interest rate of 15.75% commencing from December 2012.

**b) Term Loan taken from Technology Development Board of Rs.1500 Lakhs is secured as follows:**

(i) first charge on entire fixed assets, present and future, of the company by way of hypothecation and mortgage in favour of TDB ranking pari passu with other charge- holders (Banks/FIs). (ii) Personal guarantees of Managing Director & Executive Director of the Company. (iii) Pledge of 37.50 Lakh shares held by promoter. Term loan is repayable in 9 half yearly instalments at fixed interest rate of 5% p.a. - First instalment of Rs.160.00 lakhs & remaining 8 instalments @ Rs.167.50 lakhs each commencing from 01.01.2013.

**c) Term Loan taken from L&T Finance Limited is secured as follows:**

(i) Hypothecation of charge over 19 LED Display Boards, (ii) Personal Guarantee of Managing Director of the Company. Loan is repayable in 16 quarterly instalments at variable interest rate of 12.25% p.a. 1st instalment being Rs.5 crores and balance 15 instalments are @Rs.1 crore each commencing from October 2010.

**d) Term Loan taken from Srei Equipment Finance Pvt Ltd is secured as follows:**

(i) Hypothecation of equipments, fixtures etc. valued Rs.28.20 crore (ii) Mortgage of Land & building situated at 192/B, Phase II, IDA Cherlapally belonging to company. (iii) Personal Guarantee of the Managing Director of the company. (iv) Term Loan - I of Rs.1000.00 lakhs is repayable in 18 quarterly EMIs of Rs.78.29 lakhs each (including interest) at a variable interest rate of 15.50% commencing from 15.01.2012 (v) Term Loan - II of Rs.1400.00 lakhs is repayable in 18 quarterly EMIs of Rs.109.60 lakhs each (including interest) at a variable interest rate of 15.50% commencing from 15.02.2012.

e) Term Loan taken from Srei Equipment Finance Pvt Ltd by Maave Electronics pvt Ltd is secured as follows:

(i) Hypothecation of Computer Communication and Information Display on Indoor True Color LED Video Display System valued Rs.7.52 crores. Term Loan of Rs.6.95 crores is repayable in 36 montly instalments along with interest.

f) Loans taken against purchase of vehicles are secured by hypothecation of the respective vehicles.

| Particulars                               | As at 30.06.2013    | As at 30.09.2012    |
|---|---------------------|---------------------|
| <b>NOTE- 3.04</b>                         |                     |                     |
| <b>Long Term Provisions</b>               |                     |                     |
| Provision for employee benefits           |                     |                     |
| - Provision for gratuity                  | 1,40,16,495         | 1,48,82,936         |
| - Provision for leave encashment          | 36,66,820           | 44,80,257           |
|   | <u>1,76,83,315</u>  | <u>1,93,63,193</u>  |
| <b>NOTE - 3.05</b>                        |                     |                     |
| <b>Short Term Borrowings</b>              |                     |                     |
| <b>(A) Secured Loans</b>                  |                     |                     |
| <b>Working capital loans - From Banks</b> |                     |                     |
| State Bank of India-Cash Credit           | 56,15,20,180        | 50,57,62,822        |
| State Bank of India-Buyers Credit         | -                   | 1,34,68,290         |
| Standard Chartered Bank                   | 5,61,60,774         | 5,42,09,852         |
| Andhra Bank, Kapra, Sainikpuri            | 3,98,02,798         | 4,60,64,795         |
| Loan against bill discounting (AB)        | 62,20,569           | 81,73,836           |
|   | <u>66,37,04,321</u> | <u>62,76,79,595</u> |
| <b>(B) UnSecured Loans</b>                |                     |                     |
| <b>(i) Loans from Directors</b>           | 46,83,573           | 35,54,929           |
| <b>(ii) Intercompany Deposits</b>         |                     |                     |
| Malaxmi Infra Ventures (India) Pvt Ltd    | 18,58,79,625        | 18,03,85,454        |
| Sriba Seabase Pvt Ltd                     | 60,00,000           | 60,00,000           |
| Arkay Energy (Rameswaram) Limited         | 10,00,00,000        | 10,00,00,000        |
|   | <u>29,65,63,198</u> | <u>28,99,40,383</u> |
| <b>Total Short Term Borrowings (A+B)</b>  | <u>96,02,67,519</u> | <u>91,76,19,978</u> |

i) State Bank of India working capital limits including buyers credit are secured by :

- Primary Security: First Charge (hyp) on all current assets of the company.
- Collateral Security: (i) Pari-passu charge on entire fixed assets with TDB excluding fixed assets funded by UCO Bank and vehicle HP loans. (ii) Second charge on EM of industrial plot situated at Plot No.192/B in Sy.No.274 admeasuring 5341 Sq.Yards situated at phase II, IDA, Cherlapally village, Kapra Municipality Ghatkesar Mandal, RR District & Second charge on fixed assets created out of term loan from UCO Bank.

(Amount in Rs.)

- c) SBI is further secured by personal guarantees of Managing Director & Executive Director of the company.
- ii) **Standard Chartered Bank working capital limits are secured by :**
- (i) First pari-passu charge on current assets of lighting business (ii) second pari-passu charge on fixed assets of company (iii) Second pari-passu charge on current assets of company's display division (iv) Personal Guarantee of the Managing Director (v) Loan is repayable by September 2013.
- iii) **Andhra Bank working capital (non fund based) limits of Rs.4.66 Crores are secured by :**
- (i) Exclusive charge on current assets of LED Lighting Division of the company (ii) 1st charge on fixed assets (excluding assets financed by UCO Bank & Srei Equipment Finance Pvt Ltd) of the company ranking pari-passu with SBI (iii) Counter Guarantee of the company.
- iv) **Andhra Bank working capital limits relating to M/S Maave Electronics Pvt Ltd are secured by :**
- i) Primary Security :1st hypothecation of stock (Raw Material, Semi finished goods and Finished Goods) and Book Debts. ii) Collateral Security : (a) EMD of Ac 14.58 dry land situated at Kanchikacherla, Krishna Dt, AP (b) Personal Guarantee of Managing Director of MIC Electronics Ltd (c) Corporate Guarantee of MIC Electronics Limited.

| Particulars   | As at 30.06.2013           | As at 30.09.2012           |
|---|----------------------------|----------------------------|
| <b>NOTE - 3.06</b>  |                            |                            |
| Trade Payables  |                            |                            |
| Payables for materials  | 60,62,43,394               | 39,59,04,445               |
| Payables for services   | 12,90,04,802               | 13,76,54,074               |
|   | <u>73,52,48,196</u>        | <u>53,35,58,519</u>        |
|   | <b><u>73,52,48,196</u></b> | <b><u>53,35,58,519</u></b> |
| <b>NOTE - 3.07</b>  |                            |                            |
| Other Current Liabilities   |                            |                            |
| (i) <b>Interest accrued and due on borrowings</b>                 |                            |                            |
| Interest accrued and due on long term borrowings                  | 1,07,87,258                | 64,00,318                  |
| Interest accrued and due on short term borrowings                 | 1,89,58,050                | 1,89,58,050                |
| (ii) <b>Interest accrued but not due on borrowings</b>            |                            |                            |
| Interest accrued but not due on long term borrowings              | 1,25,84,079                | 1,17,65,168                |
| (iii) <b>Other payables</b>                                       |                            |                            |
| Current maturities of long term borrowings (Refer Note No : 3.03) | 18,15,93,700               | 13,40,23,348               |
| Statutory remittances   | 5,16,74,812                | 3,85,09,881                |
| Payables on purchase of fixed assets                              | 88,07,432                  | 98,95,863                  |

(Amount in Rs.)

| Particulars                                 | As at 30.06.2013    | As at 30.09.2012    |
|---|---------------------|---------------------|
| Payables for expenses                       | 3,71,08,124         | 4,00,60,516         |
| Salaries Payable                            | 7,39,11,503         | 6,43,39,548         |
| Directors remuneration Payable              | 51,49,706           | 25,27,541           |
| Audit Fees Payable                          | 29,23,540           | 23,80,420           |
| Share Warrants Application Money refundable | 12,80,23,671        | 8,13,85,331         |
| Advances from related parties               | 2,65,64,723         | 2,85,72,500         |
| Advance from customers & Others             | 1,70,77,191         | 1,11,78,812         |
|   | <u>57,51,63,789</u> | <u>44,99,97,296</u> |

**Note :** Interest on unsecured loans - Rs.24,658,128/- is not provided in the books since the company is persuing the matter for settlement with the lenders and company is of the view that interest will be waived off.

| Particulars                    | As at 30.06.2013   | As at 30.09.2012   |
|--------------------------------|--------------------|--------------------|
| <b>NOTE - 3.08</b>             |                    |                    |
| <b>Short Term Provisions :</b> |                    |                    |
| Provision for Income Tax       | 7,77,83,607        | 8,13,35,717        |
|                                | <u>7,77,83,607</u> | <u>8,13,35,717</u> |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2013

## NOTE- 3.09

## Fixed Assets

| Name of the Asset                  | Rate   | Gross Block                |             |             | Accumulated Depreciation     |                            |                                    | Net Block    |                              |                              |
|------------------------------------|--------|----------------------------|-------------|-------------|------------------------------|----------------------------|------------------------------------|--------------|------------------------------|------------------------------|
|                                    |        | Balance as at 1st Oct 2012 | Additions   | Deletions   | Balance as at 30th June 2013 | Balance as at 1st Oct 2012 | Depreciation charge for the period | On Deletions | Balance as at 30th June 2013 | Balance as at 30th Sept 2012 |
| <b>A Tangible Assets</b>           |        |                            |             |             |                              |                            |                                    |              |                              |                              |
| Land & Land Development            | 0.00%  | 1,92,35,119                | -           | -           | 1,92,35,119                  | -                          | -                                  | -            | 1,92,35,119                  | 1,92,35,119                  |
| Buildings                          | 3.34%  | 13,09,89,924               | -           | -           | 13,09,89,924                 | 1,88,17,214                | 32,92,032                          | -            | 10,88,80,678                 | 11,21,72,710                 |
| Plant & Machinery                  | 5.38%  | 31,83,23,942               | 24,596      | -           | 31,83,48,538                 | 10,44,87,788               | 1,33,47,601                        | -            | 20,05,13,149                 | 21,38,36,153                 |
| Plant and Machinery                | 4.75%  | 65,38,43,887               | -           | -           | 65,38,43,887                 | 7,27,84,814                | 2,32,29,137                        | -            | 55,78,29,936                 | 58,10,59,073                 |
| Furniture and Fixtures             | 6.33%  | 1,91,98,518                | -           | -           | 1,91,98,518                  | 82,44,336                  | 7,92,205                           | -            | 1,01,61,977                  | 1,09,54,182                  |
| Office equipment                   | 4.75%  | 30,33,603                  | 53,980      | -           | 30,87,583                    | 10,66,680                  | 1,05,220                           | -            | 19,15,683                    | 19,66,923                    |
| Electrical Installations           | 6.33%  | 1,31,45,831                | -           | -           | 1,31,45,831                  | 43,83,913                  | 6,17,681                           | -            | 81,44,237                    | 87,61,918                    |
| D.G.Set                            | 6.33%  | 12,28,230                  | -           | -           | 12,28,230                    | 3,15,231                   | 58,150                             | -            | 8,54,849                     | 9,12,999                     |
| Transformer                        | 6.33%  | 11,09,125                  | -           | -           | 11,09,125                    | 2,81,408                   | 52,511                             | -            | 7,75,206                     | 8,27,717                     |
| Furniture and Fixtures-Others      | 6.33%  | 12,01,571                  | -           | -           | 12,01,571                    | 9,92,971                   | 28,505                             | -            | 1,80,095                     | 2,08,600                     |
| Vehicles                           | 9.50%  | 2,51,65,951                | 17,72,675   | 15,86,971   | 2,53,51,655                  | 1,15,41,539                | 16,55,381                          | 7,98,403     | 1,29,53,138                  | 1,36,24,412                  |
| Computers                          | 16.21% | 3,77,59,760                | -           | -           | 3,77,59,760                  | 3,13,52,015                | 20,93,203                          | -            | 43,14,542                    | 64,07,745                    |
| Display Equipment (not put to use) | 0.00%  | 48,53,51,356               | 7,73,33,522 | -           | 56,26,84,878                 | -                          | -                                  | -            | 56,26,84,878                 | 48,53,51,356                 |
| Goodwill                           |        | 72,50,000                  | -           | -           | 72,50,000                    | -                          | -                                  | -            | 72,50,000                    | 72,50,000                    |
| SUB TOTAL (A)                      |        | 1,71,68,36,817             | 7,91,84,773 | 15,86,971   | 1,79,44,34,619               | 25,42,67,909               | 4,52,71,626                        | 7,98,403     | 1,49,56,93,487               | 1,46,25,68,908               |
| <b>B Intangible assets</b>         |        |                            |             |             |                              |                            |                                    |              |                              |                              |
| Computer Software                  |        | 1,26,57,277                | 1,74,974    | -           | 1,28,32,251                  | 90,83,384                  | 9,79,722                           | -            | 27,69,145                    | 35,73,893                    |
| SUB TOTAL (B)                      |        | 1,26,57,277                | 1,74,974    | -           | 1,28,32,251                  | 90,83,384                  | 9,79,722                           | -            | 27,69,145                    | 35,73,893                    |
| *Total [A + B ](Current Year)*     |        | 1,72,94,94,094             | 7,93,59,747 | 15,86,971   | 1,80,72,66,870               | 26,33,51,293               | 4,62,51,348                        | 7,98,403     | 1,49,84,62,632               | 1,46,61,42,801               |
| (Previous Year)                    |        | 1,75,43,09,801             | 14,27,941   | 2,62,43,648 | 1,72,94,94,094               | 18,54,19,212               | 7,87,76,079                        | 8,43,998     | 1,46,61,42,801               | 1,56,88,90,588               |

**NOTE- 3.10****Intangible assets under development :**

Intangible assets include overheads of Rs 8,98,40,672 /- (Previous year Rs 8,98,40,672/-) incurred for development and commercialization of lighting products yet to be capitalized.

| Particulars  | As at 30.06.2013    | As at 30.09.2012    |
|--|---------------------|---------------------|
| <b>NOTE - 3.11</b>   |                     |                     |
| <b>Deferred Tax Asset</b>  |                     |                     |
| On Depreciation (Difference as per Books & as Per Income Tax Act)  | (9,46,48,939)       | (8,08,94,351)       |
| On Accrued compensation to employees   | 56,04,693           | 76,09,207           |
| On IT Disallowances  | 5,36,78,007         | 2,17,47,911         |
| On Others  | 6,01,57,508         | 15,02,74,683        |
|  | <u>2,47,91,269</u>  | <u>9,87,37,450</u>  |
| <b>NOTE - 3.12</b>   |                     |                     |
| <b>Non Current Investments</b>   |                     |                     |
| <b>UNQUOTED</b>  |                     |                     |
| in other corporate bodies :  |                     |                     |
| Hyperion Green Energy India Pvt Ltd<br>(40,922 equity shares of Rs.100/- each with premium of Rs.252/- each<br>7,300 equity shares of Rs.100/- each purchased at Rs.532/- each<br>2,700 equity shares of Rs.100/- each purchased at Rs.519/- each) | 1,96,91,544         | 1,96,91,544         |
| Other Investments by MIC Electronics Inc, USA  | 6,11,92,728         | 5,43,27,744         |
|  | <u>8,08,84,272</u>  | <u>7,40,19,288</u>  |
| <b>NOTE- 3.13</b>  |                     |                     |
| <b>Long-Term Loans and advances</b>  |                     |                     |
| Unsecured, Considered Good :   |                     |                     |
| Capital advances   | 15,23,32,015        | 14,91,25,277        |
| Deposit-Delhi Metro Rail Corpn   | 5,51,50,887         | 5,51,50,887         |
| Retention Money-BSNL   | 11,24,18,655        | 11,24,18,655        |
| Share Application money pending allotment in other companies   | 88,50,000           | 1,54,45,456         |
| Loans & Advances to Subsidiaries   | 4,77,257            | -                   |
| Other Secured Deposits   | 7,37,93,853         | 6,85,02,695         |
| Other Loans and advances   | 10,10,657           | 6,56,915            |
|  | <u>40,40,33,324</u> | <u>40,12,99,885</u> |

(Amount in Rs.)

| Particulars   | As at 30.06.2013      | As at 30.09.2012      |
|---|-----------------------|-----------------------|
| <b>NOTE- 3.14</b>   |                       |                       |
| <b>Other Non Current Assets</b>   |                       |                       |
| Deferred Revenue Expenditure to the extent not written off                      | 51,74,759             | 90,28,667             |
| Pre-operative expenses - Lighting expansion (IREDA) Project                     | 43,48,576             | 43,48,576             |
| Pre-operative expenses -Subsidiaries  | 5,65,862              | 4,97,692              |
| Preliminary Expenses to the extent not written off                              | 4,67,990              | 4,67,990              |
|   | <u>1,05,57,187</u>    | <u>1,43,42,925</u>    |
| <b>NOTE- 3.15</b>   |                       |                       |
| <b>Inventories</b>  |                       |                       |
| Raw Material  | 17,71,54,935          | 19,07,39,633          |
| Work-in-Progress  | 1,48,08,75,848        | 1,70,17,44,247        |
| Less : Obsolete Stock written off   | -                     | 53,20,86,587          |
| Finished Goods  | 13,82,14,683          | 27,67,34,883          |
| Stores and Spares   | 11,43,166             | 25,90,667             |
|   | <u>1,79,73,88,632</u> | <u>1,63,97,22,843</u> |
| <b>NOTE- 3.16</b>   |                       |                       |
| <b>Trade Receivables</b>  |                       |                       |
| Unsecured Considered Good Debtors outstanding for a period exceeding six months | 84,26,80,067          | 83,69,16,789          |
| Other Debtors   | 31,09,44,650          | 20,94,41,944          |
|   | <u>1,15,36,24,717</u> | <u>1,04,63,58,733</u> |

Trade receivables include Rs.632,591,299/- which are long overdue and the recovery of which is doubtful. However, the management is of the opinion that no provision is necessary during the year as they are persuing with debtors and the amounts may be recovered.

| Particulars                        | As at 30.06.2013   | As at 30.09.2012   |
|------------------------------------|--------------------|--------------------|
| <b>NOTE- 3.17</b>                  |                    |                    |
| <b>Cash &amp; Cash equivalents</b> |                    |                    |
| Cash in Hand                       | 6,82,229           | 90,92,191          |
| Balance with Banks :               |                    |                    |
| In Current Accounts                | 18,86,678          | 23,78,256          |
| In Margin Money Accounts           | 2,03,95,944        | 2,34,75,257        |
|                                    | <u>2,22,82,622</u> | <u>2,58,53,513</u> |
|                                    | <u>2,29,64,851</u> | <u>3,49,45,704</u> |

| Particulars  | As at 30.06.2013    | As at 30.09.2012      |
|--|---------------------|-----------------------|
| <b>NOTE- 3.18</b>  |                     |                       |
| <b>Short-term Loans &amp; Advances</b>                     |                     |                       |
| Unsecured Advances - Considered good                       |                     |                       |
| (i) Loans and advances to employees                        | 2,73,50,125         | 2,60,37,519           |
| (ii) Prepaid Expenses                                      | 9,97,357            | 32,75,099             |
| (iii) Balances with Govt Authorities                       |                     |                       |
| Cenvat Deposit   | 89,64,127           | 1,42,94,563           |
| Deferred Cenvat Credit                                     | -                   | 89,610                |
| Cenvat credit receivable                                   | 15,82,376           | 15,82,376             |
| Service tax receivable                                     | 12,50,444           | 10,25,922             |
| VAT credit   | 37,49,090           | 51,88,215             |
| (iv) Others  |                     |                       |
| Advance for Materials                                      | 2,54,91,735         | 2,57,33,292           |
| Advance for Services                                       | 15,29,469           | 28,49,412             |
| Other advances   | 61,27,60,181        | 61,60,71,741          |
| TDS receivable   | 1,53,15,900         | 1,28,37,549           |
| Entry Tax & Octroi Deposit                                 | 6,05,940            | 6,05,940              |
| VAT deposit refundable                                     | 30,38,088           | 30,38,088             |
|  | <b>70,26,34,832</b> | <b>71,26,29,326</b>   |
| <b>NOTE- 3.19</b>  |                     |                       |
| <b>Other Current Assets</b>                                |                     |                       |
| Amounts receivable against sale of investments             | 1,78,57,800         | 1,58,54,400           |
| Deferred Revenue Expenditure to the extent not written off | 51,38,546           | 51,38,546             |
|  | <b>2,29,96,346</b>  | <b>2,09,92,946</b>    |
| <b>NOTE- 3.20</b>  |                     |                       |
| <b>Revenue from Operations</b>                             |                     |                       |
| Exports  | 18,31,581           | 1,03,14,942           |
| Deemed Export  | 37,17,020           | 13,30,450             |
| Domestic   | 20,06,07,829        | 65,30,64,347          |
| Freight & Insurance recd. on Sales                         | 1,01,846            | 1,45,332              |
|  | <b>20,62,58,276</b> | <b>66,48,55,071</b>   |
| Less : Excise Duty   | 1,48,99,565         | 19,13,58,711          |
| Traded Goods   | 58,94,20,133        | 2,97,81,106           |
|  | <b>78,07,78,844</b> | <b>1,35,40,41,391</b> |

(Amount in Rs.)

| Particulars                                 | As at 30.06.2013    | As at 30.09.2012    |
|---|---------------------|---------------------|
| <b>NOTE- 3.21</b>                           |                     |                     |
| <b>Other Incomes</b>                        |                     |                     |
| <b>(A) Other Operating Incomes</b>          |                     |                     |
| Equipment Lease Rentals                     | 3,82,477            | 1,92,87,940         |
| AMC Charges & Service Charges               | 99,25,334           | 95,66,743           |
| Installation Charges                        | 38,10,400           | 52,36,977           |
|   | 1,41,18,211         | 3,40,91,660         |
|   | <b>1,41,18,211</b>  | <b>3,40,91,660</b>  |
| <b>(B) Other Incomes</b>                    |                     |                     |
| Interest Received                           | 55,33,353           | 40,92,646           |
| Credit Balances written back                | 17,24,913           | 63,61,022           |
| Profit on Sale of Asset                     | -                   | 1,51,826            |
| Rents received                              | 7,97,715            | 13,05,208           |
| Excess Provisions Written back              | 4,76,930            | 22,70,020           |
| Foreign exchange gain                       | 4,23,31,035         | 3,10,95,212         |
| Miscellaneous Income                        | 13,96,396           | 4,89,210            |
| Consulting Income                           | 9,03,551            | -                   |
|   | <b>5,31,63,893</b>  | <b>4,57,65,144</b>  |
| <b>Total Other Income (A+B)</b>             | <b>6,72,82,104</b>  | <b>7,98,56,804</b>  |
| <b>NOTE- 3.22</b>                           |                     |                     |
| <b>Cost of Materials Consumed</b>           |                     |                     |
| <b>A) Raw Material Consumed</b>             |                     |                     |
| Opening Stock                               | 19,07,39,633        | 23,61,48,800        |
| Purchases                                   | 27,60,18,388        | 43,52,82,490        |
| Less : Outdated stock written off           | -                   | 15,85,73,470        |
| Less : Material consumed for R&D            | 17,00,320           | 11,21,290           |
|   | 27,43,18,068        | 27,55,87,730        |
|   | <b>46,50,57,701</b> | <b>51,17,36,530</b> |
| Less : Closing Stock                        | 17,71,54,935        | 19,07,39,633        |
| Raw Material Consumed                       | <b>28,79,02,766</b> | <b>32,09,96,897</b> |
| <b>B) Packing Materials and consumables</b> |                     |                     |
| Opening Stock                               | 25,90,667           | 26,98,872           |
| Purchase of packing material & consumables  | 10,14,273           | 38,66,636           |
| Freight & Carriage Inwards                  | 61,751              | 1,55,393            |
|   | <b>36,66,691</b>    | <b>67,20,901</b>    |
| Less : Closing Stock                        | 11,43,166           | 25,90,667           |
| Consumption                                 | <b>25,23,525</b>    | <b>41,30,234</b>    |
| <b>Total Cost of material consumed</b>      | <b>29,04,26,291</b> | <b>32,51,27,131</b> |

| Particulars  | 9 months ending<br>30.06.2013 | 15 months ending<br>30.09.2012 |
|--|-------------------------------|--------------------------------|
| <b>NOTE- 3.23</b>  |                               |                                |
| <b>Changes in Inventory</b>                                  |                               |                                |
| <b>A. Closing Stock of :</b>                                 |                               |                                |
| Work-in-Progress   | 1,48,08,75,848                | 1,70,17,44,247                 |
| Finished Goods   | 13,82,14,683                  | 27,67,34,883                   |
|  | <u>1,61,90,90,531</u>         | <u>1,97,84,79,130</u>          |
| <b>B. Opening Stock of :</b>                                 |                               |                                |
| Work-in-Progress   | 1,16,96,57,660                | 1,23,46,99,849                 |
| Finished Goods   | 27,67,34,883                  | 37,50,40,258                   |
|  | <u>1,44,63,92,543</u>         | <u>1,60,97,40,107</u>          |
| <b>Increase/(Decrease) in Stock (A-B)</b>                    | <u>(17,26,97,988)</u>         | <u>(36,87,39,023)</u>          |
| <b>NOTE- 3.24</b>  |                               |                                |
| <b>Employee Benefit expense</b>                              |                               |                                |
| Salary, Wages, Allowances & other Benefits                   | 4,39,43,083                   | 10,59,71,073                   |
| Directors Remuneration                                       | 44,65,000                     | 90,75,000                      |
| Gratuity   | 56,167                        | 14,20,162                      |
| Leave Salary   | 2,05,800                      | -                              |
| P. F. & ESI Contribution                                     | 17,34,524                     | 38,17,564                      |
| Staff Welfare Expenses                                       | 7,42,358                      | 15,50,430                      |
|  | <u>5,11,46,932</u>            | <u>12,18,34,229</u>            |
| <b>NOTE- 3.25</b>  |                               |                                |
| <b>Financial Cost</b>  |                               |                                |
| Bank Charges   | 48,55,047                     | 1,68,40,042                    |
| Interest on :  |                               |                                |
| Term Loan  | 4,84,90,678                   | 8,38,61,607                    |
| Working Capital Loans  | 6,56,33,454                   | 11,12,37,567                   |
| Others - Interest on other loans/ICDs<br>& Financial Charges | <u>78,44,865</u>              | <u>5,44,99,327</u>             |
|  | <u>12,19,68,997</u>           | <u>24,95,98,501</u>            |
|  | <u>12,68,24,044</u>           | <u>26,64,38,543</u>            |
| <b>NOTE- 3.26</b>  |                               |                                |
| <b>Other Expenses</b>  |                               |                                |
| Job-work Charges   | 2,09,56,071                   | 78,18,930                      |
| Power and Fuel   | 24,87,895                     | 50,89,845                      |
| Insurance  | 20,22,917                     | 25,70,111                      |
| Repairs & Maintenance  | 11,00,333                     | 8,83,666                       |
| Printing & Stationary  | 6,75,626                      | 10,26,257                      |
| Postage, Telegrams & Telephones                              | 18,12,196                     | 34,08,288                      |
| Rent   | 14,85,687                     | 33,62,031                      |

(Amount in Rs.)

| Particulars                      | 9 months ending<br>30.06.2013 | 15 months ending<br>30.09.2012 |
|----------------------------------|-------------------------------|--------------------------------|
| Rates & Taxes                    | 1,16,26,550                   | 1,08,31,056                    |
| Lease rental Expenses            | -                             | 5,53,07,187                    |
| Professional Charges             | 92,84,741                     | 1,42,66,017                    |
| Auditors Remuneration            |                               |                                |
| As Statutory Auditors            | 3,65,000                      | 6,03,820                       |
| As Tax auditors                  | <u>1,57,500</u>               | <u>1,57,500</u>                |
| General Expenses                 | 1,45,69,361                   | 1,10,35,677                    |
| Prior Period Expenses            | 10,00,000                     | 2,29,392                       |
| Security Expenses                | 4,51,201                      | 14,68,434                      |
| Board Meeting Expenses           | 2,51,430                      | 4,97,310                       |
| Exchange rate fluctuations       | -                             | 1,17,821                       |
| Travelling & Conveyance          | 1,66,98,630                   | 2,39,95,157                    |
| Vehicle Maintenance              | 13,88,258                     | 26,44,379                      |
| Sales Tax                        | 3,73,24,657                   | 6,38,14,511                    |
| Selling & Distribution Expenses  | 28,98,451                     | 81,76,546                      |
| Bad Debts written off            | 1,54,70,059                   | 10,31,466                      |
| Loss on sale of vehicle          | -                             | 1,31,876                       |
| Preliminary Expenses written off | -                             | 7,700                          |
| Deferred Expenses written off    | 38,53,908                     | 68,89,739                      |
| R & D Expenses                   | <u>1,13,22,108</u>            | <u>3,00,86,229</u>             |
|                                  | <u><b>15,72,02,579</b></u>    | <u><b>25,54,50,945</b></u>     |

**NOTE- 3.27**

- (i) In the opinion of the management the Trade Receivables, Current Assets, Loans and Advances are expected to realise the amount at which they are stated and provision for all known liabilities have been adequately made in the accounts.
- (ii) The balances of trade receivables, trade payables, long term loans & advances, short term loans & advances, other current assets & other current liabilities are subject to confirmation from respective parties

**NOTE- 3.28**

Contingent Liabilities : The following contingent liabilities are not provided for.

| Sl No. | Particulars  | As at 30th June , 2013 | As at 30th September, 2012 |
|--------|--|------------------------|----------------------------|
| 1      | Counter guarantees given by the company to banks towards issue of B.Gs.                                  | 6,08,57,283            | 8,51,57,562                |
| 2      | Counter guarantees given by the company to banks towards issue of B.Gs to Customs & Central Excise Dept. | 70,96,982              | 70,96,982                  |
| 3      | Bonds executed to Customs & Central Excise Dept. (net of BGs)  | 8,23,00,000            | 8,23,00,000                |
| 4      | Letter of credits issued by bankers  | 3,23,46,929            | 7,03,85,919                |
| 5      | Corporate Guarantees given by the company to banks on behalf of subsidiaries & associates                | 7,00,00,000            | 6,50,00,000                |
| 6      | Claims against the company, not acknowledged:  | 1,01,49,24,475         | 1,12,61,58,035             |
|        | <b>TAX Matters in Appeals</b>  |                        |                            |
| 1      | Excise Duty  | 38,96,982              | 1,11,94,382                |
| 2      | Customs Duty   | 18,01,111              | 18,01,111                  |
| 3      | Service Tax  | -                      | -                          |
| 4      | Sales Tax  | 53,02,831              | 53,02,831                  |

**NOTE- 3.29****Managerial Remuneration :**

| Particulars              | For 9 months ending<br>30.06.2013 | For 15 months ending<br>30.09.2012 |
|--------------------------|-----------------------------------|------------------------------------|
| <b>Managing Director</b> |                                   |                                    |
| Remuneration             | 19,90,000                         | 45,00,000                          |
| Perquisite value of Rent | 2,70,000                          | 4,50,000                           |
| <b>Director</b>          |                                   |                                    |
| Remuneration             | 24,75,000                         | 45,75,000                          |
| <b>Total</b>             | <b>47,35,000</b>                  | <b>95,25,000</b>                   |

**NOTE- 3.30**

**Segment Information :** The company is operating only in one segment i.e, LED based products and hence no segmental reporting is made.

**NOTE- 3.31****Related party disclosures :**

In Accordance with the Accounting standard AS-18 " Related Party disclosures" Issued by the ICAI, the transactions with related parties are given below:

**a. List of Related Parties where there exists controlling interest and the nature of relationship :**

| Sl No. | Name of the Related Party                   | Nature of Relationship         |
|--------|---|--------------------------------|
| 1      | M/s.Hyperion Green Energy India Pvt Ltd     | Associate Company              |
| 2      | Dr.M.V.Ramana Rao, Managing Director        | Directors- Key                 |
| 3      | Shri L.N.Malleswara Rao, Executive Director | Management Personnel           |
| 4      | Shri Atluri Venkata Ram, Executive Director |                                |
| 5      | Shri Golla Venkateswara Rao, Director       | Key Management Personnel       |
| 6      | Shri P Venkateswara Rao, Director           | -M/s.Maave Electronics Pvt Ltd |

**b) Aggregated Related party disclosures for the 9 months period from October 12 to June 13 :****i) Particulars of transactions during the year**

| Sl No. | Nature of Transaction   | As at 30th June , 2013 | As at 30th September, 2012 |
|--------|---|------------------------|----------------------------|
| 1      | <b>Expenditure during the year:-</b>                                |                        |                            |
|        | ▪ Remunerations to Management personnel                             | 4,465,000              | 90,75,000                  |
|        | ▪ Rents paid towards accommodation provided to Management Personnel | 270,000                | 450,000                    |
|        | ▪ Sitting Fee and other expenses reimbursed to Directors"           | 251,430                | 459,731                    |
| 2      | <b>Sales to Associates :</b>  |                        |                            |
|        | M/s. Hyperion Green Energy India Pvt Ltd"                           | -                      | 7,200                      |

**ii) Amounts due from/(due to) related parties at the year end**

| Sl No. | Nature of Transaction                                       | As at 30th June , 2013 | As at 30th September, 2012 |
|--------|---|------------------------|----------------------------|
| 1      | <b>Investments in Associates :</b>                          |                        |                            |
|        | M/s.Hyperion Green Energy India Pvt Ltd                     | 1,96,91,544            | 1,96,91,544                |
| 2      | <b>Advances to Associates :</b>                             |                        |                            |
|        | M/s.Hyperion Green Energy India Pvt Ltd                     | -                      | 4,12,321                   |
| 3      | <b>Advances from Associates (Towards Sales):</b>            |                        |                            |
|        | M/s.Hyperion Green Energy India Pvt Ltd                     | (2,65,64,723)          | (2,85,72,500)              |
| 4      | <b>Outstanding balances payable to Management Personnel</b> |                        |                            |
|        | Unsecured Loan payable to Management personnel              | 4,683,573              | 3,554,929                  |
|        | Remuneration payable to Management personnel                | 5,149,706              | 2,527,541                  |

**NOTE- 3.32**

Disclosure in respect of operating lease:

- i) A general description of leasing arrangements : Leasing arrangement for LED Display Systems"
- ii) Lease payment recognized in the statement of Profit & Loss Account for the year: Rs.Nil (Previous year- Rs.55,258,646/-)
- iii) lease amounts not recognised during the year : First Leasing Company of India Ltd transferred the lease rentals receivables from MIC Electronics Ltd to Reliance Capital Ltd. MIC Electronics Ltd received a notice from Reliance Capital Ltd on 20.01.2012 about the loan agreement termination for delay in payment of lease rentals. Subsequently First Leasing Company stopped billing lease rentals w.e.f 01.04.2012. Hence MIC Electronics Ltd stopped recognizing lease rentals in the books from 01.04.2012. The unrecognized lease rentals from Oct'12 to Jun'13 amount to Rs 47,196,000/-(previous year - Rs.31,464,000/-)

**NOTE- 3.33**

Calculation of earnings per share :

| Particulars                                | For 9 months ending<br>30.06.2013 | For 15 months ending<br>30.09.2012 |
|--|-----------------------------------|------------------------------------|
| Profit attributable to Share Holders (Rs.) | (14,65,27,948)                    | (63,45,16,941)                     |
| No. of Equity Shares Outstanding           | 10,24,98,275                      | 10,24,98,275                       |
| No. of Convertible Share Warrants          | -                                 | 5,06,75,000                        |
| Weighted No. of Equity Shares              | 10,24,98,275                      | 15,31,73,275                       |
| Nominal Value of Equity Share              | 2.00                              | 2.00                               |
| Basic EPS                                  | (1.43)                            | (6.19)                             |
| Diluted EPS                                | (1.43)                            | (4.14)                             |

**NOTE- 3.34**

In accordance with the AS-22 'Accounting for taxes on Income issued by the Institute of Chartered Accountants of India , during the current year the company has accounted for the effect of deferred Tax against the income pertaining to current year and has accordingly provided for deferred tax liability of Rs.73,878,792/- on account of current year's deferred tax.

| Particulars                           | For 9 months ending<br>30.06.2013 | For 15 months ending<br>30.09.2012 |
|---------------------------------------|-----------------------------------|------------------------------------|
| Opening Balance Deferred tax asset    | 9,87,37,450                       | 9,67,86,584                        |
| Less : Deferred tax Liability (Asset) | 7,39,46,181                       | (19,50,866)                        |
| Closing Balance                       | 2,47,91,269                       | 9,87,37,450                        |

(Amount in Rs.)

**NOTE- 3.35**

- (i) The parent company has incurred one time expenditure of Rs.16,361,609/- during the Year 2009-10 towards leased assets which is being amortised over a period of 5 years. During the year an amount of Rs.2,454,240/- (Previous year Rs.4,090,400/-) has been amortised.
- (ii) The parent company has incurred one time expenditure of Rs.9,331,130/- during the Year 2010-11 towards DMRC project finance which is being amortised over a period of 5 years. During the period an amount of Rs.1,399,668/- (Previous year Rs.2,799,339/-) has been amortised.

**NOTE- 3.36****Details of Prior Period items credited to Statement of Profit & Loss :**

| Sl No. | Particular                                  | As at 30th June , 2013 | As at 30th September, 2012 |
|--------|---|------------------------|----------------------------|
| 1      | Excess Provision of Income Tax written back | -                      | 1,83,00,000                |
| 2      | Income Tax for earlier years                | -                      | (43,56,016)                |
| 3      | Prior period income                         | 51,400                 | -                          |
| 4      | Prior period expenditure                    | 10,00,000              | -                          |
|        | <b>Total</b>                                | <b>(9,48,600)</b>      | <b>1,39,43,984</b>         |

**NOTE- 3.37**

Disclosure of Sundry Creditors under Trade Payables is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006" and relied upon by the Auditors. As per the records with the company, none of the enterprises have been identified as Micro, Small and Medium Enterprises.

**NOTE- 3.38**

Figures have been rounded off to nearest rupee. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

per our report of even date  
For **PAVULURI & CO**  
**Chartered Accountants**  
Firm Reg. No: 012194S

For and on behalf of the Board of Directors  
Sd/-  
**Dr.M.V. Ramana Rao**  
Managing Director

Sd/-  
**L.N.Malleswara Rao**  
Executive Director

Sd/-  
**CA.N.Rajesh**  
Partner  
M.No : 223169

Sd/-  
**Ch. Vijay Kumar Naidu**  
Company Secretary

Place : Hyderabad.  
Date : 27.08.2013

(Amount in Rs.)

| Particulars   | For 9 months ending<br>30.06.2013 | For 15 months ending<br>30.09.2012 |
|---|-----------------------------------|------------------------------------|
| Net Profit before tax and extraordinary items             | (7,23,98,897)                     | 4,05,16,836                        |
| Adjustments for:  |                                   |                                    |
| Depreciation  | 4,62,51,348                       | 7,87,76,079                        |
| Financial Charges   | 12,68,24,044                      | 26,64,38,543                       |
| Interest received /Other Income                           | 55,33,353                         | 40,92,646                          |
| Effect of currency translation on consolidation           | 29,13,904                         | 90,40,805                          |
| <b>Operating Profit before Working Capital Changes</b>    | <b>10,91,23,752</b>               | <b>39,88,64,909</b>                |
| <b>Changes in Working Capital</b>                         |                                   |                                    |
| (Increase)/Decrease in Trade Receivables                  | (10,72,65,984)                    | (75,59,969)                        |
| (Increase)/Decrease in Inventories                        | (15,76,65,789)                    | 20,88,64,936                       |
| (increase)/Decrease in Long Term Loans & Advances         | (27,33,439)                       | (2,48,63,551)                      |
| (increase)/Decrease in Short Term Loans & Advances        | 99,94,494                         | (9,34,44,630)                      |
| (increase)/Decrease in Other Current Assets               | (20,03,400)                       | 4,58,03,300                        |
| (increase)/Decrease in Other Non Current Assets           | 37,85,738                         | 66,92,729                          |
| Increase/(Decrease) in Long Term Provisions               | (16,79,878)                       | (31,64,762)                        |
| Increase/(Decrease) in Short Term Provisions              | (35,52,110)                       | (1,80,07,066)                      |
| Increase/(Decrease) in Trade Payables                     | 20,16,89,677                      | 21,07,26,136                       |
| Increase/(Decrease) in Other Current Liabilities          | 12,51,66,493                      | (20,35,294)                        |
| Increase/(Decrease) in Deferred Tax Asset                 | (7,39,46,181)                     | (19,50,866)                        |
| <b>Cash generated from Operations</b>                     | <b>(82,10,379)</b>                | <b>32,10,60,963</b>                |
| Financial Charges paid                                    | (12,68,24,044)                    | (26,64,38,543)                     |
| Extraordinary items                                       | 0                                 | (69,06,60,057)                     |
| Direct Taxes paid   | 7,37,63,310                       | 1,56,26,280                        |
| <b>Net Cash provided/(Used) from operating activities</b> | <b>4,78,52,639</b>                | <b>(22,15,46,448)</b>              |
| (Increase) / Decrease of Current Investments              | 0                                 | 0                                  |
| (Increase) / Decrease of Non Current Investments          | (68,64,984)                       | (83,96,817)                        |
| (Increase) / Decrease of Fixed Assets                     | (7,85,71,179)                     | 2,39,71,707                        |
| (Increase) / Decrease of Capital Work-in-Progress         | (61,615)                          | (1,82,17,860)                      |

## CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30.06.2013

(Amount in Rs.)

| Particulars  | For 9 months ending<br>30.06.2013 | For 15 months ending<br>30.09.2012 |
|--|-----------------------------------|------------------------------------|
| Interest Received/Other Income                               | (55,33,353)                       | (40,92,646)                        |
| <b>Net Cash used in Investing Activities</b>                 | <b>(9,10,31,131)</b>              | <b>(67,35,616)</b>                 |
| Proceeds from long term borrowings                           | 3,51,88,438                       | 13,41,51,478                       |
| Increase/(Decrease) in Short Term borrowings                 | 4,26,47,541                       | 3,16,80,982                        |
| Increase/(Decrease) in Share Capital                         | 0                                 | 0                                  |
| Increase/(Decrease) in forfeiture of Share warrants          | 0                                 | 16,43,04,000                       |
| Increase/(Decrease) in Share Warrants Application Money      | (4,66,38,340)                     | (11,87,77,660)                     |
| <b>Net Cash provided/(Used) from financing activities</b>    | <b>3,11,97,639</b>                | <b>21,13,58,800</b>                |
| Net Increase in Cash and Cash equivalents                    | (1,19,80,853)                     | (1,69,23,264)                      |
| Cash and Cash equivalents as at the commencement of the year | 3,49,45,704                       | 5,18,68,968                        |
| <b>Cash and Cash equivalents as at the close of the year</b> | <b>2,29,64,851</b>                | <b>3,49,45,704</b>                 |

per our report of even date

For PAVULURI &amp; CO

Chartered Accountants

Firm Reg. No: 012194S

For and on behalf of the Board of Directors

Sd/-

Dr.M.V. Ramana Rao

Managing Director

Sd/-

L.N.Malleswara Rao

Executive Director

Sd/-

CA.N.Rajesh

Partner

M.No : 223169

Sd/-

Ch. Vijay Kumar Naidu

Company Secretary

Place : Hyderabad.

Date : 27.08.2013



## MIC Electronics Limited

Regd. Office: A-4/II, Electronic Complex, Kusaiguda, Hyderabad-500062

### ATTENDANCE SLIP

I hereby record my presence at the Annual General Meeting of the Company being held on 22nd November, 2013 at 11.00 A.M at registered office of the company.

Name of the Shareholder:

Name of Proxy:

Signature of Member / Proxy:

Regd. Folio No. / \*Client id:

Applicable for members holding shares in Electronic Form.

Note: PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING VENUE



## MIC Electronics Limited

Regd. Office: A-4/II, Electronic Complex, Kusaiguda, Hyderabad-500062

### PROXY FORM

Regd. Folio No/..... No. of Shares held.....

Client ID .....

I/We.....of  
..... in the district of ..... being a member(s) of the  
above named company hereby appoint ..... of  
.....in the district of .....or failing  
him..... of .....in the district  
of..... as my/our proxy to vote for me/us on our behalf at the Annual  
General Meeting of the Company to be held on 22nd November, 2013 at 11.00 A.M at the registered office of the  
Company or at any adjournment thereof.

Signed this ..... day of .....2013

Signature .....

Affix  
Re. 1/-

Note: The proxy form duly completed should be deposited at the Registered Office of the Company not less than Forty Eight Hours before the time fixed for holding the meeting.



## CORPORATE INFORMATION

### Annual General Meeting

Date : 22<sup>nd</sup> November 2013  
Day : Friday  
Time : 11.00am  
Place : Registered Office  
A-4/II, Electronic Complex  
Kushaiguda  
Hyderabad - 500 062

### Registrar and Transfer Agents

Venture Capital and Corporate  
Investments Private Limited  
#12-10-167, Bharat Nagar  
Hyderabad - 500 018  
Tel: 040 - 23818475 / 476  
Fax: 040 - 23868024  
Email: info@vccilindia.com  
Website: www.vccilindia.com

### Board of Directors

Dr. M. V. Ramana Rao  
Shri J. N. Prasanna Kumar  
Shri. N. Srinivasa Rao  
Shri. Atluri Venkata Ram  
Shri. L. N. Malleswara Rao  
Shri A V V S S C B Sekhar Babu

### Company Secretary

Vijay Kumar Naidu Ch

### Bankers

**State Bank of India**  
Overseas Branch, Hyderabad  
**UCO Bank**  
MG Road Branch, Hyderabad  
**Andhra Bank**  
Kapra Sainikpuri Branch, Hyderabad

### Auditors

M/s. Pavuluri & Co.,  
Chartered Accountants, Hyderabad

### Registered Office

A-4/II, Electronic Complex  
Kushaiguda  
Hyderabad - 500 062  
Andhra Pradesh, INDIA



**MIC Electronics Limited**

A4, Electronic Complex, Kushaiguda, Hyderabad - 500 062, INDIA  
Tel: +91-40-2712 2222, Fax: +91-40-2713 3333, Email: [info@mic.co.in](mailto:info@mic.co.in)