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## FIVE YEAR FINANCIAL GROWTH PATH

### BALANCE SHEET

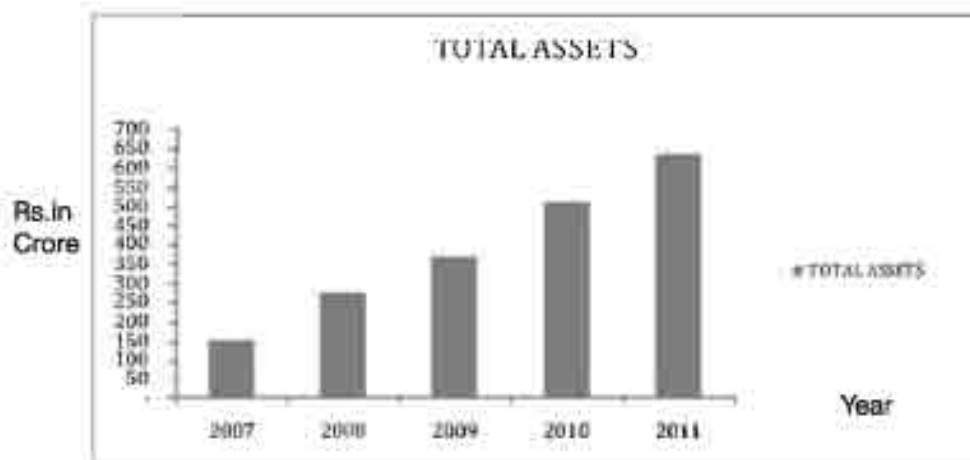
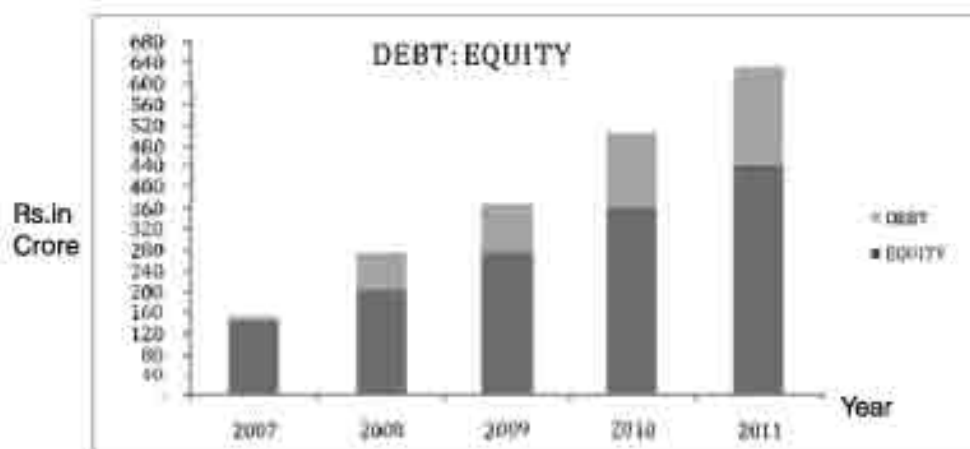
(Rupees in Million)

PARTICULARS	31.03.2007	31.03.2008	31.03.2009	31.03.2010	31.03.2011
<b>I. SOURCES OF FUNDS</b>					
<b>SHAREHOLDERS FUNDS</b>					
Share Capital	105.20	109.70	109.96	128.36	139.20
Convertible Equity Share warrants	—	—	61.65	36.64	14.10
Fully Convertible Debentures	0.00	0.00	0.00	0.00	200.00
Reserves & Surplus	1337.43	1921.30	2559.45	3463.34	4064.90
	<b>1442.63</b>	<b>2031.00</b>	<b>2731.04</b>	<b>3628.35</b>	<b>4418.20</b>
<b>LOAN FUNDS</b>					
Secured Loans	93.68	96.41	340.09	445.07	792.82
Unsecured Loans	NIL	605.40	597.33	989.40	1082.58
	<b>93.68</b>	<b>701.81</b>	<b>937.43</b>	<b>1434.48</b>	<b>1875.40</b>
<b>DEFERRED TAX LIABILITIES</b>	4.68	14.57	21.68	38.30	64.13
<b>TOTAL</b>	<b>1540.99</b>	<b>2747.38</b>	<b>3690.15</b>	<b>5101.13</b>	<b>6357.73</b>
<b>II. APPLICATION OF FUNDS</b>					
<b>FIXED ASSETS</b>					
Gross Block	652.71	1584.60	2100.79	2760.06	2794.90
Less : Depreciation	102.28	241.99	505.35	888.86	805.49
Net Block	550.43	1342.61	1595.43	1871.20	1989.41
Capital Work-in-progress	169.00	198.49	206.79	653.97	937.94
	<b>719.43</b>	<b>1541.10</b>	<b>1802.22</b>	<b>2525.17</b>	<b>2927.35</b>
<b>INVESTMENTS</b>	<b>0.00</b>	<b>5.42</b>	<b>160.50</b>	<b>331.00</b>	<b>414.81</b>
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>					
Inventories	196.79	380.44	512.11	700.54	778.40
Sundry Debtors	381.81	690.95	981.98	1166.58	1479.78
Cash & Bank Balance	239.01	111.00	368.83	416.29	473.83
Loans & Advances	94.11	281.84	187.85	418.60	807.16
	<b>911.72</b>	<b>1464.23</b>	<b>2050.77</b>	<b>2702.03</b>	<b>3539.17</b>
<b>Less : CURRENT LIABILITIES</b>	25.71	142.33	237.38	313.75	442.09
<b>PROVISIONS</b>	64.45	121.05	85.95	143.32	81.51
	<b>90.16</b>	<b>263.38</b>	<b>323.34</b>	<b>457.08</b>	<b>523.60</b>
<b>NET CURRENT ASSETS</b>	<b>821.56</b>	<b>1200.86</b>	<b>1727.43</b>	<b>2244.95</b>	<b>3015.57</b>
<b>TOTAL</b>	<b>1540.99</b>	<b>2747.38</b>	<b>3690.15</b>	<b>5101.13</b>	<b>6357.73</b>

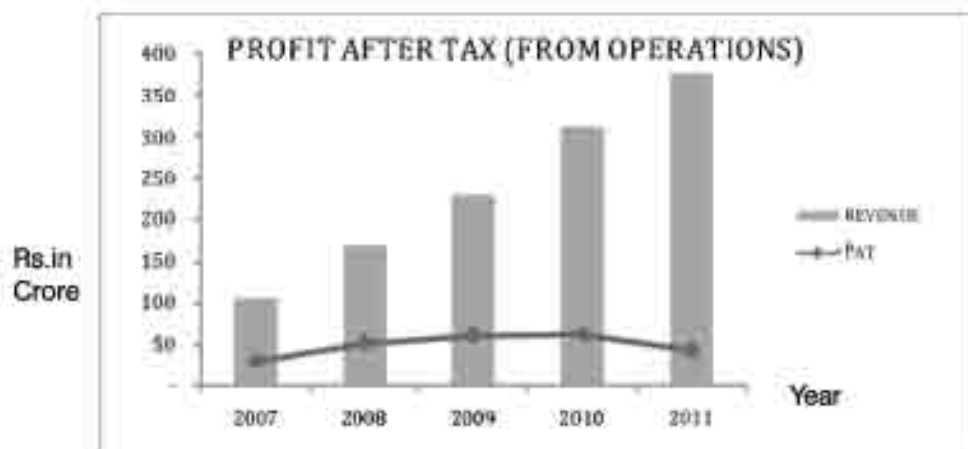
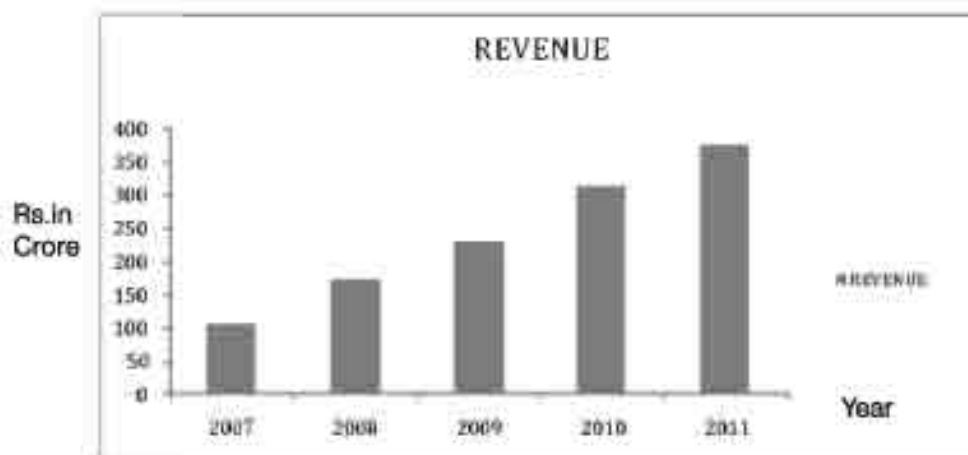
Figures rounded off to the nearest decimal

## FINANCIAL ANALYSIS

### FIVE YEAR FINANCIAL GROWTH PATH



## FINANCIAL ANALYSIS



**FIVE YEAR FINANCIAL GROWTH PATH****PROFIT AND LOSS ACCOUNT**

(Rupees in Millions)

PARTICULARS	31.03.2007	31.03.2008	31.03.2009	31-03-2010	31-03-2011
<b>INCOME</b>					
Income from Operations	1,067.76	1,719.76	2,306.67	3,102.24	3,742.93
Other Income	1.40	4.91	0.57	23.93	16.88
<b>REVENUE</b>	<b>1,069.16</b>	<b>1,724.67</b>	<b>2,307.24</b>	<b>3,126.17</b>	<b>3,759.81</b>
<b>EXPENDITURE</b>					
Cost of Sales	575.75	855.56	1,142.89	1,574.41	2,052.86
Staff Cost	24.73	33.30	51.85	111.69	78.17
Administrative Expenses	33.87	37.42	29.43	125.29	314.77
Selling Expenses	19.49	51.00	75.24	51.22	46.37
<b>Operating Profit (PBITD)</b>	<b>415.32</b>	<b>747.39</b>	<b>1,007.84</b>	<b>1,263.55</b>	<b>1,267.64</b>
Interest	6.56	13.37	25.53	85.35	152.81
Depreciation	75.17	139.99	263.42	383.69	517.33
<b>Profit before Taxation (PBT)</b>	<b>333.59</b>	<b>594.03</b>	<b>718.89</b>	<b>794.51</b>	<b>597.50</b>
<b>Provision for Taxation</b>					
Current Tax	22.50	60.00	72.80	141.50	129.09
Deferred Tax	2.39	9.89	7.12	16.62	25.83
Fringe Benefit Tax	0.28	0.42	0.69	0.00	0.00
Income Tax for Earlier Years	0.01	-1.57	12.64	0.00	1.16
<b>Profit After Taxation (PAT)</b>	<b>308.41</b>	<b>525.29</b>	<b>625.64</b>	<b>636.39</b>	<b>441.43</b>
Balance of Profit from Previous Years	308.80	563.26	1,032.93	1,636.23	2,194.71
<b>BALANCE AVAILABLE FOR APPROPRIATION</b>	<b>617.20</b>	<b>1,088.55</b>	<b>1,658.57</b>	<b>2,272.61</b>	<b>2,636.14</b>

figures are rounded off to the nearest decimal

**Forward-Looking Statement**

Certain statements in this report concerning our future growth prospects are forward-looking statements to enable investors to fully appreciate our prospectus and take informed investment decisions, that involve a number of risks and uncertainties relating to these statement include, but are not limited to, risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition including those factors which may affect our cost advantage, wage increases, our ability to attract and retain highly skilled professionals, time and cost overruns on contracts, client concentration, reduced demand in our key focus areas, disruptions in telecommunication networks, our ability to successfully complete and integrate potential acquisitions, liability for damages on our contracts, withdrawal of governmental fiscal incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, and unauthorised use of our intellectual property and general economic conditions affecting our industry. The company does not undertake to publicly update any forward-looking statements that may be made from time to time by or on behalf of the company, whether as a result of new information, future events or otherwise.

## 2.HIGHLIGHTS

### a. Accomplishments & Awards

We are pleased to announce the laurels which have been achieved by your company. Thanks to all the Staff for their hard work and dedication that keeps your company growing and thriving



- Awarded the International Quality Summit Award (May 2010)
- Honored with the esteemed "Deloitte Technology Fast 50 (India) Award" for the fourth year in a row (12<sup>th</sup> Nov, 2010)
- Won the "The Biz 2010 - World Business Leader"
- Accorded with the Forbes "Best under a Billion" award among 20 Indian and 200 Asian Companies selected out of 12000 reputed companies
- Accorded with the "Deloitte Technology Fast 500 Asia Pacific Award" for being one of the 500 fastest growing companies in Asia for third consecutive year 2009-10
- Accorded with the "Deloitte Technology Fast 50 (India) Award" for being one of the 500 fastest growing companies in Asia for third consecutive year 2009-10
- Accorded with NASSCOM "Innovative Products Award" for Wi-Fi Security System, 2008-09



**Awarded with the prestigious  
'CFO-Winning Edge 2010' accolade**

b. Tie Ups and Business Expansions

- Micro Technologies Launches 'Micro Technologies Australia' - Your Company intensified its global presence by expanding its wings further with the launch 'Micro Technologies Limited (MTL)' to cater to Australian Market and then further expanding its presence into the US and Europe markets region by providing Customized solutions to these regions by carrying out the R&D activities through its Australian Entity.
- Micro Technologies' expansion in Australia has been facilitated by The Australian Trade Commission with an element of planning to craft partnerships & networks across Asia Pacific, listing in the Australian Stock Exchange [ASX], and other manifolds.
- Your Company signs a partnership understanding with Tata Teleservices for penetrating its security products through Tata Teleservices Ltd.
- Your Company signed a deal with Tanzanian based JKBRIS International co. Ltd., engaged in sales and marketing of software and hardware security solutions in the Tanzanian and East African Market.
- Your Company teams up with CIAN Pty. Ltd to internationally distribute their security products. In July 2010. Your company is a leading global developer and marketer of IT based security solutions for its clients across the globe collaborated with CIAN Pty.Ltd, Australia for distributing their security products in Australian market. CIAN delivers unique and comprehensive Infrastructure, Financial and Resilience solutions for the broadest scope of corporate, government and public agencies worldwide
- Your Company enters the Kuwait Market with an agreement with a Kuwait based company to expand its business to the Kuwait market to provide highly advanced security products of your company March 2010.
- Your Company security product enters South East Asia through tie up with Kobian Pte Ltd. The company is famous for its mercury brand ranges of products. It is operating in more than 8 countries around the world
- Your company also signs with one of the largest VAS resellers with close to 70,000 plus outlets to push its mobile range based products.
- Blue Sky Software USA, this company is into reselling of technology and IT products. Your company has partnered with them for expanding its business in US and South America.
- Your company has also engaged with Pill Info for promoting its products in US market
- For expanding its technical expertise your company has tied up with Jill and Alcheistein for procurement and product development activities. This has helped the company to have a better product turn around time.



c. New Launches

- **Launch of Micro Emergency Response System (Micro ERS) on 11th December 2010 :**

Your Company Launched Micro Emergency Response System ( ERS) a system to keep you safe where ever you go. (Micro ERS) for the end users, clients or consumers, tourists, special forces, airdromes, Police stations and construction or transportation agencies etc. It's a location based Intelligence; Downloaded;2A GPS enabled mobile phone, Which shall help user to understand data, such as their Location/environment, time, resources and activities or events and essential emergency alerts can be presented to the user as textual instructions. It also supports the detailed textual information with Maps regarding evacuation and shelter locations.

- **Launch of India's Unique "International Command & Control Centre " on October 19th, 2010 :**

Your Company and Israel based H.A.S.H Systems proudly announced the launch of India's most unique "International Command & Control Centre".

International Command & Control Centre will be one of the most advanced and technologically sophisticated centers in the world, assuring complete safety and security with increased efficiency to the movable and non-movable assets of clients. The control center will not only remotely monitor, diagnose and generate reports for all kinds of assets such as Mobile Phones, Vehicles, Homes, Laptops, and Desktop Computers etc. but could increase the consumption of Energy/ Efficiency of the premises and the Work Efficiency of the Employees with a view to increase the overall Security and Efficiency Levels by 20%



- **Micro Technologies and Hash Group Launches "Safe & Secure City Project" for Global Market on 11<sup>th</sup> Jan 2010 :**

Your Company launched "Safe & Secure City Project" in collaboration with Israeli Company H. A. Sh. Group System Services Ltd. Your Company and Hash have jointly planned serious inroads in the domestic market of Israel to provide security for the major sectors like Port, Coastal and Container, Identification, Cyber Security, Transport Security and Infrastructure Security. This launch would be one of its kinds wherein for the first time an Indian Security product is being exported to Israel Market.



## FROM THE CHAIRMAN'S DESK

On behalf of the Board of Directors and all stakeholders, I am pleased to be bringing this message to you and we hereby present you the 19<sup>th</sup> Annual Report. This year we continue to develop a progressive track record of achievements and I am proud to share a few insights on the key factors that have led to our success.

It is always illuminating to reflect back after a year-end and see where your company has been. Your Company's financial results in 2010-11 reflect the progress we have made toward creating a more focused, competitive Micro Technologies. With an enviable balance sheet, your company's future looks radiant. Net turnover at INR 377 Crores grew by 20.25 % attributable to shareholders, which strengthened its balance sheet and the company's ability to finance future growth.

Your company success also lies in its strong research and development team. Research and Development (R&D) as well as innovation are the drivers of change and the key determinants of growth in your company. Innovation competence will continue to be a major success factor for your company. We have an excellent product portfolio that subsumes more than 300 products, a large and growing sales and marketing team and excellent developing capabilities that enable us to take advantage of the extremely favourable market environment in which we operate. In the last year, your company has expanded its product diversity by including Micro ERS, Micro ICCS, etc. This product momentum will continue in the coming years and we will do our best to meet the expectations of our customers and partners.

Our success is increasingly related to our ability to meet new security challenges; maintain financial strength; offer state-of-art security products and solutions to our customers in order to cater their security needs; safeguard our work force; and deepen relationships with communities and key stakeholders. This report demonstrates our efforts to be more transparent and to integrate environmental and social risks and opportunities into everything we do.

We continue to seek for new opportunities to increase our activities within India and overseas with a commitment to maintain the quality of our services and products. With a vigilant eye that kept to screen the marketing standards and enable us to expand our products in new geographies such as Bermuda, Kenya, Nigeria, Israel, Mali, France, and Ghana.

Your Company has also established Micro ICCS (Micro International Command & Control System), which is a set of personnel, policies, procedures, facilities, and equipment, integrated into a common organizational structure designed to improve emergency response operations of all types and complexities. As the stadium and arena security grows in importance and attention, your company has provided Stadium Security System for Savai Mansingh Stadium in Jaipur for Rajasthan Royals and one of the large Stadiums in Kolkata through one of the partners during IPL 4 season.

Your company thinks that the security not only improves the quality of life of every citizen or society as whole but also brings automation to enhance the productivity and finally serves as an engine for growth of industries. Your Company will bring about a series of books on security issues and mitigation for various Critical Infrastructure & Key Resources (CIKR) and technology sectors.

A dedication to making the customer first priority, keeping on top of current security trends, thinking creatively, knowing which technologies are important, keeping up to date on governmental policy and playing in a global marketplace yet being responsive to the needs of India are what keep your company on top.

With all these factors in place, we understand what matters to our clients and have demonstrated our capability to adapt to the changing security environment. We continue to engage and partner with stakeholders in each of our states on critical issues such as infrastructure protection security, safe and secure city, building automation and energy efficiency, security enhances economic growth and many more. In addition, in order to enhance the brand value of company's business, Company focused its efforts majorly in two kind of prominent media tools viz. Print media and Online based media marketing technique.

We are committed to show another year of strong performance in 2011 driven by our Branded and Injectable businesses as your company continue to grow into a leading specialty security company and deliver high returns on investment to our shareholders.

We would be pleased to invite you to partner with us – and allow us to be your trusted guide, to help you navigate this same journey, on your pathway to growth. I am delighted to report that your company continues its proud past and looks forward to a successful future.

Thank You

**With warm regards,**

**Dr. P. Sekhar**

## ADVISORS

**Mr. N. Vital** initiated the concept of Software Technology Park and liberalization of telecom and Ministry of Information Technology, with an experience of over 43 years in the field of public administration and Industrial Management he retired from the IAS post to which he was the chairman of the public enterprises selection board and was also appointed as the Central Vigilance Commissioner.

**Mr. N. Gopalaswami** was former Chief Election Commissioner of India and ex - Home Secretary, GOI on the advisory board of the company. Mr. Gopalaswami was an IAS officer and Chief Election Commissioner of India for the last election. A dynamic leader, Mr. Gopalaswami joined the Indian Administrative Service in 1966 and worked in various capacities in Gujarat, during 1967 to 1992. He held various top level posts including that of the Managing Director, Gujarat Communication and Electronics Limited; as member (administration and purchase) in the Gujarat Electricity Board; secretary to Government (Science & Technology and Technical Education) and Secretary, Department of Revenue and Secretary General in the National Human Rights Commission. He was also an International Election Observer in USA (2004), in Mauritius (2005), Nepal (2008) and Bhutan (2008).

**Dr. S. Guha** is the president and COO of united Solar Ovonic, manufacturer of thin film solar panels. He is an international authority with more than 200 publications and over 39 US patents. With several awards to his credit, he also serves as a member of the advisory committee to the national center of photovoltaic of US Dept. of Energy, and on the board of Solar Energy Industries Association.

**Dr. R. Rajaram** was an eminent Professor at Indian Institute of Geomagnetism, Mumbai. He belongs to the same illustrious family of Dr. C V Raman and Dr. S. Chandrasekhar, the only two eminent Nobel Prize Winner in Physics from India. Dr. R. Rajaram was associated with variety of programs of research in Geomagnetism and has the credit of presenting 50 research publications in International Journals. He was presented with NASA Group Achievement Award for the Cluster program and also been awarded NASA Senior Post Doctoral Fellowship in 2006.

**Mr. S. N. Zindal**, Director General of the Software Technology Parks of India (STPI), Ministry of Communications and IT. During his professional experience of 31 years he headed major projects in government, private and public sectors. Mr. Zindal is a senior member/fellow of many professional bodies such as the IEEE, USA, CSI, IETE, New Delhi, Broadcast Engineering Society, New Delhi, etc. Mr. Zindal held many prestigious posts where he chaired the ET & T Corporation Ltd. and headed the Consumer Electronics Division at the Dept. of Electronics. He played a key role in the successful operations of the Electronics Score Board and Public Address Systems for the IX Asian Games in 1982. Mr. Zindal is a graduate from Birla Institute of Technology and Science (BITS), Pilani and a postgraduate of the Indian Institute of Technology (IIT), Kanpur.

**Mr. Gian Prakash Gupta** an expert in Project Financing which includes infrastructure projects, Capital Market, Financial and General Management. He worked with IDBI (Industrial Development Bank of India) in various capacities and later held prestigious posts of being the Executive Director and then the Chairman & Managing Director of IDBI. He was also the Chairman of the Unit Trust of India, prior to which he was associated with Shri Ram College of Commerce, Delhi University as a lecturer. He has also been on board of many other prestigious organizations. He currently serves on the board of various major organizations like Aditya Birla group, Idea Cellular Limited and Lodha Developers Ltd. As far as his educational qualification he has completed his Masters Degree in Commerce stream from Delhi University.

**Mr. V. Sarangapani** has over 36 years of experience of which 28 years in TCS. He spent over 18 years in Management consulting group of TCS. After a stint of 3 years in Manpower Allocation Task Committee, Business Associates Management and visa section, he joined Government Solutions Unit and carried out projects in Government sector till retirement and thereafter also. He is currently working as an Advisor for a Technology Company specializing in electronic security products and services and is also associated with SP Jain Institute of Management and Research, Mumbai as an External Faculty member for the Executive MBA program. He also conducts training programs for other organizations. His experience covers a wide spectrum of areas in both public sector and private sector organizations.

**Mr. S. S. Motilal**, a (Retd.) Air Cmde. Indian Air force, with over 31 years of experience he held various prestigious assignments which included control of all the communications, quality control of indigenous as well as imported equipment, indigenization of defense products and technical training. He headed software integration R&D for Inertial Navigation System Development for Jaguar Aircraft. A veteran of 1965 & 1971 wars, he retired from the post of D PLAN ADGES. He held many eminent positions with various organizations like Elcom Pvt. Ltd., ITI Limited, FIBCOM, India Satcom Ltd and has been associated with many reputed companies like Datamatics Information Technology Limited and Hindustan Shipyard Ltd. Mr. Motilal completed his M.Sc. from Madras University and M. Tech. from IIT, New Delhi, where he stood first in his stream.

## BOARD OF DIRECTORS

### **Dr. P. Sekhar, Chairman and Managing Director**

Dr. P. Sekhar is the founder Chairman and Managing Director of Micro Technologies (India) Ltd which was formed in the year 1992. Micro Technologies (India) Ltd is a Public listed company having an ISO 9001-2000 and ISO 28000 certification. The company under his guidance is spearheading in the field of innovative IT software solutions and security products. He has been the key driving force in conceiving and developing more than 300 innovative IT products. Dr. P. Sekhar is a creative thinker, responsive to the changing markets, an individual driven by ethical values and a perfect blend of democratic and delegate leader. As a visionary he strongly believed that India must be in the forefront, when it comes to technology and as an entrepreneur, he had the opportunity to translate this into reality. When India is being termed as an emerging Super Power in the field of software his ambition was to use rapidly emerging wireless technologies to create products that could be used by common man globally and make a difference in the society. His vision and dream was to introduce innovative technology products to the world to improve the life style by giving safety, security and life support through Micro Technologies (India) Ltd. With several awards to the credit of the organization, like "Maharashtra IT Award", "Deloitte Fast 500 Asia Pacific Award" "Dun & Bradstreet ECGC - Indian Exporters' Excellence Award", He held number of executive positions and had been an advisor to state government organizations for their strategic plans and computerization of operations, telecommunication and other IT related initiatives. Dr. Sekhar is also an active member in the core committee of FSAI (Fire and Safety Association of India) taking care of the western region. Dr. P. Sekhar holds a Masters Degree in Science with a doctorate in Solid State Electronics and Nuclear Physics.

### **Ms. Jayanthi S, Executive Director**

Ms. Jayanthi S. is one of the key founder members of Micro Technologies. She played a key role in developing the quality driven corporate culture at Micro Technologies. Her analytical talents have immensely helped to shoot up the level of the wide range of products developed by Micro Technologies.

She plays a very fundamental role in the overall administration and the proper functioning of IT operations, supervises the Logistics Coordinator to ensure quality logistics, procurement and simultaneously monitors the development and implementation of asset management policies. As far as her educational qualification she holds a Masters Degree in Business Economics with a gold medal.

### **Mr. A. R. Kale, Independent Director**

Mr. Anant R. Kale, MBA from Leeds University, UK, has been on the boards of various large Public Sector undertakings with an experience of more than 36 years. Member of several prestigious organizations of Indian Civil Accounts Service, International Institute of Internal Auditors and had held eminent posts in various govt. departments being Chief Controller of Accounts and Planning in Department of Atomic Energy.

### **Dr. R. S. Deshmukh, Independent Director**

Dr. R. S. Deshmukh, a doctorate in Solid State Electronics and with his wide experience in technology, he has guided Micro Technologies activities in the GIS front and gave a thorough understanding in analyzing the method of study, determining the design tools, coding method with the backup procedures.

**Prof. Paul Jerome Coleman, Independent Director**

Prof. Paul J Coleman, M.S. in physics and a Ph.D. in space physics hold the position of the Chairman of NASA funded Girvan Institute of Technology. He was awarded with outstanding awards for his contributions to the exploration of the solar system by NASA and in exploration of the moon. He was a John Simon Guggenheim Fellow and a Senior Fulbright Scholar and was appointed by President Reagan to the National Commission on Space. He was also appointed by Vice President Quayle to the Space Policy Advisory Board.

**Mr. Raghavendra A. Raichur, Alternate Independent Director**

Mr. Raichur is a B.Tech (Electrical) from IIT Bombay, with over 26 years of experience in design & development and is an industry acknowledged authority in analog design. As an entrepreneur, he established Seto Technology Pvt. Ltd. and was involved in the total technical development of the organization. He has been involved in various professional activities as member and a co. member in reputed organization like The Institute of Engineers (India), Institute of Electrical and Electronic Engineer (IEEE), Indian Society of Non Destructive Testing (ISNT).

**Mr. Prakash Bhawe, Independent Director**

Mr. P. H. Bhawe has more than 30 years of experience in the areas like Quality Control, Quality Assurance, and Laboratory management, Measurements, Testing and Products Certification. He has been on the boards of Ministry of Communications and IT, Government of India, Meltron, Mumbai, Electronics Test and Development Centre, Pune. Mr. Bhawe has also been the Auditor for various management systems like Quality, Information Security and Laboratory management etc. He was the Vice Chairman of Quality Forum, Ex President at the International Society of Reliability Engineers (India chapter) and Fellow of Institution of Engineers. Mr. Bhawe was one of the assessors for Business Excellence Awards for Rajiv Gandhi National Quality Award and Ramakrishna Bajaj National Quality Award for 4 years. Mr. Bhawe is a B.Tech (Electrical) from IIT Mumbai.

## KEY MANAGEMENT

### **Mr. Mukund Gupta - Executive Director**

Mr. Mukund Gupta has earned a Master Degree in Information Management from the University of Mumbai with a Diploma in Software Engineering and Embedded Systems from one of the most prestigious universities of the country. He has grown through the technical ranks, developing a set of muscles necessary to sense when the offerings are aiming right. With a immense blend of expertise in various financial aspects, system analysis and critical knowledge about technology, resource planning and management, Mr. Gupta created the driving force in the company, reaching new horizons and beyond and for which he has been awarded and Currently holds the position as Executive Director(ED) of Micro Technologies (India) Ltd. In his role he has led the mid- to long-term strategic planning for taking the enterprise, service provider, public sector, commercial, and consumer markets through a sustained period of growth during challenging economic times.

### **Mr. Ganapathy V - Chief Executive Officer**

Ganapathy V is an Engineer by profession from Mumbai. After his Graduation degree he completed his Masters in Science from United States of America, where he practiced, learned and worked in one of the largest Energy Research Institute along with initiating various technological and science oriented research by getting affiliated with renowned agencies such as NASA. He has built a solid record of strategic management, leadership, and business achievements with his expertise and strong understanding with respect to International markets and International Business.

Mr. Ganapathy currently holds position of Chief Executive officer (CEO) with MTIL and is responsible for the overall success of Micro Technologies in Domestic as well as International Market and managing the company's globalization strategy as well as managing the shareholders of the company. Leading sales operations in all customer and partner engagement activities throughout the regions with his vision is to drive growth and profitability

### **Mr. Milind Mehta - Chief Financial Officer**

Milind Mehta, a Chartered Accountant by profession since 1992. With more than 20 years of knowledge and practice in the field of Finances working at prominent levels with public as well as private limited companies, managing sales tax, Income tax, Auditing, Corporate Finance, Corporate Law and Taxation; He is a connoisseur in Accounting, analyzing and providing data for tax returns, tax planning within current legislations and providing financial services like tax calculations, cost evaluations; budget analysis, etc.

His significant responsibilities and functionality in the company has lead him to head the entire economics of Micro Technologies and has been honored the prestigious identity of the Chief Financial Officer of the company. As the Chief Financial Officer, Mr. Mehta is responsible authority for managing all the finances and monetary operations for Micro Technologies. His major functionality comprises the financial planning, supervision of record keeping, as well as the interest with the short- and long-term planning. He also takes care of preparation of financial budgets, operational reporting and interpreting, evaluating operating results, preparing income tax returns, establishing internal control procedures to safe-guard the company's assets.

**Mr. Karthikeyan R- Chief Operating Officer**

Mr. Karthikeyan is an engineer by profession holding a Masters degree in Science with specialization in Electronics. In his carrier as an engineer he has used his scientific knowledge of the behavior and effects of electrons to develop components, devices systems, or equipment that uses electricity as part of its driving force. In his career he was also engaged in numerous researches, design various components and develop various products. He has been repeatedly recognized by many national groups for its excellence in the areas of IT and Security.

With his valuable contribution and commitment towards the company he has moved from position as head of embedded division to become the Chief Operating Officer of Micro Technologies. As chief operating officer he Manages internal operations, directing the company's product strategies and is conscientious for product architecture, implementation, and project executions. In this capacity he is responsible for effective use of all IT resources and technology issues.

**Mr. Aditya S. Chief Strategic Officer**

Mr. Aditya S. holds a bachelor's degree in Business Management and a master's degree in business specializing with International business form one of the finest Business Schools in the Country. Mr. Aditya immaculate creative thinking driven by ethical values craft advanced strategies and policies, to develop the company's global strategies around technical, business and policy issues. Another long-standing focus for him is privacy, security and cyber-security. He has gone to great lengths to encourage people to incorporate things from their "personal" lives into the professional setting.

Mr. Aditya currently holds the position of Chief Strategic Officer (CSO) of Micro Technologies (I) Ltd. As a CSO he understands what makes the company successful and how it will continue to be successful in the future, then to translate that knowledge into the ability to judge specific activities the company is undertaking, and ensure all of those activities are helping the company be successful. His role is not only limited to company's product offerings but also to understand market strategy, acquisitions, and how to make the company relevant and successful in long run. He is entitled with creating, communicating, executing, and sustaining a company's strategic initiatives.

**Ms. Sudipta V ,Company Secretary**

Ms. Sudipta V has been associated with the organization since April 2009. She is the Company Secretary and the Compliance Officer of the company. Her key responsibilities include compliance of all applicable corporate laws, listing agreement, Corporate Governance Practices and Processes, Compliances with directions of MCA, ROC, SEBI, BSE, NSE, RBI and other Self Regulatory Organizations and Industry Associations, formation of subsidiary companies, to give advice on MOUs, NDA and other agreements and on various laws i.e. Company Law, Industrial and Labour Laws, Economic Laws, IPR Laws, Environmental Laws etc. She is an Associate Member of the Institute of Company Secretaries of India.



## MANAGEMENT DISCUSSION ANALYSIS REPORT

### (A) Industry Structure & Developments

#### 1. Introduction:

Security implies stability and continuity. It brings civil involvement, accountability and transparency. Civil involvement refers to a level of civilian participation, control and influence towards security of humankind. Security also brings growth and growth determinants such as savings, human capital investment, and in turn development of an economy.

The most of common product lines CCTV, Access Control, and Video Door Phones. Fire Security is considered as extended or secondary product lines due to inherent complexity and business volume. Solutions for vehicles, home, Mobile Phone, Laptop are most sought after by business not for security purpose alone but also to improve the productivity of employees.

#### 2. Market Assessments:

Device Segment	Market Share (%)	Market Area	Growth Rate (%)
Premises Security including CCTV (Commercial & Industrial Cameras, Housings, Monitors, DVR / NVRs)	55	Both Government & Non Government	45
Access Control (Controllers, Readers, Locking Hardware, Barriers, Cards)	30	Large Organizations like Educational Sector, Oil & Gas Sector	30
Scanning Technology	11	Government & Semi Government	30
Intrusion Detection (Perimeter & Building Alarm Controllers & Detectors, incl. Electric Fences)	4	Nuclear Facilities & Apartment Complexes	20

Fig.1: Market Share of Infrastructure Security Business

#### 3. Growth Drivers of Electronic Security Market: Security Business

- **Import Customs Duty:** Compared to the prohibitive 250% Import Customs Duty of the 80's, the current rate of 35% is also being considered as growth driver for the industry. However, due to large current custom duty, it would create a favourable atmosphere to develop security products locally to exempt from inclusion of heavy Import Duty in the cost structure of the products and thus, not only save foreign exchange drainage from the country but also enabling the industry to reduce the MRP of domestically manufactured products. This trend would definitely accelerate the R & D as well as Technology companies to develop and manufacture wide spectrum of security products within the country.



- **Usage in Key Sectors:** Rapid growth in sectors such as transport (includes aviation, railways, sea ports and roads), tourism (hospitality), finance (banks and ATMs), telecom, energy, real estate and coupled with the influx of multinational companies are contributing to a large extent of electronic security market in India;
- **Government Department:** Looking at the colossal expenditure on security measures, government is embracing the Public-Private-Partnership (PPP) as a most favourable model not only to generate funds to meet the huge security expenditure for the whole country but also provides the opportunity to the private players to participate in this novel project of securing India;
- Economic liberalization and development.

#### 4. Growth Factors:

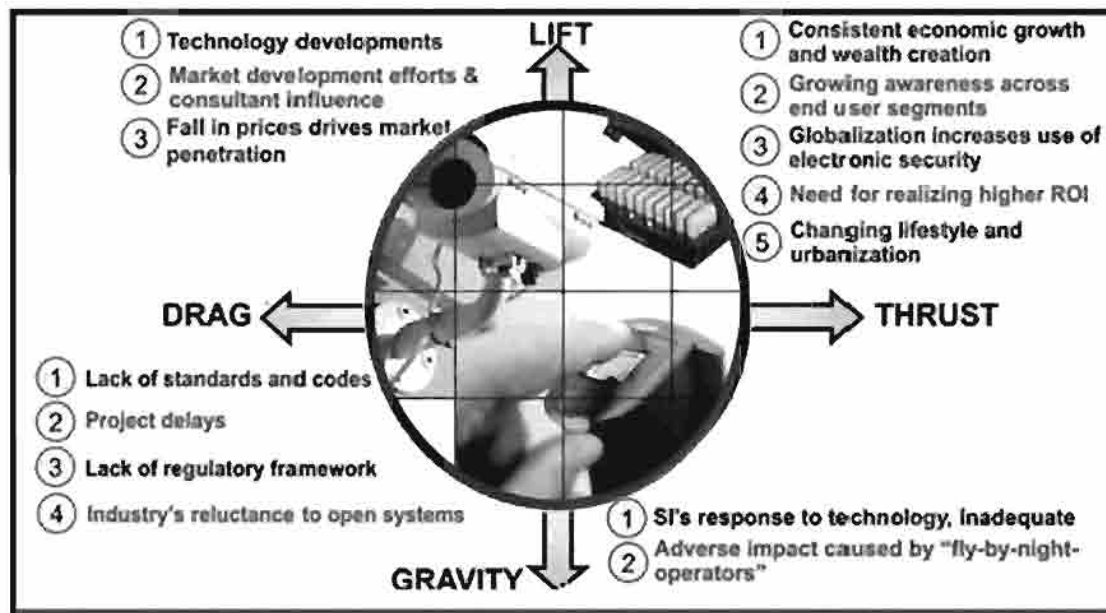


Fig. 2 : Security Business Analysis

- Standards should be formulated for equipment, suppliers and installers should be certified as per their performance and professionalism;
- The crying need is for self-realization and commencement of accreditation programmes sponsored within the industry by brand leaders to bring the skills and maturity levels to world standards.

#### 5. Statistics of Priority Consumption Sector, Vehicle Sector and Home Sector:

##### Mobile Sector

There are some important statistics of Mobile, Vehicle and Home sectors summarized below:

- Around 812 million number of mobile handsets in India (March, 2011);
- Total GSM based mobile subscribers in India is 570 million (March, 2011, excluding Reliance & TATA).
- 50% users across India victims of mobile theft;
- More than 20 lakh mobile phones are stolen / lost every month;
- Only 2% of stolen/lost handset are recovered in India;
- The second hand market for stolen mobile phones is estimated around INR.400 crores in India.

Statistics of Vehicle Stolen in India		
Sr. No.	Type of Vehicle	Stolen
01	Passenger Car / Taxi / Jeep	20,914
02	Goods Carrying Vehicles	2,209
03	Motor Cycles (include scooters)	1,10,982

Fig. 3 : Vehicle Sector

Statistics of Burglary in India					
Burglary Cases	Recovered	% of Recovery Of Cases	Value of Burglary (in Crore)	Value of Burglary Recovered (in Crore)	% of Value Recovered
89,368	28,039	31.4	493	153	31.1

Fig. 3 : Statistics of Burglary in India

#### 6. Prospects & Trend:

- Trend towards one-stop shopping in the commercial and industrial markets as customers seek to decrease their systems integration costs;
- Moved from Analog to Digital;
- IP based systems gaining ground;
- Convergence of IT and Physical Security;
- Arrival of IT network players;
- The falling of prices of electronic systems worldwide;
- Investment in brand development and customer awareness;
- Both Government and Private organizations make their purchases of security equipment by inviting tenders or soliciting quotations from supplier companies;

#### 7. Electronic Security Market Size in India:

- The market for electronic security equipment in India is estimated at more than **INR.2230 Crore (US\$ 500 million)** for the year **2011**; this is growing at about **38.35%** per year;
- The market is estimated to reach to mark of **INR.43,650 Crore (US\$9.7 billion)** by 2016;
- The Indian **CCTV** market in India which is currently estimated at over **INR.750 Crore (US\$167 million)**, is projected to grow at a CAGR of more than **34%** during **2010-2012**;
- Urbanization, economic development and regulatory changes have created an approximately **INR.4,500 Crore (\$1 billion)** fire alarm and security industry in India;

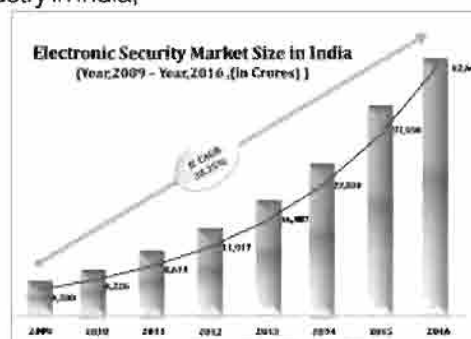


Fig. 4: Electronic Security Market Size in India

**References:** Electronic Security comprises of Information security, Asset Security, vehicle security, Infrastructure Security, personal Security and electronic Security equipments.

## 8. Market Share

Competitive Industry Analysis					
Sl. No.	Companies	EPS (Rs/Share)	CAGR (Revenue Growth in %)	Revenue* (In Crore INR)	Market Share (in %)
1	Micro Technologies I Ltd	32.81	45	601	7
2	Honeywell Automation India	150.20	21.9	1358	16
3	Zicom	14.00	40	245	2.8
4	Bartronics India Ltd	15.90	22.08	580	6.7
5	CMC Ltd	85.53	35	709	8.2

Fig. 5: Competitive Industry Analysis

\*Revenues of the Company include consolidated reviews of all business including security

### **(B) Micro Technologies (India) Limited and Its Subsidiaries:**

Your company, Micro Technologies (I) Ltd. (MTIL) is a leading IT-product based security solutions provider in India and globe. The Company today has earned its reputation for providing leading security solutions in India and overseas in the space of Vehicle, Home, Mobile and Premises and continues to successfully partner with key world players from countries like Israel, Japan, Belgium. The company has been supporting its R&D activities to conceptualize, develop security products that succeed in competitive markets and meet environmental and regulatory requirements.

Your company is the recipient of "Forbes 'Best Under A Billion' Award for 2 consecutively years (2009 & 2010), "The Technology Fast 500 Asia Pacific Award" awarded by Deloitte Touché Tohmatsu for three consecutive years (2008, 2009 & 2010), Asia Pacific, NASSCOM 'Innovative Products Award' for Wi-Fi Security System and many more...

Security interacts with growth and growth determinants such as savings, human capital investment, and develops a participatory approach among communities in order to improve quality of life. And to this end your company has showcased its innovation and cutting edge security technology to develop a diversified range of security products and solutions with an aim at displaying not just the technological innovation and prowess but also the product diversity in various segments of vehicle, premises, mobile, other assets. Today your company has more than 300 products to it's credit.

#### **Subsidiaries:**

Growth refers to expansion, rise, progress, success, and improvement of a specific organ through development. Growth may be achieved in vertical direction or horizontal direction or both ways at a time. To what extent corporation achieves this through the route of formation and development of subsidiaries, is being traced through a financial relationship established between the holding companies and subsidiaries.

#### **Micro Secure Solutions Ltd. (MSSL):**

Your company realizes that a customer is not only interested in security Products but also looks out for a complete Security solutions and services to cater to almost all security requirements, and understands the value for money. To this end, your company has opened another Subsidiary named Micro Secure Solutions Ltd (MSSL).

MSSL is a subsidiary of Micro Technologies India Ltd, a business unit formalized to deliver a range of security products for commercial & residential premises. MSSL look forward to safeguard, its clients by addressing the total security needs and protects people and their property. MSSL specialize in the areas of security products that have been tried and tested within the industry and at the same time are at the forefront of technological advances. This ensures that our clients receive reliable and up-to-date systems. MSSL has enhanced its Premises Security Business to Stadiums security, Security for various Temples and Warehouse security, Office Security for Banks.

Some of them can be briefly showcased below.

- i. Stadiums security Solutions for ticket management and Command Control Centre for securing Sawai Mansingh Stadium Jaipur and Eden Gardens Kolkata for various Test series, ODI and even ongoing 2011 IPL matches under ownership of Rajasthan Royals and Kolkata knight Riders respectively.
- ii. Micro Secure Solutions Limited delivered security solutions for various religious and charitable organizations. Last but not the least for Warehouse security.
- iii. Micro Secure Solutions Limited has provided security solutions for companies such as IL&FS and ICICI for catering to security needs of their warehouse facilities, nationwide.

Your company has also setup a Production cum assembly unit in Baddi In Himachal Pradesh, to facilitate the growing demand of security products of the clients. As Baddi being the industrial town of Himachal Pradesh enjoys the Tax benefits (accept CST) Your company is in a position to reduce the Retail Price considerably in order to make it available for the end users.

**Micro Retail Ltd. (MRL):**

Your Company realizes that franchising is a profitable muscle machine that plows through challenge and persistently produces success. And, it consistently achieves record growth across the nation and around the world. Moreover, it also understands that franchising truly is a fiscal movement of broad based business. To this end, your company has opened a subsidiary named "Micro Retail Limited (MRL).

MRL is a subsidiary of Micro Technologies (India) Ltd, a company engaged in the area of retailing the range of Electronic Security, Software and messaging Products for vehicle, premises, and other assets. MRL is promoting retailing concept in the field of security and one among the first companies to do so. Today MRL's franchisee network tunes to the range of 201 stores across the nation.

Total retail sales in India will grow from US\$ 395.96 billion in 2011 to US\$ 785.12 billion by 2015, according to the Business Monitor International (BMI) India Retail Report for the second-quarter of 2011. Strong underlying economic growth, population expansion, the increasing wealth of individuals and the rapid construction of organized retail infrastructure are key factors behind the forecast growth. With the expanding middle and upper class consumer base, there will also be opportunities in India's tier II and III cities.

MRL is hence using this retail growth as a fuel for expansion and strategizing policies to capture untapped market place. MRL also tied – up with "E-office" is a Joint Venture of "Reliance Retail" for with office depot distribution of micro security solutions through their retail stores. Furthermore MRL also initiated a strategic partnership between "Future Group" for implementation of our security products in their outlets.

Today, dynamic relations between the franchisee and franchisor exist for promoting the growth of the chain and to allow communications, customer experience, and direct marketplace knowledge to flow both ways. Both parties also share commitments to the company vision as they march lockstep to establish lasting values, foster brand development, create corporate culture, set marketing directions, and cultivate bottom-line-enhancing worth. Everyone working together toward the same winning goals.

### (i) Business Strategy

Your company has established strategy built on five components;



Fig. 6 Business Strategy

**Innovation:** Creativity encourages innovation and innovation plays a vital role in the development of new business concepts, processes and products. Like in previous years, your company has achieved a high release rate of innovative products. Focus has been on Research and Development along with initiation of innovative technology to attain the competitive advantage to showcase our strong presence in the IT based Security Industry. Some of Innovations during the year can be listed as development of fuel monitoring systems, Emergency Response solutions, International Command and Control Systems a complete Control centre for multiple business needs and many more.

**Partnership Network:** Proximity to our partners and internal clients provides enhanced knowledge. During the year, your company has advanced its partnership programs specifically catering to company's retail presence not only in domestic market but also in international market. A survey among your partners showed that the choice of your company as a supplier was largely based on the knowledge we possess and provide. Your company with help of its Strong partner network such as HA.S.H systems, Biztech, Dhanuka, TTSL (Tata Teleservices Ltd), AIRCEL, OXIGEN, BIOGAURD, Active Intelligence and ANZ Stadiums. Your company with help of its Strong partner network such as HA.S.H systems, Biztech, Reliance Retail and other such partners was able to enhance its reach both in the domestic as well as International Market which also includes establishment of 'Micro Technologies Australia (MTAU)' to cater to Australian Market.

**Global Expansion:** - Different markets offer different customers and a different customer base. The needs and demands of countries outside your own are most likely the same but at different times. As the strategy unfolds and the success of Your Company's global initiatives is demonstrated, the importance of our versatility in providing customized Security solution is clearly highlighted. We look to secure business where it is most buoyant and find resources for the business where it's most appropriate. During the year your company was able to expand its security business to new geographies such as Bermuda, Kenya, Nigeria, Israel, Mali, France, and Ghana. Your company has developed business plans to foray into the security markets of South America, Scandinavian Countries, Baltic region and Caribbean Islands.

**Customer Satisfaction:** In today's economic environment, focusing on customer satisfaction and loyalty is more important than ever. Over the past year, your company has remained loyal to its commitment to values that hold the customer as central to our success. Your Company continuously develops and deepens relations with its customers, supports its customers in the design, start up and operation of the equipment and systems it delivers, as the requirements of each customer dictate. Your Company uses a Customer Relationship Management process for measuring customer satisfaction of the company's sales, delivery and service performance in individual projects and customer relationships with its 24/7 customer support or service to attend any call from customer side in the event of any technical snags with respect to security products as well as solutions. And hence has low customer attrition rate and exhibits higher trend in profit margins. According to the CRM records the customer satisfaction level is more than 90%. Your Company uses a Customer Relationship process for measuring customer satisfaction of the company's sales, delivery and service performance in individual projects and customer relationships. During 2010 the system was updated to also track customer needs better and identify opportunities for providing added value to the customers. Dialogue with customers is vital when developing operations, products and services some of them are as given below:-

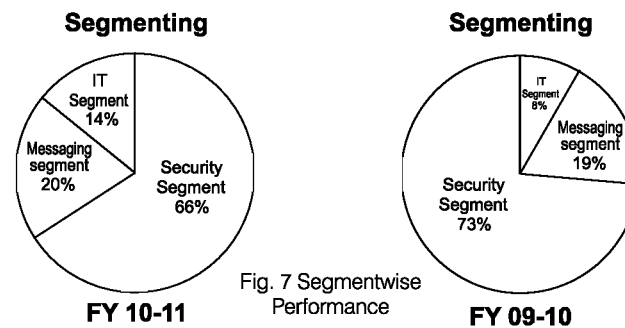
"Terrorism is bigger challenge, Today we need to combat with it and Micro Technologies is playing a significant role in combating such situations by use of innovative technology and these efforts will certainly achieve some positive directions against the war with terrorism."

- Late Mr. Hemant Karkare, Chief, Anti-Terrorism Squad.

I could locate my stolen car in a much faster and easier manner than the Police, in fact I helped the Police locate my car, thanks to the Micro VBB installed in the vehicle.

- Manish K Ajmera, Director, Ajmera Group of Companies

## (ii) Segment Wise Performance



## (iii) Threats and Opportunity

“Security” has become a very prominent factor in economic growth and nation building, a secured climate, strengthens the society towards a unified approach to improve their quality of life, and such unity brings in efforts to be together in the way of life to counter any security challenges. Today any given economy is confronted with a globalized as well as more unpredictable with multi-dimensional threats. Rapidly increasing urbanization, economic liberalization at different levels of society, posed a challenge to the average Indian.

Your Company has a Strong and singular commitment to provide security for man , his assets and the information he carries In order to simplify the opportunity in the security domain and its concept and with a view to enhancing and broaden the meaning, we can classify the security threats and its nature into three parts which includes.

- **Personal Security:** All the mankind and living creatures of the world that always tend to protect self and defending himself to survive peacefully either from mankind or from the any natural disaster or epidemic.
- **Security of Assets:** It is the second factor in security field as it is always co-existed with the man. The term material includes all sorts of property in a form of cash, bank deposits, valuable items material or the value equivalent to the possession of an individual, business, society and a country in a form of wealth. For eg. Security for Home, Vehicle, Mobile, Laptop etc.
- **Security of Information:** The security of information always governs our day to day life. The whole world is operational due to the fact of many reliable source of information. “ Information management and security is one of the key component of efficiently managing any enterprise. Today Information flows via various medium both and modes, managing and securing them becomes very critical.”. Your company has developed security solution in protecting personal and vital information's of your's, stored inside electronic gadgets such as mobile phone, PC and Laptop etc

## (iv) Outlook

Connecting the Pieces in a Changing World report finds that while issues like risk management and regulatory compliance remain a challenge, there are a number of opportunities for growth – particularly through globalization and expansion into new markets, innovative technologies to improve service delivery for both institutional and retail clients. Just five issues have to be addressed

- 1.Globalize and localize to boost revenues and cut costs.
- 2.Adapt technology to improve service delivery.
- 3.Increase compliance effectiveness.
- 4.Enhance risk management Practices.

## (v) Human Resources

Your company understands importance and significance of Human resources and has always initiated its core focus on content management, improvements to the facilities and systems available for learning and

training, integration of key and critical information and communication technology systems as well as the conceptualization of the organization performance measurement system for creation of a robust performance platform.

Your company continuous to enhance the existing human resource policies and practices, in particular, placed sharper focus on performance measurement and rewards management. With the increase in the company's responsibilities over the recent years, the staff strength has also increased, with an attrition rate of less than 10% Also, arising from the changing composition of the workforce in terms of background, experience and age structure, the human resource policies have been realigned to the changing requirements to be relevant.

As part of development activities many training programs related to personality development, sales and quality control, communication skills etc were being organized under expert guidance followed by feedbacks and evaluations Your company also conducts colloquium every week withy and objective to share Knowledge and information among the employees. Company has the provision to obtain Key Performance Indicators (KPI) and Key Results Area (KRA) from each employee to evaluate his or her performance level. Moreover your company proactively involves in team building process through the interaction with senior management in order to build quick decision making process and hence enhance the productivity and growth of the company.

#### **(vi) Risk Management**

Your business is subject to uncertainties and various risks that could cause actual results to differ materially. The Risk Management at your company encompasses practices relating to identification, assessment, monitoring and mitigation of various risks to our business. Your company seeks to minimize adverse impact on our business objectives and to enhance stakeholder value. Our core values and ethics provide the platform for our risk management practices. Your company makes a quarterly review under a team of audit committee of the company to identify and asses the risk and takes preventive action.

#### **(I) Risk categories**

The following broad categories of risks have been considered in our risk management framework:

- **Strategy:** Risks emanating out of the choices we make on markets, resources and delivery model that can potentially impact our long-term competitive advantage.
- **Industry:** Risks relating to inherent characteristics of our industry including competitive structure, technological landscape, extent of linkage to economic environment and regulatory structure.
- **Counterparty:** Risks arising from our association with entities for conducting business. These include clients, vendors, alliance partners and their respective industries.
- **Resources:** Risks arising from inappropriate sourcing or sub-optimal utilization of key organizational resources such as talent, capital and infrastructure.
- **Operations:** Risks inherent to business operations including those relating to client acquisition, service delivery to clients, business support activities, information security, physical security and business activity disruptions.
- **Regulations and compliance:** Risks due to inadequate compliance to regulations, contractual obligations and intellectual property violations leading to litigation and loss of reputation.

#### **(ii) Risk management practices**

Risk management practices at your company include those relating to risk assessment, measurement, mitigation, monitoring, reporting and integration with strategy and business planning as discusses below:

#### **(vii) Internal Control systems and their adequacy**

Your Company has a proper and adequate system of internal controls commensurate with the size of your Company and the nature of its business to ensure that all the assets are safeguarded and protected against loss

from unauthorized use or disposition, and that transactions are authorized, recorded and reported correctly and adequately.

Your Company's internal controls are supplemented by internal audits, review by management and documented policies, guidelines and procedures. The internal control is designed to ensure that financial and other records are reliable for preparing financial information and for maintaining accountability of assets. All financial and audit control systems are also reviewed by the Audit Committee of the Board of Directors of the Company on a yearly basis.

The CEO and CFO Certification provided in the CEO and CFO certification section of the Annual Report discusses the adequacy of our internal control systems and procedures.

**(viii) Financial Performance with respect to operational performance**

Your Company's ability to improve profit margins will depend on factors that include the degree to which and the speed with which your Company will be able to increase operational efficiencies and reduce operating costs. Delays or difficulties in implementing and consolidating process improvements, such as those designed to reduce travel, telecommunication and customer service costs, or installing new products and services and in consolidating various functions, including administrative functions, eliminating duplicate operations and consolidating facilities could adversely affect the timing or effectiveness of cost reduction and margin improvement efforts. Your Company has an effective system of forecasting and budgeting for costs so as to ensure optimum utilization of resources. It is continuously in the process of reviewing its systems and procedures to implement tighter controls.

Your Company's Business Partners and its ability to retain customers are important factors in the understanding the revenue and profits of your Company's businesses. Your Company's ability to retain existing customers depends on a number of factors, including:

- Customer satisfaction
- Service offerings by competitors
- Customer service levels
- Price
- Contribution of Business Partners to growth

Longer the customer relationships are, they are more likely to be more profitable. A significant portion of your Company's revenues is generated from existing clients and your Company has also been successful in adding new clients every year. Moreover your Company owns all the intellectual property rights associated with its products hence it has a complete control over the pricing. However, there can be no assurance that the Company would be able to retain all/significant proportion of its existing clients.

**(C) Intellectual and Knowledge Capital**

An organization's intellectual capital is said to be a source of competitive advantage and there is evidence that business success can be partly explained by its intellectual capital. Innovation, customer relationships, brand value and employee motivation, along with other knowledge and intellectual assets, are key indicators of future corporate wealth.

Your company has made substantial amount of intangible investments in terms of R&D, innovation, knowledge creation and fertilization, marketing and advertising expenditures as we have unanimously considered as the most important determinants of performance.

Knowledge is one of the key determinants of growth not only of an organization but of nations as well.

As your company is an IT company, it attributes its business value to intangible, knowledge-based assets. Your company signifies that 'knowledge capital' is an important factor of production along with land, labour, capital and energy. Your company's knowledge capital is the documented knowledge stored in various forms as reports,



articles, books, manuscripts, patents and software. To this end, company has taken proactive initiatives in developing National Security Plan wherein understanding the overall security requirements of various Indian states as well as India to tackle both external and internal threats in order to safeguard the Critical Infrastructures And Key Resources (CIKR) of the nation. The attempt to construct a National Security Plan (NSP) has been translated into a series of books which qualifies and quantifies the right set of information pertinent to security issues.

**(D) Quality Control and Quality Assurance:**

"A Place where excellence is not an accident but it's a habit."

Quality assurance is the main pillar of any business. Whatever is the business, either finance or a security products/solutions or any service, quality is the most important aspect, which affects the level of success of the business. The popularity of your product or service will enhance, only if you provide quality.

Your Company has a strong Quality Policy – Continuous Business Improvement. It states that achieve maximum customer satisfaction through a consistent commitment to excellence and continuous improvement of all facet of our business. We measure this through customer feedback, process KPI's and business improvement initiatives. A committed Business Improvement team monitors and continuously improves all standards. The quality management system is established across all divisions.

Quality certified since 2000, your company consistently surpasses the industry-average service levels. Your company is a Quality Endorsed Company, gaining accreditation to ISO 9001.

**Some of the Certifications for Your Company is as following:**

**Product Certificate:**

- AIS 004
- ISO 7637
- ISO 116750
- ISO 10005
- AS/NZS CISPR22
- IEC/EN60950-1

**Company Certification:**

- ISO 9001 : 2008 certificate
- ISO 27001:2005 certificate

Your company is also been awarded with the Gold Category, International Quality Summit Awarded by Business Initiatives Directions. In addition, accorded with NASSCOM 'Innovative Products Award' for Wi – Fi Security System, 2008 – 09. More over your company awarded 'Deloitte Technology Fast 500 Asia Pacific Award' for being one of the 500 fastest growing companies in Asia and 'Deloitte Technology Fast 50 (India) Award' for being one of the 50 fastest growing companies in India for third consecutive year 2009 – 10.

**(E) Other Initiatives:**

**Corporate Social Responsibility (CSR):**

Your company believes that it is vital to perform business with the highest standards of integrity and a strong commitment to protect and support its people and customers. Your company is committed to developing itself as a socially responsible company that works to bring benefits to the broader community as it pursues its business goals. We seek to establish fair and constructive partnerships with our customers, employees and suppliers, as well as with the community at large.

**(i) Development of National Security Plan (NSP):**

Your company has taken proactive initiatives to develop a National Security Plan (NSP), which articulates core national security interests and propose a framework for addressing various threats to Indians. Company will also bring another series of books on security issues and mitigation for various Critical Infrastructure & Key Resources (CIKR) and technology sectors.

**(ii) MICT Training Program**

Micro Technologies offers a culture that fosters the total well-being of each employee. To reach the professional potential, Micro Technologies offers a myriad of tools and resources to help each individual. Micro Technologies also host a Learn and Earn offer through its training division "MICT"- Micro Institute of Computer Technology. The prime idea behind the concept of MICT is to train all the budding programmers and shaping the future of tomorrow's IT world.

**(iii) Innovation Award**

It always takes more than a brilliant idea to produce innovative product. It also takes interdisciplinary cooperation between research, development, engineering, production and marketing experts. Of course, successful innovation isn't simply a matter of coming up with ideas. It's the ability to nurture those ideas, make them work, and bring them to market that distinguishes a truly innovative company. Moreover, innovations call for strong endurance and entrepreneurship.

In today's challenging business environment, it's more important than ever to discover and nurture new ideas. With that in mind, your company encourages its employees to self-initiative, creativity and innovation. An Innovation Award is a cross-divisional award for employees of your company. It aims to honor innovative achievements that contribute toward developing new products, increasing efficiency, saving costs or driving growth and hence productivity.

The Innovation Award is not only aimed at scientists and engineers, but all employees. As innovative ideas are often born in a team, the Award is also intended to promote teamwork.

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

**(I) Modular R&D**

Your company realizes that the module and platform approach always help reducing the cost with increased number of units and effectively also increases flexibility through re-combinations of modules. For R&D, the modular approach is an important tool of technology transfer, knowledge management, as well as archiving and retrieving project results.

However, nowadays customer need became more personalized and diversified, if the enterprises want to win the market competition, decreasing R&D period, improving R&D efficiency and having flexible designs are key aspects to make success. Along with the rapid development of information science as well as the complication of production structure, people realized the importance of modular R&D.

Your Company's modular R&D has the following main characteristics:

**About Structure of the Production Facet:** The production system usually consists of many components, the system is complex and the system's functional structure can be divided;

**About Research Assignment Facet:** The modular R&D has been divided the R&D assignment into many modules by structural function. Research organizer assigns the modules which compose of many components to different research units;

- **About Organization Facet:** One research module correspond to a few research units, the module is further divided. At the same time, one research unit is accomplished of several modules;
- **About Information Communication Facet:** Modular R&D system information is managed as information encapsulation, excepting necessary information transitions under the chief research regulation there is no information communication between the vertical and horizontal subsystems;
- **About Research Management Facet:** Subsystem is independence with other subsystems on production design. The competition relations are usual relation between the same research modules;
- **About Integration of Technological Knowledge Facet:** The essential of modular division is technological knowledge's division and the integration of the modules also is the technology's combination.
- **The Advantages of Modular R&D:**
- **Information Efficiency:** R&D's organizational structure is hierarchical decomposition (HD) or information assimilation (IA). HD model information is transited from the top to down through the functional relation in the R&D system. The subsystems hardly transits the information to upper level, they always charge by the upper level. The detail research will be intervened by upper. The IA model, the way of information transition has many changes. There is plentiful information communication between the subsystems in the vertical and horizontal level in R&D system. The communication one side benefit to the product interdependency, the other side it weakens the independence of subsystem. In information age, lots of information communication also is a kind of burden to enterprises. The information encapsulation (IE) of modular R&D can reduce the unnecessary communication burden. It improves the efficiency of innovation and accelerates production evolution. Subsystem's independence is the base of ensuring the production meets the customer's need, which now becomes diversification and individuation.
- **Efficiency of Organization Management:** Modular R&D reduces the cost of organization management through outsource the assignment by modules to other research units. The outsourcing modules include more R&D tasks comparing to simple component, it also improves single research unit's organization efficiency. The entire R&D organizer has more optional space on same module through the competition between the research units in horizontal level. Such option's essential is an organizational innovation. The characters of modular R&D are benefit for reduce the risk of research and improve the efficiency. Through modular R&D may shorten the R&D period by the modules choosing and combination.

#### **(G) Product Line:**

Your companies self reliance has created itself a diversified and cutting edge security company, adding innovation to existing technologies as well as developing new ones. Its product line is diversified carrying more than 300 security products ranging from vehicles, premises, industrial to personal tracking systems .Moreover it is defined to be a group of products sharing a common, managed set of features that meet the requirements or expectations of needs of a selected market or mission. Each product involves vast investments in requirements analysis, architecture and design, prototyping, process and method of definition, tools, implementation and testing with little carried forward to future products. Here some key products' usage and features are given below:

##### **(i) Security Segment:**

The concept of complete security in vehicle, home and mobile security is making its place in the mind of people. With burgeoning economy, plenty of disposable income, and breakdown of traditional Indian nuclear families the sense of having complete security asset in amongst minds of many people. Security segment is divided into Vehicle Security & Tracking products and Premises Security Products.

**(a) Vehicle Security & Tracking:**

**Micro VBB (Vehicle Black Box):**

Your company provides a new class of innovative technology product - Micro Vehicle Black Box (Micro VBB) that is an anti-theft device integrated with functions of security, information and navigation, based on GPS-GPRS Telematic Module with GSM & CDMA technology. Moreover, it is a real time vehicle tracking system, stealthily secured inside a vehicle and enables you to monitor and control various vehicle features via SMS using cell phones. It prevents vehicle thefts and increases the chance of retrieval of vehicle in case of theft with in short period of time.

**Micro FMS (Fleet Monitoring System):**

It offers an integrated Micro Fleet Monitoring System (Micro FMS) that can manage multiple fleet types and assets such as Service Fleets, Transportation & Logistic Fleets and Trailer & Mobile Assets all on one mapping and reporting system. Furthermore, its telematics and GPS location capabilities provide drivers with location-specific information, security and functionality enhancing services that increase driver convenience, safety and efficiency of transportation system.

**Micro BSS (Bike Security System):**

Micro BSS comprises of a compact hardware unit which is fitted on to the bike, along with a small receiver unit. In the event of movement or tampering of the bike, the owner is immediately alerted through an alarm. Its innovative features have a real-time alert system which alerts the user immediately as soon as anyone tampers with the bike.

**Micro BTS (Buddy Tracking System):**

It combines three of the most important innovations of the past few decades – the Internet, GPS (Global Positioning System) and wireless data. It is completely downloadable software for high-end cellular phones for keeping up with the whereabouts of your family, friends and employees. It is a location based product, is geared towards delivering highly personalized services to the present generation of mobile telephony users who are constantly on the move. And it allows pinpointing your buddy in a real-time from any PC (Personal Computer) anytime, anywhere in the world at no additional cost.

**(b) Premises Security:**

**Micro HSS (Home Security System):**

Micro HSS is a premises security system, which can also be customized to specification and is available with various features and in different models to suit cost and functional requirements. It is a security system deployed on the premises to alert the registered user through SMS in case of any unauthorized or prohibited access in the user's premises. It outfits a home with control panel/website and a key fob, a siren and accommodates a wide range of wireless sensor devices controlled by a central computer. Security System Sensors like Door Contact Sensors, Motion Sensors, Image Capturing on door intrusion and Environmental Sensors like Fire Sensors and Gas-leak Sensors. It may be managed via a couple of interface options, including web-link software and key fobs.

**Micro SSS (Shop Security System):**

Micro SSS is an advanced shop security system that uses GSM / CDMA technology and wide range of sensors to aware the shop owners of various safety concerns on shop's premises such as unauthorized access, intrusions, power failure etc. Moreover it provides variety of shop security solutions to protect merchandise from burglary, responding to smoke, fire or other emergencies and communicating between different locations. The Registered User is warned about this intrusion through alert SMS. It provides the Registered User with various controls through Messaging Service. The system is also incorporated with audio effects through Siren, which is an additional facility to the system.

**Micro OSS (Office Security System):**

Micro OSS being an inexpensive way to protect your office and business, is a monitored security system that includes a series of devices, such as various sensors, magnetic contacts and video cameras that detect unauthorized entry, captures images and send alert messages via SMS service on user's mobile phone and signal as well as images to a central monitoring station when an intruder is detected.

**Micro IBB (Intelligent Black Box):**

Micro IBB helps to prevent or reduce the destruction, loss, human suffering or any economic losses caused by the Calamities, Accidents, and Anomalies by immediate detection and dissemination of timely, correct and relevant

information to the correct recipient in the correct format and the correct communication device to mitigate the preparedness planning. It is combined with custom – built hardware and reliable security system for the control of unmanned premises. Moreover it is an embedded system with numerous sensors working upon wireless technology. In addition multiple input and output channels which completely assure the transfer of data to the user by means of mobile, landline phones, e – mail etc. in case of intrusion, fire, gas leakage, increase & decrease of temperature and power failure or any such emergency cases.

**Micro ACS (Access Control System):**

Micro ACS is a user-friendly RFID, biometric based automated system secure for attendance registration of employees and visitors. It is a Windows-based, distributed processing, card access system and operating on a computer. This control system provides all the features you would expect from a top-of-the-line access control system without the difficult to master complexities. It has most important feature of Database backup and Restore facility.

**Micro DMS (Disaster Management System):**

Micro DMS helps to prevent or reduce the destruction, loss, human suffering or any economic losses caused by the Calamities, Accidents, and Anomalies by immediate detection and dissemination of timely, correct and relevant information to the correct recipient in the correct format and the correct communication device to mitigate the preparedness planning. It is a customized technology, which meets your security requirement. It integrates many types of sensors, audio-visual equipment and is the best solution to meet your specific needs. It has inbuilt integration of Fire Management System also. It is a mechanical device fitted in a secured place, wherein it can be effectively used as a warning to escape from fire, in case of sudden outbreak of fire. Based on the signals captured by the server appropriate messages for intimation are sent to the various registered users through mobile or email immediately.

**Micro VDP (Video Door Phone):**

Micro VDP that includes different types of home intercom systems, from “voice only” to video versions and is one of the most cost-effective residential protection devices. Moreover it allows you to control and monitor your home security, home appliances from mobile phone, keypad, handheld remote control, computer, or the Internet. Its unique remote communications features allow you to talk to visitors at the door, hear your message, or listen to the sounds or activity in the event of alarm activation.

**Micro ISS (Intelligent Surveillance System):**

Micro ISS identifies potential threat, sending out customized alerts and actionable information, while letting you continue to track unauthorized people, coordinates personnel and controls the situation. It is an integrated security solution comprising of Surveillance system, an intelligent device for monitoring critical parameters in critical rooms, access controls software and hardware. Digital Video Recorders (DVRs) can be used to store data captured using CCTV (Closed Circuit Television). Biometric based locks to restrict the entry of authorized personnel in critical areas of operation of DRC (Disaster Recovery Centre). RFID (Radio - Frequency Identification) based locks for regulating the access of the clients within a building; Metal Door Frame Detector to detect various explosive and narcotic substances; Bomb Jammer is used to protect the personnel between jammer and equipped vehicles.

**Micro ATM Black Box (Micro ABB):**

ATM Black Box (ABB) is a unique solution for security of your ATMs (Automated Teller Machine). It is in conjunction with CONTROL PANEL application that transmits intimation to authorized person SMS, E-mail. Simultaneously in case of events Audio/Visual effect (Siren/Flasher) will be activated and heard by security, hence concerned official can take periodic action for the activity. The control panel is a web based application monitored 24/7, this system is backed with command control i.e. the periodic event on a real time basis from ATM is mapped to action taking official following the events.

**(c) Messaging Segment:**

**Mobile Security:**

**Micro LMTS (Lost Mobile Tracking System):**

It is a cost-effective solution to secure compatible mobile phone handsets by installing the software into the handsets. It detects any change of the mobile phone SIM (Subscriber Identity Module) card. This product is globally downloadable from the web with present users in various countries.

**Micro MCS (Mobile Controller System):**

It helps to remotely manage your own mobile handset with the help of add-on recipient mobile number. This particular software is far beyond just the concept of security, in which it not only creates a backup of all the contact details even after the loss of mobile handset but also the registered owner can retrieve, delete the contact details, MMS (Multimedia Messaging Service) and SMS with the add-on users mobile. Moreover user can also trace the call logs made by the new replaced SIM.

**Desktop & Laptop Security:****Micro LNTS (Lost Notebook Tracking System):**

It uses theft recovery technologies and enables you to hunt for the laptop and locate it when used unauthorizedly. It is a comprehensive solution that combines Laptop Theft Recovery, Data Protection, and Secure Asset Tracking. It minimizes data security breaches and the cost of data falling into the wrong hands. Thus, it helps reducing your organization's risk of exposure.

**Micro Life Line (MLL):**

This is a web-based software solution entitled "Micro Life Line (MLL)" that enables the real-time dissemination of information across the entire enterprise that can significantly reduce the amount of time required to complete critical business processes. It is a three-dimensional messaging system, which enables SMS, e-mail and voice messaging at a click.

**Micro CARMS (Cyber Activity Remote Monitoring System):**

It is a unique solution offered by your company keeping in view the depth of involvement of the computer facility in exploring new avenues of crime and its inference. It is a powerful monitoring tool that aids to curb on cyber crime and maintain a serene environment within cyber cafes. Moreover it showcases the power of technology and the true utilization of technology for restoring peace in society by keeping a check on the various cyber crimes.

**(d) Other Segment:****Consumer Durable Product Security:****Micro Power:**

It is a Sinewave Home UPS technology product based on Digital Signal Processing with in-built Smart Battery management, 5 stage batteries Charge Control System and an in built Diagnostic aid. It has seven audio alarms to give an idea about Reset, System Fault, Overload, Short Circuit, Low Battery, Water Reminder or if there is a weak DC (Direct Current) connection.

**Other Security Environment Product:****Micro SAMS (Student Attendance Management System):**

This is a combination of software and hardware to secure any colleges comprises of management system with attendance record of Student, and entire staffs of an institution remotely from various Locations - across the globe at one single point. The authorized administrator can use the online Micro SAMS to remotely view all the relevant details of all the branches of the Institution. It generates various MIS (Management Information Systems) reports in order to take prompt action related to Attendance. RFID/ Biometric based login and logout for Lecturer, students and guest lecturers with image captured using webcam for attendance. The system alerts the administrator about the discrepancy. SMS/Email alert to the authorized user.

**Micro EVPMS (Exhibitor Visitor Participant Management System):**

It gives complete solution to the big organizers to manage the participants list and details and make proper use of it when needed. It is also useful for the Exhibitors to manage the visitors. The visitors use this to keep a track on the current and upcoming exhibitions and other details about exhibition and the exhibitors. It is available in two modes Offline Version and Online Version. This system bridges the gap between the Exhibitor & Visitor. It also supports online information via LAN (Local Area Network). It also supports E – mail and SMSes. Moreover it is an automated system for Exhibitions and benefits Organizers, Exhibitors & Visitors.

**Micro PP (Professional Placements):**

It has been specially designed for all those job-seeking people who want to survive successfully in today's competitive world. The site assists the consultants with an opportunity to implement on-site services and place their requirements online.

**Identify Management:****Micro UID (Unique Identification Card):**

It will be a leap in personal identification. It will store information such as Date of Birth, PAN, Residential, Banking, Personal Identification, Health and Passport details along with even information on RTO Registration and Property details using the biometric method. All information will be incorporated in a chip designed like a smart card. Micro UID enables to create a one stop database for individual information and appropriate authentication. The system will store unique information of an individual for emergency access. The ID card will use biometric information of the individual for identification as an additional avenue for authentication. The ID card will also have all the information in a backup system at a centralized location, which will be accessible to the concerned persons. Verification is possible only by the user, and the use of the biometric device, along with verification codes, will reduce the possibility of duplication to almost nil.

**Rural Informatics:****Micro Jai Kisan:**

It is a mobile based remote management of motor pump set for the farmers in order to save time, Energy and Water. Micro Jai Kisan for Automated Motor Pump (AMP). It will help farmers and cultivators to plan their farm irrigation in order to save time, save water and save labor. Once the small yet hi-tech device is installed the farmers/cultivators can switch on/off his/her motor pump from anywhere and at anytime by using a phone call (Mobile Phone or Land Line or PCO). The Key Features include Mobile based remote management of motor pump sets, Start or stop motor pump set from any location through phone call, Phone call can be made by mobile or landline or PCO, This unit tells you if the power is present or not.

**Power Plants & Distribution Industry Security:****Micro EBB (Electric Black Box):**

Micro Electric Black Box is a device has two version one for the consumer other for the enterprise. The enterprise one deals with monitoring and managing various parameters related to operations of any transformers. The monitoring of this parameter helps in reducing/minimizing the transmission and distribution losses to a great extent. In the consumer side it helps in monitoring the power consumption at each house hold. This will helps states and various municipal corporations to manage consumer consumption of electricity apart from other regular monitoring.

**(e) Upcoming Segment:**

Upcoming & New Products section offers a glimpse at new products and initiatives at Your Company.

**Micro E – Health:**

The increasing needs of human society and ensuring access to healthcare information has become a critical factor in determining the growth rate of this industry. It is a unique global product where all health related parameters from simple BP (Blood Pressure) equipment to a Blood sugar, unit going up to a MRI (Magnetic Resonance Imaging) are uploaded on real-time basis to a unique secure site. Intimation to the medical practitioners about the status of the patients even in Mobile Ambulances is possible. Patients can upload, access or download health related parameters from anywhere in the world which is mapped to Web Server. Confidential data is accessible only to the authorized users from anywhere in the world. Integrated with critical tests like MRI, CT (Computerized Tomography) Scan etc., it also gives access to emergency databases through Web Site. Emergency Messages could be sent to family doctors in the form of a CD (Compact Disc), or in the form of Voice Calls. The system has an intelligent feeder, which based on predefined configuration is able to understand the patient's current situation and to respond back.

### **Micro ICCS (International Command and Control System)**

"Micro International Command and Control System (Micro ICCS) serves as a framework for a Global Command, Control, Communications, Monitoring, Intelligence, Surveillance and Reconnaissance (C3MISR) infrastructure. The Micro ICCS accommodates all mission and operational scenarios by allowing users to access to C3MISR resources worldwide through the Micro Information Infrastructure (MII) embedded with various state-of-art security equipments at any time and any place. The Micro ICCS architecture is designed to satisfy C3MISR functional requirements and conform to the Technical Reference Model (TRM). Micro ICCS incorporates the best know-how in the industry, an established IT-enabled security service approach, an international level tooling framework as well as a pioneering expertise to make available the best Remote Infrastructure Security Management (RISM) services in this category. The Micro ICCS technical architecture will evolve over time, allowing for the incorporation of technological advances.

### **Micro SCT (Secured Communication Terminal)**

Micro SCT is a GSM Based Fixed telephone security system which can be deployed at your home /shop /office to alert the registered user of any unwanted access to your home /shop /office. Micro SCT helps its user to get information about any unwanted access or intrusion through an SMS anytime, anywhere in the world. Micro SCT with help of various environmental sensors helps its user in creating a security blanket for his premises and these sensors can be controlled globally using an SMS. SCT not only intimates unauthorized access but also provides alerts on gas/ smoke leakage, fire breakout along with a long battery life. This product showcases a rare combination of high quality security hardware with a communication terminal using wireless technology.

### **Micro VBB over Bluetooth**

Leveraging the rapid rise in smart phone use, Your Company brings exciting new value at low cost to its Vehicle Security segment. Using a custom phone and Bluetooth technology, medium-range connectivity can be offered at low cost without subscription fees, cellular network delays or coverage issues. A mobile connectivity solution combined with highly reconfigurable vehicle electronics makes it possible for vehicle manufacturers to easily offer personalization options that enhance drivers' long-term vehicle ownership experience. A useful complement to embedded telemetric and phone app solutions when a driver is out of cellular range. It is also equipped with wide range of utility features such as automatically switch between Calls and car stereo, automatic mute, Two -way audio output, Auto pairing function to connect to mobile phone, On leaving the car, the phone will automatically get disconnected, use of DSP echo & Noise Reduction and many more

### **Micro VBB Fuel Monitoring System**

Your company has developed Level sensors around solid-state capacitive technology to detect the level of gasoline, petroleum, jet fuel and other fuel types and grades for the Vehicles. These fuel level sensors which output reliable level measurement signals which remain stable even when the temperature and the pressure changes. Each fuel level sensor is designed and integrated for the application in which it will be used, whether it is used for a small utility vehicle to a large fuel carrier tanks. Sensors are designed to client's custom length requirement and specification.

## **(H) News letter**

Newsletters are a potential key to open the doors of success for running a new, existing or future business, and it has to be effective and persuasive. Writing a monthly or quarterly newsletter that is unique and relevant to your audience can be a worthwhile promotion for your business. Newsletters are published by all types of organizations whether be it a club, church, association and businesses, especially companies, to provide information of interest to their members, customers, investors or employees. The Attempt of micro news letter is to spread a word to all our associates, employees and stakeholders about significant contributions made by Your Company in making this world a safe and secure place to live in. Micro newsletter updates about the recent achievements, events latest technological development etc.

Your company also publishes monthly newsletters with the following objectives;

Keeps In Touch – Being a renowned name in the security arena, Micro Technologies need to take care of everyone involved in the success of some or the other way.



Hook In New Customers -- A newsletter can be a very simple strategy to turn a one-time visitor into a lifetime customer.

Establish Your Expertise -- No one knows more about your business than you do which makes you an expert. To share this nuggets of knowledge through your newsletter to deepen your relationship with your existing customers and convince potential customers that you are the answer to their problems.

### (i) **Brand Visibility**

Greater the brand visibility, the greater are the chances that your products get sold as the greater is the brand retention in the minds of the customers. For increasing the sales of your products, we need to put these before the people so that they gain inquisitiveness and eagerness to know more about them. Keeping these in view your company focused its efforts majorly in two kind of prominent media tools viz. Print media and Online based media and marketing technique. Your company choice towards print media relates to its properties as ideal medium. It's available in both large and small numbers, can be accessed easily, and is engaging, versatile and creative. Your company believes that with every online marketing channel and discipline, there must be tools to make the task of "Marketing" more efficient and effective and hence your company has embraced "Social Media" as a reliable tool to add to their marketing plan.

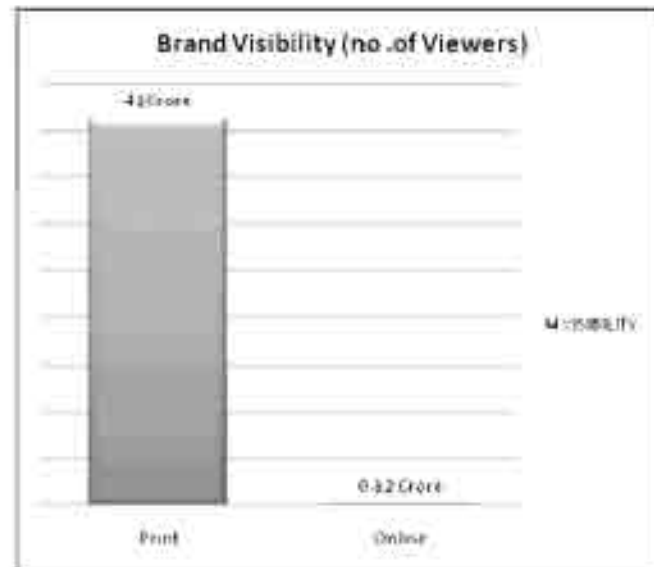


Fig. 8 Brand Visibility

## PRESENCE IN MEDIA - ELECTRONICS





## AWARDS

**MICRO TECHNOLOGIES continues to get  
National & International Awards**

# Forbes

# Deloitte.



Decide with Confidence



Government of Maharashtra



## Quality Certification



Forbes 'Best Under A Billion'



Deloitte  
Technology  
Fast500  
Asia Pacific 2008,  
2009



Deloitte  
Technology  
Fast50  
India 2007



Deloitte  
Technology  
Fast50  
India 2008



D&B-ECGC  
Indian Excellence  
Awards



Amity Corporate Excellence Award  
for Leveraging Technology in  
Global Business 2009



Dr. P. S. Sakhar  
Felicited by  
Dr. A. P. J. Abdul Kalam

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## REPORT ON CORPORATE GOVERNANCE

Your directors believe that sound corporate governance is critical to enhance and retain investor trust. Accordingly, continuous effort is always to seek to ensure that we attain our performance rules with integrity. Your board exercises its fiduciary responsibilities in the widest sense of the term. We also endeavour to enhance long-term shareholder value and respect minority rights in all our business decisions. Thus Transparency through Corporate Governance at Micro Technologies is not just adherence to mandatory rules and guidelines but also observing it in the spirit behind the letter.

By combining ethical values with business acumen, globalisation with national interests and core business with emerging business, the Company aims to be amongst the largest and most respected global organisations. The Company will continue to focus its resources, strengths and strategies to achieve its vision of becoming a truly global leader in IT and security industry, while upholding the core values of excellence, integrity, responsibility, unity and understanding, which are fundamental to the Corporate Governance Framework. The corporate governance principles of your Company emphasize a quality Board, sound internal controls, and transparency and accountability to all shareholders.

### COMMITMENT OF THE BOARD AND MANAGEMENT:

1. To ensure transparency and professionalism in all decisions and transactions of your Company;
2. To ensure accountability in all our dealing with our employees, shareholders, customers and the community at large;
3. To achieve excellence in Corporate Governance through adequate disclosures, confirming to, and exceeding wherever possible, the prevalent mandatory guidelines;
4. To enhance Shareholders' value through prudent financial decisions, sound business decisions and high standards of ethics throughout the organization.

Your Company is in compliance with all the requirements of the corporate governance code as enshrined in Clause 49 of the listing agreement.

## BOARD OF DIRECTORS

### COMPOSITION

Table 1: The details of the Directors on the Board & Category of Directors as on March 31, 2011 are given below:

Name	Category	Attendance Particulars		No of Directorship / Committee Memberships/Chairmanships		
		Board Meeting	Last AGM 28/06/10	Other Directorship (*)	Committee Chairmanship (***)	Committee Membership (***)
Dr. P. Sekhar	Chairman & Managing Director	8	Present	3	Nil	1
Ms. Jayanthi S	Executive Director	4	Not Present	3	Nil	1
Dr. R. S. Deshmukh	Independent Non Executive Director	4	Present	Nil	2	Nil
Mr. A. R. Kale	Independent Non-Executive Director	5	Present	3	1	2
Prof. Paul Jerome Coleman	Independent Non-Executive Director	Nil	Not Present	Nil	Nil	Nil
Mr. Raghvendra Raichur	Alternate to Prof. Paul Jerome Coleman	3	Present	1	Nil	Nil
Mr. Prakash Bhawe (Appointed wef May 21, 2010)	Independent Non-Executive Director	3	Not Present	Nil	Nil	Nil
Mr. Vijay Bhatia (Resigned wef Feb 5, 2011)	Independent Non-Executive Director	3	Present	Nil	Nil	Nil

[\* The Directorships held by Directors as mentioned above, does not include Private Ltd Companies, Unlimited Companies, Foreign Companies and Companies under section 25 of the Companies Act, 1956.]

[\*\*\* In accordance with clause 49, membership/chairmanship of only the Audit Committee, Shareholders'/Investors' Grievance Committee and Remuneration Committee of all Public Limited Companies has been considered.]

As per Clause 49 (I) (A) (ii) - Where the Chairman of the Board is a non-executive director, at least one-third of the Board should comprise of independent directors and in case he is an executive director, at least half of the Board should comprise of independent directors.

Therefore since the Chairman Dr. P. Sekhar is also an Executive Director more than half of the Board comprises of independent directors.

Further the majority members of the Board (5 out of 6) are independent directors which show the basic adherence to corporate governance principles.

Mr. Vijay Bhatia who had been associated with the Company since April 2010, has resigned from the Board of Directors of the Company with effect from February 5, 2011.

Mr. Mukund Gupta who has been working with the Company for past over a decade and was currently the Chief Executive Officer has been promoted and designated as an Executive Director. Consequently Mr. Ganapathy V, who had been working as the Chief Financial Officer, was promoted as the Chief Executive Officer of the Company and Mr. Milind Mehta, CA who had been looking after finance and accounts related matters is now the Chief Financial Officer. All these appointments have taken effect from 1<sup>st</sup> April 2011.

#### **NUMBER AND DATES OF THE BOARD MEETINGS HELD:**

Among other things, key matters like periodic operating and financial results, acquisitions, joint ventures, capital/operating/budgets, findings/comments of the Statutory, and Internal auditors, risk management, internal controls, issue of capital and other resource mobilization efforts are brought to the Board. The Board also regularly deliberates on the Company's positioning in the Indian and global IT scenario and adopts and approves the strategy for medium and long term growth. Detailed presentations are made at the Board Meetings by the Managing Director & CEO and Executive Directors on various strategic and operational issues.

Eight Board Meeting were held during the year, as against the minimum requirement of four meetings. The dates on which the meetings were held are 8th April 2010, 21<sup>st</sup> May 2010, 10<sup>th</sup> August 2010, 8<sup>th</sup> November 2010, 10<sup>th</sup> December 2010, 8<sup>th</sup> January 2011, 5<sup>th</sup> February 2011 and 12<sup>th</sup> February 2011. Your Company has held at least one Board meeting in every three months and the maximum time gap between any two meetings was not more than four months.

#### **DISCLOSURE TO SHAREHOLDERS REGARDING APPOINTMENT OR REAPPOINTMENT OF DIRECTORS ALONG WITH THEIR PROFILE:**

Dr. R. S. Deshmukh and Prof. Paul Coleman are retiring by rotation. Dr. R. S. Deshmukh who retires by rotation and being eligible offers himself for reappointment at this ensuing Annual General Meeting. Prof. Paul Coleman who retires by rotation as a director and being eligible offers himself for reappointment at this ensuing Annual General Meeting. Mr. Raghavendra Raichur has been appointed as an Alternate Director to Prof. Paul Coleman. Their attendance record in the Board / General Meetings during the year under review is given in Table 1.

##### **Dr. R. S. Deshmukh**

Dr. R. S. Deshmukh, a doctorate in Solid State Electronics and with his wide experience in technology, he has guided Micro Technologies activities in the GIS front and gave a thorough understanding in analyzing the method of study, determining the design tools, coding method with the backup procedures. He also had been a professor in Engineering College.

##### **Prof. Paul Coleman**

Dr. Paul J Coleman, M.S. in physics and a Ph.D. in space physics hold the position of the Chairman of NASA funded Girvan Institute of Technology. He was awarded with outstanding awards for his contributions to the exploration of the solar system by NASA and in exploration of the moon. He was a John Simon Guggenheim Fellow and a Senior Fulbright Scholar and was appointed by President Reagan to the National Commission on Space. He was also appointed by Vice President Quayle to the Space Policy Advisory Board.

#### **CODE OF CONDUCT**

The Code of Conduct of the Company is applicable to all the whole-time directors and the employees of the Company. The Board has also adopted a Code of Conduct for Non-Executive Directors, both of which are available on the

Company's Website. All the board Members and senior management have affirmed their compliances with the Code of Conduct.

## **SELECTION OF INDEPENDENT DIRECTORS**

Considering the requirement of the skill-sets on the Board, eminent persons having an independent standing in their respective field/profession and who an effectively contribute to the Company's business and policy decisions are considered for appointment upon the Board. The number of Directorships and memberships held in various committees of other companies by such persons is also considered.

## **BOARD COMMITTEES**

To focus effectively on the issues and ensure expedient resolution of diverse matters, the Board has constituted a set of following committees with defined and specific terms of reference viz; Audit Committee, Remuneration Committee, Share Transfer and Investor Grievance Committee. This year the Company has constituted an Allotment Committee to act as an empowered agent of the Company for the purpose of taking informed decisions regarding the allotment of shares pursuant to conversion of warrants, FCCBs or Private Equity investments.

Micro Technologies (India) Limited has been reviewing and making appropriate changes in the composition and working of the committee from time to time not only to comply with various requirements under the Companies Act, 1956 and Clause 49 of the Listing Agreement, but also to bring about greater effectiveness of the committee.

### **1] AUDIT COMMITTEE**

#### **Terms Of Reference**

The Audit Committee reviews, acts and reports to the Board of Directors, inter alia, with respect to:

- Auditing and accounting matters, including the recommendation for appointment of our independent auditors;
- Company's compliance with legal and statutory requirements;
- Integrity of your Company's financial statements, the scope of the annual audits and fees to be paid to the independent auditors;
- Performance of your Company's Internal Audit function, independent auditors and accounting practices and if required, the replacement or removal of the statutory auditor and fixation of audit fees
- Risk management activities including a review of top risks like exposure, potential impact and mitigation plans.

Though the financial results are sent to the Audit Committee and the Board at the same time, the Audit Committee reviews the audited / unaudited quarterly, half-yearly and yearly financial results and places a report on the same to the Board for its consideration and approval. The Committee relies on the expertise and knowledge of management, the internal auditors and the independent Statutory Auditor in carrying out its oversight responsibilities. It uses External Expertise also, if required.

The Audit Committee of your company was re-constituted in the month of February 2011 on account of resignation of Mr. Vijay Bhatia in whose place Mr. Prakash Bhawe has been inducted as a member of the Audit committee.

The Audit Committee of your Company, presently comprises of three Directors, two of them ( Mr. Kale & Mr Prakash Bhawe) being Independent Non Executive directors and Ms. Jayanthi Sekhar who is the Executive Director. All the members including the chairman have adequate financial and accounting knowledge.

Mr. A. R. Kale	- Chairman
Ms. Jayanthi S.	- Member
Mr. Prakash Bhawe	- Member

The terms of reference of the audit committee are extensive and include all that is mandated in clause 49 of the Listing Agreement and section 292A of the Companies Act, 1956.

#### **Meeting and attendance during the year**

Minutes of each of the Audit Committee meeting are placed before, and discussed at, the next and following Board Meetings. Four Meetings of the Audit Committee were held during the year ended March 31, 2011



<b>Name of the Director</b>	<b>Number of meetings held during the year</b>	<b>Number of meetings attended during the year</b>
Mr. A. R. Kale	4	4
Ms. Jayanthi S	4	4
Mr. Vijay Bhatia (Resigned wef Feb 5, 2011)	4	3
Mr. Prakash Bhawe	4	1

Executives of the Accounts department, Finance Department, Secretarial Department and representatives of the Internal and Statutory Auditors attend the Audit Committee Meetings if required.

The Chairman of the Audit Committee Meeting was present at the last Annual General Meeting.

## **2] REMUNERATION COMMITTEE**

The Remuneration Committee of the Company is empowered to review the remuneration of the Executive Directors, Executive Officers and the non-executive directors.

### **Terms Of Reference**

1. To determine your Company's policy on and approve, remuneration packages for executive directors and their relatives working in your Company, including pension rights and compensation payment.
2. To approve the remuneration payable to the managerial personnel [under the Companies Act, 1956], taking into account the financial position of your Company, trend in the industry, the appointee's qualification, experience, past remuneration and performance.

### **Constitution and Composition**

The Board has constituted Remuneration Committee, comprising Three Independent Non Executive Directors. However this committee underwent a re-constitution on account of resignation of Mr. Vijay Bhatia in whose place Mr. Prakash Bhawe has been inducted as a member of the Remuneration committee. The Committee has been constituted to review and approve, inter alia, the recommendation for the appointment of Managing Director / Whole Time Director / Manager and their compensation package, annual increments, incentives, additional perquisites etc. Following is the constitution of the Remuneration Committee as revised:

Dr. R. S. Deshmukh     - Chairman  
Mr. A. R. Kale            - Member  
Mr. Prakash Bhawe     - Member

### **Remuneration of non-executive Directors**

Non- executive directors do not draw any remuneration from the Company apart from the Sitting fees @ Rs. 2000/- per Board Meeting for attending meetings of the Board.

### **Remuneration of executive Directors**

The terms of remuneration of Dr. P. Sekhar and Mrs. Jayanthi S are as per the Service Agreements signed with them. The remuneration committee has reviewed the same and this was within the overall limit as prescribed under the provisions of the Act.

Micro Technologies (India) Limited has no stock option plans and hence, such instruments do not form a part of the remuneration package payable to any executive and/or non-executive director.

During the year under review, none of the directors was paid any performance-linked incentive.

### **Remuneration paid/payable to Executive Directors during 2010-11**

Salary includes all elements of remuneration, i.e. salary, conveyance, HRA, allowances and benefits. Your Company has

not issued any stock options to any of the directors. The term of executive directors is for a period of five years from the date of appointment.

During the year 2010-2011, your Company did not advance any loans to any of the executive and/or non-executive directors.

The Table gives details of the remuneration paid or payable to Executive directors during the year 2010-11.

<b>Name</b>	<b>Salary &amp; Allowances Rs.</b>	<b>Commission</b>	<b>Total (Gross)</b>
Dr. P. Sekhar (Chairman & Managing Director)	60,98,400	156,66,666	217,65,066
Ms. Jayanthi S (Executive Director)	30,49,200	78,33,334	108,82,534

year under review, only one meeting of the remuneration Committee was held on 1<sup>st</sup> october 2010 which was attended by all the Committee Members.

### **3] SHARE TRANSFER AND INVESTORS' GRIEVANCE COMMITTEE:**

On account of the resignation of Mr. Vijay Bhatia the Board has re- constituted Share Transfer and Investor's Grievance Committee, comprising of:-

Dr. R. S. Deshmukh	- Chairman
Dr. P. Sekhar	- Member
Mr A.R.Kale	-Member

#### **Meeting and attendance during the year**

<b>Name of the Director</b>	<b>Number of meetings held during the year</b>	<b>Number of meetings attended during the year</b>
Dr. R. S.Deshmukh	4	4
Dr. P. Sekhar	4	4
Mr. Vijay Bhatia (Resigned wef Feb 5, 2011)	4	3
Mr A.R.Kale	4	4

The Share Transfer and Investors' Grievance Committee is empowered to oversee the redressal of investors' complaints 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 such miscellaneous complaints. In addition, the committee also looks into matters, which can facilitate better investor services and relations.

#### **Name and Designation of Compliance Officer:**

Ms. Sudipta V, Company Secretary, is the Compliance Officer for complying with the requirements of SEBI Regulations and the Listing Agreements with the Stock Exchanges in India. The Compliance Officer can be contacted at the Registered Office address of the Company or at enquiry@microtechnologies.net.

Complaints or queries regarding the shares of the Company can be forwarded to the Company's Registrar and transfer Agents M/s LinkIntime India Private Limited.

#### **Investors Grievance Redressal**

The total number of complaints received and resolved to the satisfaction of investors during the year under review and their breakup are provided as under:

Analysis of Replied Complaints from: 01/04/2010 TO 31/03/2011

<b>SR. NO.</b>	<b>COMPLAINT DESCRIPTION</b>	<b>OPENING BALANCE</b>	<b>RECEIVED</b>	<b>REPLIED</b>	<b>BALANCE</b>
<b>1</b>	<b>Non Receipt Of Dividend/Interest</b>	0	13	13	0
<b>2</b>	<b>Non Receipt of Annual Report</b>	0	1	1	0
<b>3</b>	<b>Change of Address</b>	0	1	1	0
<b>4</b>	<b>Bank Details</b>	0	8	8	0
<b>5</b>	<b>Correction in Name</b>	0	1	1	0
<b>6</b>	<b>Revalidation / Replacement</b>	0	12	12	0
<b>7</b>	<b>ESC Details</b>	0	6	6	0
<b>8</b>	<b>Procedure for TRF/Transmission</b>	0	1	1	0
<b>9</b>	<b>LTR of Indemnity for Duplicate</b>	0	2	2	0
<b>10</b>	<b>Issue of fresh demand draft</b>	0	3	3	0
	<b>TOTALS</b>	<b>0</b>	<b>48</b>	<b>48</b>	<b>0</b>

There were no outstanding complaints as on March 31, 2011. No investor grievance remained unattended/pending for more than 30 days and no request for share transfers and dematerialization received during the financial year was pending for more than 30 days and 15 days respectively.

#### **4] ALLOTMENT COMMITTEE**

Your Company has in view of operational efficiency constituted a Functional Committee in the form of an Allotment Committee with effect from 21st May 2010.

It was necessary to form, delegate and empower these committees in order to delegate various responsibilities of the Directors for considering various matters like conversion of FCCBs, Preferential warrants conversion etc.

This committee meets for considering the above mentioned specific purposes and would also approve the same. This would enable the Board to concentrate on its core functions. Meetings of the committee are held as and when the need for the same arises. The time schedule is decided in consultation with the Committee members and the Board members. The Company's guidelines relating to Board Meetings are applicable to these Committee Meetings as far as may be practicable.

This Committee has the authority to engage external experts, advisors and counsels to the extent it considers appropriate to assist in its work.

This committee shall submit a report to the Board after every meeting on the various matters considered and approved by them for perusal and noting.

The main function of this Committee are to consider the viability of the various offers for allotment of shares either through private equity, conversion of warrants or conversion of FCCBs etc. It also considered the issue of compulsorily convertible debentures done to HT Media in the month of January 2011. The main constituents of this committee are:

Dr . P. Sekhar - Chairman  
Ms. Jayanthi S. - Member  
Mr. A.R. Kale - Member

Mr. Vijay Bhatia was one of the founding members of this committee however he has been replaced by Mr. A. R. Kale after he joined the Board of Advisors of the Company. The allotment committee met five times during the year for considering the various allotments that happened during the year. All the directors have attended all the meetings of this committee.

**Meetings and attendance during the year**

<b>Name of the Director</b>	<b>Number of meetings held during the year</b>	<b>Number of meetings attended during the year</b>
Dr. P. Sekhar	4	4
Ms. Jayanthi S.	4	4
Mr. Vijay Bhatia (Resigned wef Feb 5, 2011)	4	4
Mr. A. R. Kale	4	4

**GENERAL BODY MEETINGS**  
**ANNUAL GENERAL MEETINGS (AGM)**

Location, date and time of the Annual General Meeting held during the preceding 3 years are as follows:

FINANCIAL YEAR	LOCATION	DATE	TIME	SPECIAL RESOLUTIONS PASSED
2009-2010	EL 225, Micro Infotech Park, MIDC Electronic Zone, MAHAPE Navi Mumbai 400709	28th June 2010	9.30 AM	1. Ratification of Re - appointment of Dr. P. Sekhar as Chairman and Managing Director 2. Ratification of Re - Appointment of Ms. Jayanthi Sekhar as Executive Director. 3. Authorisation under Section 372A of the Companies Act, 1956 4. Authorisation for QIP (Qualified Institutional Placement) 5. Raising additional long term funds.
2008-09	EL-225, Micro Infotech Park, MIDC Electronic Zone, MAHAPE Navi Mumbai 400709	30th September 2009	11.00 AM	1. Issue of 3300000 share warrants on preferential basis to Promoter and non Promoter group 2. Re -issue of 39100 Forfeited shares to Dr. P. Sekhar, Chairman and Managing Director 3. Increase in Borrowing Limits upto Rs. 500 Cr u/s 293 (1) (d) 4. Increase in limits for creation of Mortgage and charges u/s293(1)(a)
2007-2008	Hotel Abbott, Vashi	29 <sup>th</sup> September 2008	11.00 AM	(1) Increase in Authorised capital from Rs. 16 crores to Rs. 25 Crores

Generally, all the resolutions in the Annual General Meeting are passed by show of hands

The Chairman and Managing Director (CMD) and Four Independent Non- Executive Directors of your Company attended the Annual General Meeting held on 28<sup>th</sup> June 2010.

## POSTAL BALLOT DURING THE YEAR

### 1] Resolutions put through postal ballot during the year are as follows:

FINANCIAL YEAR	DATE	TIME	SPECIAL RESOLUTIONS PASSED
2010 -2011	28 <sup>th</sup> January 2011	4.00 PM	issue of compulsorily convertible debentures

### 2] Procedure Followed For the Postal Ballot:

S.No.	Particular	Date
1	The Board meeting held to Approve the conduct of postal ballot for passing the resolution for seeking approval of shareholders for issue of Compulsorily Convertible Debentures through Postal Ballot documents, Appointment of the Scrutinizer, Approval of the calendar of events.	10.12.2010
2	A copy of the Board Resolution along with the calendar of events forwarded to the Registrar of Companies Within one week of the Board Meeting.	17.12.2010
3	Print Notice,postal ballot forms and arrange for selfaddressed envelopes (bearing the name and address of the Scrutinizer), address slips, etc.	22.12.2010
4	Despatch of Postal Ballot Notices and Forms completed	24.12.2010
5	Release of Advertisement in newspapers giving the date of completing of dispatch of the Notice and the last date for receipt of postal ballot forms from the shareholders.	27.12.2010
6	Last date for receipt of postal ballot forms.	25.01.2011
7	Preparation of Scrutinizer's Report and submission of the same to the Chairman by the Scrutinizer.	28.01.2011
8	Declaration of results.	28.01.2011
9	Result Announced to the Stock Exchanges and other authorities	29.01.2011

## DISCLOSURES

Materially significant related party transactions which may have a potential conflict with the interests of company at large:

During the year 2010-11, No transactions of material value had been entered into by your Company with promoters or Directors or Management, their subsidiaries or their relatives neither had any potential conflict with the interests of your Company.

Transactions entered into with related parties have been already disclosed in this chapter.

**Details of non compliance by your Company, penalties, strictures imposed on Your Company by stock Exchange or SEBI or any statutory authority, on any matter related to Capital Markets, during the last three years**

Your Company has complied with the requirements of the stock Exchanges.

The Company has adopted a Whistle Blower Policy whereby no person has been denied access to the Audit Committee

## MEANS OF COMMUNICATION

In accordance with Clause 54 of the Listing Agreement, the Company has maintained a functional website at [www.microtechnologies.net](http://www.microtechnologies.net) containing basic information about the Company viz., details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the Company who are responsible for assisting and handling investor grievances, etc. The contents of the said website are updated from time to time.

The financial results are published in the following newspapers – Economic Times, Free Press Journal and Navshakti Times and also displayed on the Company's website for the benefit of the public at large.

Further, the Company disseminates to the Stock Exchanges (i.e. BSE and NSE), wherein its equity shares are listed, all mandatory information and price sensitive/ such other information, which in its opinion, are material and/or have a bearing on its performance/operations and issues press releases, wherever necessary, for the information of the public at large. For the benefit of the shareholders, a separate email id has been created for shareholder correspondence viz., [enquiry@microtechnologies.net](mailto:enquiry@microtechnologies.net) and [investors@microtechnologies.net](mailto:investors@microtechnologies.net)

## DISCLOSURE UNDER CLAUSE 53 OF THE LISTING AGREEMENT REGARDING CERTAIN AGREEMENTS WITH THE MEDIA COMPANIES:

The Company has entered into a Debenture Subscription Agreement for Fully Convertible Debentures worth Rs. Twenty Crores with M/s HT Media Limited on 17<sup>th</sup> December 2010.

Further it has also entered into an advertising agreement with M/s HT Media for an amount of Rs. Ten crores.

## CORP FILING

As per the requirements of Clause 51 of the Listing Agreement, all the data relating to quarterly financial results, shareholding pattern, etc., are electronically filed on the Corporate Filing and Dissemination System (CFDS) portal '[www.corpfiling.co.in](http://www.corpfiling.co.in)' within the timeframe prescribed in this regard.

## GENERAL SHAREHOLDER INFORMATION

### FORTHCOMING AGM

19<sup>th</sup> Annual General Meeting

Date : 28<sup>th</sup> June, 2011.

Time : 9.30 a.m.

Venue : EL-225, FUTECH PARK, TTC INDUSTRIAL AREA, MIDC, MAHAPE, NAVI MUMBAI – 400 709

Tentative schedule	Board Meeting Schedule
Unaudited first quarter financial results	First half of August, 2011
Unaudited second quarter financial results	First half of November, 2011
Unaudited third quarter financial results	First half of February, 2012
Unaudited fourth quarter financial results	First half of May, 2012
Annual General Meeting for the year ending March 31, 2012	Second half of September, 2012

## BOOK CLOSURE DATES FOR THE PURPOSE OF DIVIDEND

The Register of Members and Share Transfer Books of your Company will remain closed from Tuesday, 21<sup>st</sup> Day of June, to Tuesday, 28<sup>th</sup> day of June, 2011, both days inclusive, for the purpose of annual general meeting and payment of dividend declared.

## DATE OF DIVIDEND PAYMENT

The payment of dividend, upon declaration by the shareholders at the forthcoming Annual General Meeting, will be made on or before 28<sup>th</sup> day of July, 2011.

- To all those beneficial owners holding shares in electronic form, as per the ownership data made available to your Company by National Securities Depository Services Limited [NSDL] and /or Central Depository Services [India] Limited [CDSL] as of the end-of-the-day on 20<sup>th</sup> day of June, 2011 and.
- To all those shareholders holding shares in physical form, after giving effect to all the valid share transfers lodge with your Company on or before the closing hours on 20<sup>th</sup> day of June, 2011.

## LISTING ON STOCK EXCHANGES

Your Company's securities are listed on the following stock exchanges:-

Equity Shares	Global Depository Receipts (GDRs)	Foreign Currency Convertible Bonds (FCCBs)
Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001	Luxembourg Stock Exchange Société de la Bourse de Luxembourg S.A. B.P. 165, L 2011 - Luxembourg.	Singapore Exchange. 2, Shentonway # 19 00 - SGX Centre 1 Singapore 068804
National Stock Exchange of India Ltd. Exchange Plaza, Plot no. C/1, G Block, Bandra Kurla Complex, Bandra (E) Mumbai 400 051.		

The Company has paid the annual listing fees for the year 2011-12 to BSE and NSE.

The Company has paid custodial fees for the year 2011-12 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), on the basis of number of beneficial accounts maintained by them as on 31<sup>st</sup> March, 2011

## STOCK CODE:

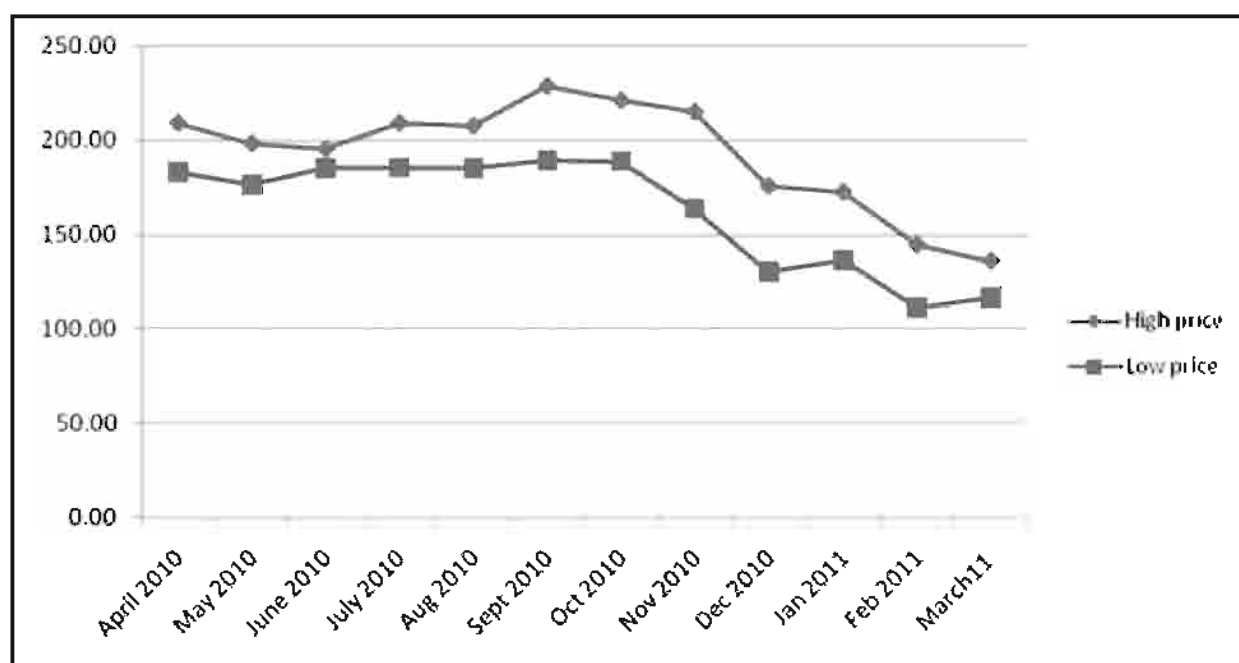
Stock Exchange	Code
Bombay Stock Exchange Limited	532494
National Stock Exchange of India Ltd	MICROTECH
ISIN number for equity shares	INE358B01012

## STOCK MARKET DATA

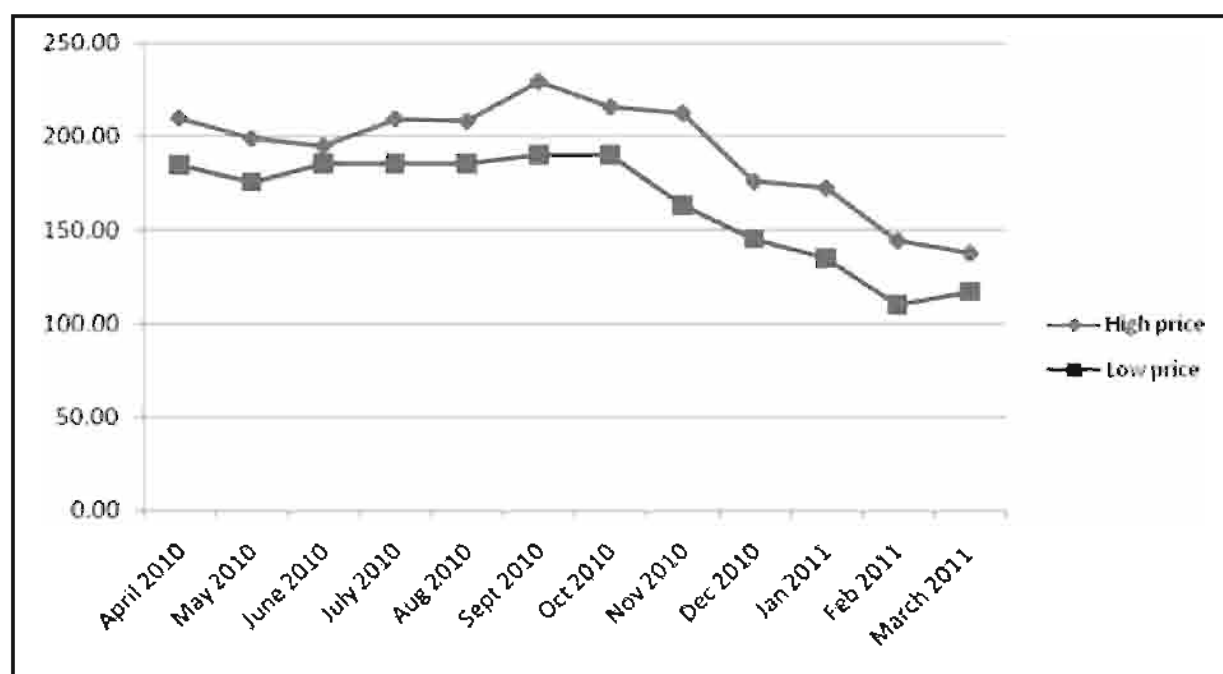
Monthly	Bombay Stock Exchange (BSE)		National Stock Exchange (NSE)	
	High price	Low price	High price	Low price
April 2010	209.00	182.65	210.00	184.60
May 2010	198.25	176.10	199.00	175.50
June 2010	195.25	185.00	195.85	185.20
July 2010	209.10	185.15	209.50	185.00
Aug 2010	207.50	185.00	208.20	185.40
Sept 2010	228.60	189.05	229.50	189.20
Oct 2010	221.00	188.55	216.00	190.00
Nov 2010	214.95	163.55	212.70	163.05
Dec 2010	175.60	129.90	176.00	145.30
Jan 2011	172.50	136.05	172.50	135.05
Feb 2011	144.60	111.00	144.25	110.10
March 11	135.90	116.50	137.50	117.00



## SHARE PRICE ON BSE



## SHARE PRICE ON NSE



## REGISTRAR & SHARE TRANSFER AGENTS

M/s Link Intime India Private Limited  
 C/13, Panalal Silk Mills Compound  
 L B S Marg, Bhandup (W), Mumbai – 400 078  
 Tel No : (022) 25963838 Fax No : (022) 25962691  
 Email: [isrl@intimespectrum.com](mailto:isrl@intimespectrum.com)

The M/s Link Intime India Private Limited is the Registrar and Share Transfer Agent of M/s Micro Technologies India Limited. All work relating to physical transfer, transmission, splitting of share certificates, dematerialisation and rematerialisation is done by the Registrar and Share Transfer Agent.

**DISTRIBUTION OF SHAREHOLDING**

The pattern of shareholdings among various categories as on 31<sup>st</sup> March 2011 is as under:-

SHARES OF NOMINAL VALUE OF	SHAREHOLDERS		SHARE AMOUNT (IN RS.)	% OF EQUITY
	NUMBER	%		
1 -- 5000	12748	89.05	15216130	10.93
5001 -- 10000	821	5.74	6589180	4.73
10001 -- 20000	351	2.45	5302620	3.81
20001 -- 30000	128	0.89	3346590	2.40
30001 -- 40000	66	0.46	2360620	1.70
40001 -- 50000	57	0.40	2668430	1.92
50001 -- 100000	82	0.57	5693180	4.09
100001 -- *****	62	0.43	98019590	70.42
<b>Total:</b>	<b>14315</b>	<b>100.00</b>	<b>139196340</b>	<b>100.00</b>

**SHAREHOLDING PATTERN AS ON MARCH 31, 2011.**

Code	Category	No of shares held	% of Holding
<b>A</b>	<b>PROMOTERS HOLDING</b>		
	<b>Indian Promoters</b>		
	Individuals	3165837	22.75
	Corporate Bodies	1592345	11.44
	<b>Sub -Total</b>	<b>4758182</b>	<b>34.19</b>
<b>B</b>	<b>NON PROMOTER HOLDING INSTITUTIONAL INVESTORS</b>		
	Mutual Funds/UTI (Incl. Foreign Mutual Funds)	0	0
	FIs	153850	1.10
	<b>Sub -Total</b>	<b>153850</b>	<b>1.10</b>
<b>C</b>	<b>OTHERS</b>		
	Bodies Corporate	4411594	31.69
	Public	3956423	28.42
	NRIs	244379	1.75
	GDRs	3900	0.03
	Others	391306	2.82
	<b>Sub -Total</b>	<b>9007602</b>	<b>64.71</b>
<b>GRAND TOTAL (A+B+C)</b>		<b>13919634</b>	<b>100.00</b>

## **SHARE TRANSFER SYSTEM AND THE SCHEME OF TRANSFER-CUM-DEMAT**

Share transfers received by your Company are registered within 15 days from the date of receipt, provided the documents are complete in all respects. As stipulated, an intimation in the form of an 'option letter' is sent to the purchaser / transferee upon completion of the process of registration of transfer of shares. A shareholder who wishes to exercise the option of direct dematerialisation of shares without taking the physical delivery can send the demat request form as well as the option letter, duly signed and authenticated by the depository participant simultaneously generating the electronic request within 30 days of the date of option letter. If this procedure is not followed within the prescribed time, your Company will proceed to dispatch the share certificates, duly endorsed in favour of the purchaser / transferee.

## **DEMATERIALISATION OF SHARES**

99.76% of your Company's paid up Equity Share Capital has been dematerialized up to March 31, 2011. Trading in Equity Shares of your Company is permitted only in dematerialized form as per notification issued by SEBI.

## **OUTSTANDING GDRS:**

Outstanding GDRS as on March 31, 2011 represent 3900 shares constituting 0.0355% of the paid up Equity share capital of your Company.

## **OUTSTANDING FCCBS:**

The number of FCCBs outstanding as on March 31, 2011 are 120.

## **ADDRESS FOR CORRESPONDENCE**

Investors and shareholders can correspond with the registered office of your Company at the following address:

Micro Technologies (India) Limited  
46-C, Electronic Sadan No-1,  
MIDC, TTC Industrial Area, Mahape,  
Navi Mumbai – 400705

Email: [investors@microtechnologies.net](mailto:investors@microtechnologies.net)  
website: [www.microtechnologies.net](http://www.microtechnologies.net)

## **REPORT ON CORPORATE GOVERNANCE**

This chapter, read together with the information given in the chapters entitled Management Discussion and Analysis and Shareholder Information, constitute a detailed compliance report on Corporate Governance during 2010-11.

## **AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

Your Company has obtained the certificate from the auditors of your Company regarding compliance with the provisions relating to corporate governance laid down in clause 49 of the Listing Agreement with the stock exchanges. This report is annexed to the Directors' Report for the year 2010-11. This certificate will be sent to the stock exchanges, along with the annual return to be filed by your Company.

## **GO-GREEN INITIATIVE**

The Ministry of Corporate Affairs, New Delhi ("MCA") has undertaken a "Green Initiative" in the field of Corporate Governance by permitting paperless compliances by companies (vide its Circular No. 17/2011 dated April 21, 2011 and Circular No.18/2011 dated April 29, 2011). Further the Ministry has also clarified that the service of documents by a company can be made through electronic mode instead of sending the physical copy of the document(s). In pursuance of the same, we take immense pleasure in informing you that your Company has, starting from this year, initiated this Go-Green Programme by sending the soft copies of Annual Reports to the shareholders who have already registered their email addresses with the Company's R&TA – Link Intime. Further with a view to encourage the same further, we request you to kindly register your email addresses with Link Intime for receiving soft copies of the Annual Report instead of the printed copy.

## OTHER INFORMATION

### Share Capital history since 1992

Security Description	Date of Allotment	No Of Shares	Nominal Value	Premium
Subscribers to the memorandum	16-Sep -92	20	10.00	0.00
Additional Shares	8-May -96	480,000	10.00	0.00
Additional Shares	5-Dec -98	2,140,000	10.00	0.00
Bonus Issue (1:7)	5-Dec -99	374,270	10.00	0.00
Additional Shares	5-Jan -00	5,710	10.00	0.00
Private Placement	22-Feb -00	745,000	10.00	50.00
Private Placement	3-Mar -00	380,000	10.00	50.00
Public Issue	29-May -00	1,360,700	10.00	50.00
Forfeited Shares	1-Oct -02	(39,100)	10.00	0.00
Private Placement	12-Jan -05	2,325,000	10.00	56.00
Conversion of Warrants	31-Mar -05	400,000	10.00	56.00
Issue of shares underlying GDR	7-Dec -05	1,500,000	10.00	247.00
Conversion of Warrants	31-Mar -06	400,000	10.00	56.00
Conversion of Warrants	12-Jul -06	428,400	10.00	56.00
Preferential allotment of equity shares	20-Jul -07	250,000	10.00	240.40
Conversion of Warrants	31-Mar -08	200,000	10.00	240.40
conversion of FCCBs	24-May -08	26,549	10.00	293.89
Conversion of Warrants	30-Mar -10	1,840,000	10.00	128.29
Conversion of	21-May -10	80,551	10.00	240.40
Conversion of FCCBs	6-Aug -10	209,432	10.00	240.40
Conversion of FCCBs	21-Aug -10	161,102	10.00	240.40
Conversion of Warrants	22-Sep -10	552,000	10.00	128.29
Conversion of warrants	15-Oct -10	100,000	10.00	128.29
<b>Total</b>		<b>13,919,634</b>		

**CEO/CFO CERTIFICATION UNDER CLAUSE 49(V) OF THE LISTING AGREEMENT:**

**To,  
The Board of Directors,  
Micro Technologies (India) Limited  
Navi Mumbai**

We, Ganapathy V, CEO and Milind Mehta, CFO of Micro Technologies (India) Limited, ("Company") hereby certify that:

- (a) We have reviewed financial statements and the cash flow statement of the company for the year ended 31<sup>st</sup> March, 2011 and that to the best of my knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or 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.
- (b) There are, to the best of my knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and to the Audit committee
  - (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 I 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.

**Ganapathy V  
Chief Executive Officer**

**Milind Mehta  
Chief Financial Officer**

**Place: Navi Mumbai**

**Date: 24<sup>th</sup> May, 2011**

**Declaration under Clause 49 (I) (d) (ii) of the Listing Agreement** We, Ganapathy V, CEO and Milind Mehta, CFO of Micro Technologies (India) Limited, to the best of our knowledge and belief, declare that all the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company for the year ended March 31, 2011.

**Ganapathy V  
Chief Executive Officer**

**Milind Mehta  
Chief Financial Officer**

## **CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

To  
The Members  
Micro Technologies (India) Limited,  
46-C, Electronic Sadan No.1,  
Mahape,  
Navi Mumbai 400705

We have examined the Compliance of conditions of Corporate Governance by Micro Technologies (India) Limited for the year ended 31st March, 2011, as stipulated in Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination as carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing agreement) issued by the Institute of Chartered Accountants of India and was limited to review the procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on 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. In our opinion and to the best of our information and according to the explanations given to us, the company has complied with the conditions of Corporate Governance, as stipulated in Clause 49 of the above mentioned Listing Agreements.

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

**For Makarand M. Joshi & Co  
Company Secretaries**

**Sd/-  
Makarand Joshi  
Partner  
Membership No – 5533**

**Navi Mumbai  
Date: 24<sup>th</sup> May, 2011**

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956  
RELATING TO SUBSIDIARY COMPANIES**

<b>PARTICULARS</b>	<b>MICRO SECURE SOLUTIONS LIMITED</b>	<b>MICRO RETAIL LIMITED</b>
Financial year of the Subsidiary ended on	31.03.2011	31.03.2011
Date from which they became Subsidiary	25.10.2007	10.01.2008
<b>Share of the subsidiary held by the company as on 31st March, 2011</b>		
a) Number & face value	8020000	8150000
b) Extent of holding(%)	97.19%	99.96%
<b>The net aggregate amount of the subsidiary companies Profit/(loss) so far as it concerns the member of the holding company</b>		
<b>a) Not dealt with in the holding company's accounts</b>		
i) For the financial year ended 31st March, 2011	195987572.16	136116199.73
ii) Upto the previous financial years of the subsidiary company	145778816.77	110987220.95
<b>b) Dealt with in the holding company's accounts</b>		
i) For the financial year ended 31st March, 2011	NIL	NIL
(ii) For the previous financial year of the subsidiary company since they become the holding company's subsidiaries	NIL	NIL

*(Note: the Company has passed a Board Resolution authorizing the Company for not attaching the accounts of the subsidiaries u/s 212 of the Companies Act. A detailed note on the same is given in the Directors' Report)*

**Sd/-  
Dr. P. Sekhar  
Chairman and Managing Director**

**Sd/-  
Ms Jayanthi S.  
Executive Director**

**INFORMATION ON SUBSIDIARIES OF THE COMPANY:****(As required by the Central Government of India pursuant to Section 212 of the Companies Act, 1956)****MICRO SECURE SOLUTIONS LIMITED**

<b>Sr. No.</b>	<b>Particulars</b>	<b>As on March 31, 2011</b>	<b>As on March 31, 2010</b>
1	Share Capital	82527780	82500000
2	Reserves	483424552	290171642
3	Total Assets	762537099	421655989
4	Total Liabilities	762537099	421655989
5	Details of Investment (except in case of investment in the subsidiaries)	50000	Nil
6	Turnover	1412801080	1079975316
7	Profit before taxation	267312929	184313648
8	Provision for taxation	65658878	33979713
9	Profit after taxation	201654051	150333935
10	Proposed Dividend	8252778	8250000

**MICRO RETAIL LIMITED**

<b>Sr. No.</b>	<b>Particulars</b>	<b>As on March 31, 2011</b>	<b>As on March 31, 2010</b>
1	Share Capital	81522730	81500000
2	Reserves	366766254	234121298
3	Total Assets	540560726	315645025
4	Total Liabilities	540560726	315645025
5	Details of Investment (except in case of investment in the subsidiaries)	Nil	Nil
6	Turnover	1502829946	1054967524
7	Profit before taxation	175054373	138175986
8	Provision for taxation	38883705	25108320
9	Profit after taxation	136170668	113067666
10	Proposed Dividend	4076137	4075000



## DIRECTOR'S REPORT

Dear Shareholders,

Your Directors are pleased to present the Nineteenth Annual Report and the audited accounts for the financial year ended March 31, 2011.

### FINANCIAL RESULTS

The financial performance of your Company for the financial year ended March 31, 2011 is summarized below:

(Amount in Million Rupees)

Particulars	Standalone 2010-2011	Standalone 2009-2010	Consolidated
Turnover-Sales & Other Incomes	3759.81	3126.17	6015.93
Operating Profit	1267.64	1263.55	1773.93
less: Depreciation & Interest	670.14	469.04	734.06
Profit before Tax(PBT)	597.5	794.51	1039.87
Provision for Tax-Current year	129.09	141.50	223.75
Provision for Tax-Deferred tax	25.83	16.63	34.26
Income Tax for earlier years	1.15	0.00	2.60
Net profit before Minority Interest	441.43	636.38	779.26
Less: Minority Interest	0	0	2.76
Net Profit after Minority Interest	441.43	636.38	776.5
balance of Profit from previous year	2194.71	1636.23	2536.18
Amount Available for Appropriation	2636.14	2272.61	3312.67
Transferred to General Reserve	33.11	47.73	38.15
Proposed Dividend	27.84	25.79	40.17
Dividend Tax	4.62	4.38	6.67
Balance Carried to balance Sheet	2570.57	2194.71	3227.68

(\* Figures are rounded off to the nearest decimal)

## REVIEW OF PERFORMANCE

You would be pleased to note that your Company has achieved significant growth during the last financial year.

On a standalone basis, your Company achieved Total Income of Rs. 3759.80 million during the year under report as against Rs. 3126.17 million during the previous year, representing an increase of 20.19%. The Net Profit After Tax stood at Rs. 441.43 million compared to Rs. 636.38 million in the previous year.

On a consolidated basis, your Company achieved Total Income of Rs. 6015.92 million during the year under the report and Net Profit After Tax stood at Rs. 776.49 million.

Overall, 2010-11 has been a very satisfying year. Your Company emerged stronger out of the global economic downturn as it stayed close to its customers and helped them in the recovery process. The Company was aggressive in its quest for new contracts, executed on its full services strategy and maintained pricing discipline. This helped to deliver 20.19% revenue growth for the year along with overall performance.

## DIVIDEND

Your Directors have recommended a dividend of Rs. 2 per Equity Share @ 20% of the Equity share capital (last year Rs. 2 per Equity Share @ 20%) for the financial year ended March 31st, 2011 subject to approval by shareholders at the ensuing Annual General Meeting. The dividend will be paid to members whose names appear in the Register of Members as on June, 2011; in respect of shares held in dematerialized form, it will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.

The dividend pay out for the year under review has been formulated, keeping in view your Company's need for capital for its growth plans and the intent to finance such plans through internal accruals to the maximum.

## DEPOSITS

Your Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975 made thereunder.

## SUBSIDIARIES

Your Company has two subsidiaries viz; Micro Secure Solutions Limited and Micro Retail Limited incorporated in the year 2007 and 2008 respectively. Your Company holds more than 95% of the total equity share capital of these companies.

Further, in view of Company's increased presence in Australia, your Company has incorporated a Pty Ltd Company in the Country of Australia by the name of Micro Technologies limited. Your Company holds a 45% stake in the equity of this Company. The operations of this company are remotely controlled by Mr. Aditya S. the Chief Strategic Officer and a Director in this Australian Company.

Further, your Company has incorporated in the month of April 2011, a new Wholly owned Subsidiary and a branch office in the tax free zone of Ras-Al-Khaimah in Dubai for better control and administration of the huge market potential in the country of Dubai.

You would be further pleased to note that Your Company has very successfully launched the International Command Control centre at its Mahape Office, Navi Mumbai. We plan to aggressively market the relatively new concept Not only in the entire country but even have a good hold and brand name in the International Market. This centre has been set up through a joint venture company formed with 50-50 partnership with the Israeli Company M/s Hash Security Group.

## DIRECTORS

Mr. Vinayak Hajare and Mr. Vijay Bhatia who have been associated with the Company since the past few years, have resigned from the Board on May 21, 2010 and February 5, 2011 respectively. The Board appreciates the contribution made by them during their tenure as director of the Company. Mr Mukund Gupta has been designated as an Executive Director (\*) with effect from 1<sup>st</sup> of April 2011. Dr. R.S Deshmukh and Prof. Paul Coleman who retires by rotation and being eligible offers themselves for reappointment at this ensuing Annual General Meeting. Your directors recommend their re-appointment.

A brief write-up on the directors seeking re-appointment on account of retirement by rotation and regularization has been given in this Annual Report under the heading 'Corporate Governance'.

(\*)This is designated role but not enrolled on Board of Directorship

## **MATERIAL CHANGES AND COMMITMENTS DURING THE YEAR:**

### **1. Conversion of warrants:**

On September 22, 2010, 5,52,000 equity shares and on 15th October 2010, 1,00,000 equity shares were allotted to promoter group upon exercise of right of conversion of share warrants at a price of Rs. 138.29/-

### **2. Conversion of Foreign Currency Convertible Bonds (FCCB)**

On May 21 2010, 80,551 equity shares were allotted pursuant to conversion of 5 bonds of FCCB, On August 6, 2010, 209,432 equity shares were allotted pursuant to conversion of 13 bonds of FCCB and on August 21, 2010, 161,102 equity shares were allotted pursuant to conversion of 10 bonds of FCCB of USD 100000/- each.

### **3. Capital Work-in-Progress (CWIP)**

Capital Work-in-Progress (CWIP) includes both tangible and intangible assets including Advances and payments of Rs. 93.79 Cr. The part of the project is the purchase of a land worth Rs.25 Cr for future expansion. The Expenditure incurred are Preliminary in nature and the same would be capitalized after establishing the commercial viability of the project and would be allocated project wise). They include preliminary environmental monitoring and engineering work, costs associated with planning approval process for the land development and material purchase. The Directors are of the opinion that the proposed land development will be financed and that it is probable that the project will proceed to completion. If the project were not probable, this would involve the expensing of a substantial proportion of the Rs. 25 Cr included in capital work in progress at 31 March 2011 through the profit and loss. The part of the CWIP worth Rs.68.79 Cr. involves proceedings towards development of modules to be made into the future products as per the ongoing projects.

The Directors have considered the probability of the project proceeding by assessing the commercial viability of the project, the expectation of obtaining finance and the requirements of the regulatory processes

Some facilities / assets do remain idle for some time due to technical or economical reason. Sometimes it requires considerable time to bring the assets for its intended use. However, Idle assets no longer required, are expensed after proper scrutiny at the year end.

### **4. Loan and Advances**

Your company has targeted high growth sectors such as infrastructure & logistics, Oil and Gas, telecommunication, education, rural Informatics, for this we have developed and enhanced our product line, Considering the pipeline of good business opportunity and for the brand promotion, we have given Rs.80.71 Cr in this year as Advance to Supplier for Critical Equipments and Components which are required for the integration of the Products. Also your company has given Rs. 10 Cr as Advance for Marketing and Brand Promotion to HT Media considering its plan to penetrate the Indian and international Market.

We have a Strong Relationship with our Suppliers and also hope to create same relationship in new marketplace over wide geographies.

No individual loan or advance has terms and conditions that materially affect the amount, timing or certainty of the consolidated cash flows of the Group.

Directors believe in same philosophy of mutual understanding and support to conquer the market together. They believe in equal growth of company, Investors and Partners (Supplier, Franchisee) together. None should be felt left behind. We believe in idea of growing as a family rather individually.

### **5. Human Resources Development**

Your company's human resource strategies and practices are designed to ensure that they integrate with and support the corporate business strategies of your Company. The Board wishes to place on record its appreciation of the contribution made by all employees in ensuring high level of performance and growth during the year.

### **6. Extraordinary General Meeting**

Your Company has not convened any Extra-ordinary General Meeting during this period from the last AGM.

## **7. Postal Ballot**

Your Company has convened Postal Ballot for issue of compulsorily convertible debentures and the result for the same was declared on 28<sup>th</sup> January 2011.

## **8. Delisting/Fresh listing of Securities**

The shares of your company will continue to be listed on The Stock Exchange, Mumbai (BSE) and The National Stock exchange (NSE), which has nation-wide trading terminals and, therefore, provides full liquidity to the investors.

The Global Depository Receipts (GDRs) issued by your Company during the year are listed with Luxembourg Stock Exchange, (LSE), Foreign Currency Convertible Bonds (FCCB's) issued by your Company are listed with Singapore Stock Exchange, (SGX).

The details regarding Conversion of FCCB to be mentioned

## **9. Directors' Responsibility Statement**

As required by sub-section (2AA) of Section 217 of the Companies Act, 1956, the Directors state:

- (a) That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) That the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit or loss of your Company for the period;
- (c) That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities; and
- (d) That the directors had prepared the annual accounts on a going concern basis.

## **10. Consolidated Financial Statements**

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements read with Accounting Standard AS-23 on Accounting for Investments in Associates, the audited Consolidated Financial Statements are provided in the Annual Report.

## **PARTICULARS UNDER SECTION 212 OF THE COMPANIES ACT**

As per Section 212 (8) of the Companies Act, 1956, The Company vide a Board Resolution passed on 24th March, 2011 has been exempted attach the Directors' Report, Balance Sheet and Profit and Loss Account of our subsidiaries such as an attachment as however we present the audited Consolidated Financial statements in the Annual Report. Accordingly, the Annual Report does not contain the financial statements of these subsidiaries. We will make available the audited annual accounts and related information of subsidiaries, where applicable, upon request by any of our investors, these documents will also be available for inspection during business hours at our Registered Office in Mahape, Navi Mumbai, Maharashtra and also at the Registered Office of the subsidiaries in Andheri, Mumbai Maharashtra.

## **CORPORATE GOVERNANCE**

Your Company is committed to maintain the highest standards of Corporate Governance. The Directors adhere to the requirements set out by the Securities and Exchange Board of India's and the Stock Exchange's Corporate Governance practices and have implemented all the stipulations prescribed. Your Company has implemented several best corporate governance practices as prevalent globally. The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report.

The Company has engaged M/s Makarand M. Joshi & Co, a Practising Company Secretaries Firm, based in Navi Mumbai to render advisory services and supervise the over all statutory compliances and adherence to corporate laws within the secretarial function of the Company. They have had a rich and varied experience of past eleven years in the areas of Statutory compliance services, Consultancy and services in aspects of Merger & acquisitions, takeover and joint ventures, due-diligence audit, public issue/private placement consultancy etc.

Further the Company has also engaged the world renowned Legal Consultants – LEGASIS, which stands for Legal Systems and Integrated Solutions. Legasis is a process driven organization and stands apart from other LPO companies because of its distinctive IT-enabled legal support services Legasis' core strength is in its ability to deliver value to law firms and corporate counsel by leveraging the industry expertise and legal framework. They provide the following services: Legal Research, Document Review, Contract Management, Legal & Regulatory Compliance Management,

Due Diligence Support, IPR Support Services, Litigation Support, Document Management and Corporate Secretary Services.

The company has engaged **Ernst & Young Pvt. Ltd.** w.e.f. Feb 2011, as an advisor on key identified indirect tax related matters.

#### **AUDITORS**

The Auditors, M/s. K.M.Gupta & Co., Chartered Accountants, Navi Mumbai have expressed their willingness for re-appointment as auditors of your Company at the ensuing Annual General Meeting. A certificate from M/s K.M. Gupta & Co., Chartered Accountants, Mumbai has also been received to the effect that their appointment, if made, would be within the limits as prescribed under Section 224(1B) of the Companies Act, 1956.

The board recommends appointment of M/s. K.M. Gupta & Co. as auditors.

K. M. Gupta & Co. is a medium sized C.A. firm in the field of Audit and Taxation for more than 34 years. The firm has a grueling, hardcore and penetrating experience in the areas of Accounting, Internal Audit, Management Audit, Statutory Audit, Company law matters, Taxation – (Direct & Indirect). The firm has well qualified, well trained and highly motivated man power.

#### **ACKNOWLEDGMENTS**

Your Directors wish to express their appreciation of the continued co-operation and support of the Central and State Governments, Bankers, Financial Institutions, Customers, Dealers, Suppliers, Consultants and all the shareholders. The Directors also acknowledge and wish to thank for the hard work, dedication and commitment to all the employees.

For and on behalf of the Board of Directors

**Sd/-**  
**Dr. P. Sekhar**  
**Chairman & Managing Director**

**Sd/-**  
**Ms Jayanthi S.**  
**Executive Director**

**Place : Navi Mumbai**  
**Date : 24th May 2011**

## **ANNEXURE TO THE DIRECTORS' REPORT**

Particulars as prescribed under section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of continued Particulars in the Report of Board of Directors) Rules, 1988:

### **Conservation of energy and Foreign exchange earnings and outgo:**

The operations of your company are not energy intensive. Your Company evaluates on an ongoing basis new Technologies and Techniques to make infrastructure more energy efficient. Investments are made on a continuous basis to reduce energy consumption.

The information on foreign exchange earnings and outgo are contained in the notes to the accounts in schedule R. Your Company continues to strive to improve its export earnings.

### **Development, Technology absorption, Adaptation and Innovation 5<sup>th</sup> February 2011**

Your Company has continually invested into efforts for developing technologies and products for affordable and high end security products. A number of products that were IT enabled security and messaging focused, was introduced during the year and has been actively accepted by the global market. Your company has also partnered with the local governments and corporate in developing products that addressed specific local needs.

#### **Specific Areas in which Product Development is carried out by the Company**

- a. Security Group which focuses on developing latest products oriented towards security business. The products include Fuel Monitoring system for consumption and usage of fuels in vehicle to Rs 11.5 Cr, ATM Security for ATM monitoring and remotely controlling of electrical equipments amounting to Rs.15. Cr. An investment of Rs 15 Cr on product development related to Australia specifically Lost Note Book Tracking System and Fleet Monitoring System. Additional 7 Cr where invested into development of Street Light Control System. Investment of 11 Cr on development of product to efficiently monitor of Electricity Distribution points. Additional investment of 10 Cr was done for combination of BTS vertical combined with sales territory management. These products incorporate the state of the art technologies and also are built to perform under the rigorous conditions of extreme Indian and foreign environments as certified by various testing laboratories such as ERTL (Electronic Research Testing Laboratories), ARAI (Automotive Research Agency India), and CCOE (Chief Controller of Explosives) etc.
- b. Messaging group which focuses on developing latest products oriented towards messaging business. The investments are predominantly done on mobile based solutions Mobile Control System (Admin) 6.5 Cr, Swoosh or Friend Finder Rs. 3 Cr for enhancing social engagement, Lets Go Together an application majorly developed to derive benefit on car pooling for the Australian market was invested to the tune of 10 Cr.

#### **Benefits Derived From Product Development**

As a result of the Company's Product Development activities, it has been able to retain its technological leadership, achieve cost reduction and retain customer acceptance despite working capital constraints. Improving export business with development of customer specific OTC (Over the Counter) Products. Your Company has achieved a brand image in customer's perception as an innovative and Research oriented company.

#### **Future Plan of Action**

In line with the Product Development road map and to put the Division on a fast track, Micro Technology has entered into agreements with a number of global technology companies in order to bring latest & appropriate technologies. These products will drive the cost of security down by promoting mass multiplication.

Expansion of company's business based on product development in Israel and Australian market.

Your Company has entered into a licensing agreement with Kobian PTE Ltd in Singapore for development and upgradation of technological products for International projects related to Asia and South East Asia.

To develop & encourage indigenous technology as a part of our cost effective product development strategy. Our endeavor is to emphasize more on R& D to maintain our design superiority. Further investment in Development will be planned as and when needed.

**Product Development Investments**

Development Investments categorized under various research and development activities during the year amounted to Rs. 88.53 Cr, which is 23.46 % of the turnover.

Director believe that the technological development undertaken shall yield commercial results over 6 useful lives hence has been depreciated over six useful lives of the software modules. We estimate the useful life of our capitalized software and amortize the value over that estimated life. If the actual useful life is shorter than our estimated useful life, we will amortize the remaining book value over the remaining useful life or the asset may be deemed to be impaired and, accordingly, a write-down of the value of the asset may be required.

The Directors have considered the probability of the project proceeding by assessing the commercial viability of the project, the expectation of obtaining finance and the requirements of the regulatory processes

**Fixed Asset Valuation:**

During the year under review, your company has upgraded the technologies and accordingly procured the latest new / upgraded version. It has aided your company to upgrade the product versions and also to develop new product lines enabling it to increase its market penetration. Furthermore, your company has increased / improved the economic valuation, through vertical integration of modules enabling an efficient turnaround time of newer product technologies. Considering the optimum maximum utilization of its assets and to keep the technology upgraded, certain depreciable assets have been replaced and restructured with better and newer technologies to rip off higher economic benefits and quicker commercial results.

To match with these new and improved versions of technology, your company has restructured its uneconomical assets by replacing it with economical one.

**Particulars of Employees**

The information required under provisions of sub-section (2A) of Section 217 of the Companies Act, 1956 read with Companies (Disclosures Of Particulars In The Report Of Board of Directors) Rules, 1988 and, forming part of the reports annexed hereto.

Employees employed throughout the financial year and in receipt of the remuneration exceeding Rs.24,00,000/- p.a. Maharashtra and also at the Registered Office of the subsidiaries in Andheri, Mumbai Maharashtra.

Sr. No	Name, Qualifications and Age (in Years)	Designation/ Nature of Duties	Remuneration received (Rs.) During year ended 31.03.11		Date of Commencement of Employment	Last Employment
			Gross	Net		
1	Dr. P. Sekhar Bachelor and Masters Degree in Science and a PhD in Solid State Electronics and Nuclear Physics. (Chairman & Managing Director) 57 years	Chairman and Managing Director	60,98,400	44,51,542	From Incorporation	Director of 1st Software Technology Park
2	Mrs. Jayanthi S. Master Degree in Economics (Executive Director) 50 years	Executive Director	30,49,200	23,47,636	From Incorporation	NA

For and on behalf of the Board of Directors

Sd/-

**Dr. P. Sekhar**  
Chairman & Managing Director

Sd/-

**Ms Jayanthi S**  
Executive Director

Place : Navi Mumbai.

Date :24<sup>th</sup> May, 2011

## AUDITORS' REPORT

### To the Members

#### MICRO TECHNOLOGIES (INDIA) LIMITED

1. We have audited the attached Balance Sheet of **MICRO TECHNOLOGIES (INDIA) LIMITED** ("the Company") as at **31st March, 2011**, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, 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 purposes 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - e) On the basis of written representations received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956;
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said account read together with Significant Accounting Policies and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011
    - ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date and
    - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For K M Gupta & Co**  
**Chartered Accountants**

**Kamal Agrawal**  
**Partner**  
**Membership No - 058748**  
**Firm Reg No. 309107E**

**Place: Navi Mumbai**  
**Dated: 24th May, 2011**



## **ANNEXURE TO THE AUDITORS' REPORT**

**Referred to in the paragraph 3 of our report of even date to the Members of Micro Technologies (India) Limited on the account for the year ended 31st March, 2011.**

1. In respect of its fixed assets:
  - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) The Fixed Assets have been physically verified by the management at reasonable intervals which in our opinion, is reasonable having regards to the size of the company. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of Account.
  - c) In our opinion and according to the information and explanations given to us, the Company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
2. In respect of inventories:
  - a) As explained to us, the inventories were physically verified during the year by the management at reasonable intervals.
  - b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and the discrepancies noticed on such physical verification between physical stock and book records were not material and have been adequately dealt with in the books of account.
3.
  - a) The company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. As the company has not granted any loans, secured or unsecured, to parties listed in the Register maintained under Section 301 of the Companies Act, 1956, paragraph (iii)(b), (c) and (d) of the Order, are not applicable.
  - b) The company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. As the company has not taken any loans, secured or unsecured, from parties listed in the Register maintained under Section 301 of the Companies Act, 1956, paragraphs (iii)(f) and (g) of the Order, are not applicable.
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 nature of its business with regard to purchases of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems:
5. In respect of particulars of contracts or arrangements and transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956:
  - a) To the best of our knowledge and belief and according to the information and explanations given to us, particulars of contracts or arrangements that needed to be entered into the register have been so entered.
  - b) In our opinion and according to the information and explanations given to us, having regards to the fact that the items purchased/sold, services rendered/received are of a special nature and suitable alternate sources do not exists for obtaining comparative quotation, the transactions made in pursuance of contracts or arrangements entered into the register in pursuance of section 301 of the Act and exceeding the value of Rupees Five Lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to the prices at which the transactions for similar goods/ services have been made with other parties.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of section 58A and 58AA of the Act and the rules frame there under.
7. In our opinion the internal audit functions carried out during the year was commensurate with the size of the company and nature of its business.
8. The Central Government has not prescribed maintenance of Cost Records under Section 209 (1) (d) of the Companies Act, 1956 in respect of the activities carried out by the Company.
9. According to the information and explanations given to us in respect of statutory and other dues:
  - a) The Company during the year have been generally regular in depositing with the appropriate authorities undisputed statutory dues, including Provident Fund, Employees State Insurance, Income Tax, Value Added Tax,

Central Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory **dues except for Advance Tax**

b) According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid, were in arrears, as at 31 March 2011., for a period of more than six months from the date they became payable.

10. The Company does not have any accumulated losses as at the end of the financial year and has not incurred cash losses during the current financial year and in the immediately preceding financial year.
11. Based on our audit procedures and on the basis of information and explanations given by management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and banks.
12. According to information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities and hence, the question of maintenance of adequate records for this purpose does not arise.
13. In our opinion and according to information and explanations given to us, the company is not a chit fund / nidhi / mutual benefit fund or society. Therefore the provisions of clause (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. In our opinion and according to the information and explanations give to us, the Company is not a dealer or trader in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the order are not applicable to the Company.
15. In our opinion, and according to the information and explanations give to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. To the best of our knowledge and belief and according to the information and explanations given to us in our opinion, term loans availed by the company were, prima facie, applied by the company during the year for the purpose for which the loans were obtained.
17. On the basis of an overall examination of the balance sheet of the company, in our opinion and according to the information and explanation given to us, there are no funds raised on short-term basis which have been used for long-term investments and vice versa.
18. The Company has made preferential allotment of shares/warrants to parties and companies covered in the register maintained u/s 301 of the Companies Act, 1956 during the year. In our opinion, prices at which shares have been issued is not prejudicial to the interest of the company.
19. According to the information and explanation given to us and records examined by us, the company has issued fully convertible debentures which would be converted into equity shares after the end of one year from the date of issue of debentures at the prevailing market price. As per the agreement entered with the debenture holders no security or charge in respect thereof is required to be created.
20. The company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the company, noticed or reported during the period, nor have we been informed of such case by the management.

**For K M Gupta & Co**  
**Chartered Accountants**

**Kamal Agrawal**  
**Partner**  
**Membership No - 058748**  
**Firm Reg.No. 309107E**

**Place: Navi Mumbai**  
**Dated: 24<sup>th</sup> May, 2011**

<b>MICRO TECHNOLOGIES (INDIA) LIMITED</b> <b>BALANCE SHEET AS AT 31ST MARCH, 2011</b>			
(Amount in Rupees)			
PARTICULARS	SCHEDULE	AS AT 31.03.2011	AS AT 31.03.2010
<b><u>SOURCES OF FUNDS</u></b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	A	139,196,340	128,165,490
Convertible Equity Share Warrants		14,105,580	36,646,850
Fully Convertible Debentures		200,000,000	-
Reserves & Surplus		4,064,897,641	3,463,541,459
<b>LOAN FUNDS</b>	B	<b>4,418,199,561</b>	<b>3,628,353,799</b>
Secured Loans	C	792,817,479	445,075,236
Unsecured Loans	D	1,082,583,273	989,406,210
		<b>1,875,400,752</b>	<b>1,434,481,446</b>
<b>DEFERRED TAX LIABILITIES</b>		<b>64,129,730</b>	<b>38,304,203</b>
<b>TOTAL</b>		<b>6,357,730,043</b>	<b>5,101,139,448</b>
<b><u>APPLICATION OF FUNDS</u></b>			
<b>FIXED ASSETS</b>	E		
Gross Block		2,794,904,966	2,760,066,867
Less : Depreciation & Amortisation		805,492,340	888,861,803
Net Block		1,989,412,626	1,871,205,064
Capital Work-in-Progress including Capital Advances		937,938,345	653,971,545
		<b>2,927,350,971</b>	<b>2,525,176,609</b>
<b>INVESTMENTS</b>	F	414,806,800	331,006,800
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	G	778,399,317	700,548,172
Sundry Debtors	H	1,479,780,774	1,166,589,620
Cash & Bank Balances	I	473,829,023	416,296,214
Loans & Advances	J	807,157,833	418,604,514
		<b>3,539,166,947</b>	<b>2,702,038,520</b>
<b>Less : CURRENT LIABILITIES AND PROVISIONS</b>			
Current Liabilities	K	442,086,392	313,753,830
Provisions	L	81,508,283	143,328,651
		<b>523,594,675</b>	<b>457,082,481</b>
<b>NET CURRENT ASSETS</b>		<b>3,015,572,272</b>	<b>2,244,956,039</b>
<b>TOTAL</b>		<b>6,357,730,043</b>	<b>5,101,139,448</b>
<b>Significant Accounting Policies and Notes to Accounts</b>	R		

As per our Audit Report of even date attached

**For K M Gupta & Co**  
Chartered Accountants

**KAMAL AGRAWAL**  
Partner  
Membership No. 058748  
Firm Reg.No. 309107E

Navi Mumbai, 24<sup>th</sup> May, 2011

**Ms SUDIPTA V.**  
Company Secretary

For and on behalf of the Board

**Dr.PSEKHAR**  
Chairman & Managing Director

**Ms JAYANTHI S.**  
Executive Director

<b>MICRO TECHNOLOGIES (INDIA) LIMITED</b> <b>PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011</b> (Amount in Rupees)			
<b>PARTICULARS</b>	<b>SCHEDULE</b>	<b>YEAR ENDED 31.03.2011</b>	<b>YEAR ENDED 31.03.2010</b>
<b>INCOME</b>			
Income from Operations	M	3,742,929,121	3,102,240,613
Other Income	N	16,878,964	23,934,207
		<b>3,759,808,085</b>	<b>3,126,174,820</b>
<b>EXPENDITURE</b>			
Cost of Sales		2,052,860,025	1,574,412,992
Personnel Cost		78,168,973	111,694,317
Administrative & Other Expenses	O	314,771,180	125,295,618
Selling & Distribution Expenses	P	46,367,106	51,226,376
		<b>2,492,167,284</b>	<b>1,862,629,303</b>
<b>Operating Profit before Interest, Depreciation and Tax</b>		1,267,640,801	1,263,545,517
Interest & Finance Charges	Q	152,812,452	85,348,498
Depreciation & Amortisation		517,326,822	383,690,520
<b>Profit before Taxation</b>		<b>597,501,527</b>	<b>794,506,499</b>
Provision for Taxation			
Current Tax		129,085,042	141,500,000
Deferred Tax		25,825,529	16,622,526
Income Tax for Earlier Years		1,157,983	-
<b>Profit after Taxation</b>		<b>441,432,973</b>	<b>636,383,973</b>
Balance in Profit & Loss Account brought forward		<b>2,194,707,655</b>	<b>1,636,230,404</b>
<b>BALANCE AVAILABLE FOR APPROPRIATION</b>		<b>2,636,140,628</b>	<b>2,272,614,377</b>
<b>Appropriations:</b>			
Proposed Dividend		27,839,268	25,794,200
Corporate Dividend Tax		4,623,754	4,383,724
Transferred to General Reserve		33,107,473	47,728,798
Surplus Carried to Balance Sheet		2,570,570,133	2,194,707,655
		<b>2,636,140,628</b>	<b>2,272,614,377</b>
<b>EARNINGS PER SHARE</b>			
Equity shares of par value Rs 10/- each			
Basic		32.81	57.92
Diluted		27.80	43.08
Number of Shares used in computing earning per share			
Basic		13,455,931	10,986,631
Diluted		15,954,850	14,832,087
<b>Significant Accounting Policies and Notes to Accounts</b>	R		

As per our Audit Report of even date attached

For and on behalf of the Board

**For K M Gupta & Co**  
Chartered Accountants

**Dr.PSEKHAR**  
Chairman & Managing Director

**KAMAL AGRAWAL**  
Partner  
Membership No. 058748  
Firm Reg.No. 309107E

Navi Mumbai, 24<sup>th</sup> May, 2011

**Ms SUDIPTA V.**  
Company Secretary

**Ms JAYANTHI S.**  
Executive Director

**MICRO TECHNOLOGIES (INDIA) LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011**  
(Amount in Rupees)

PARTICULARS		YEAR ENDED 31.03.2011		YEAR ENDED 31.03.2010	
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES :</b>				
	<b>Net Profit before Tax and Extraordinary Items</b>		597,501,527		794,506,499
	Adjustments for :				
	Depreciation & Amortisation	517,326,822		383,690,520	
	Loss on Discarding of Fixed Assets	249,794,521		-	
	Interest & Finance Charges Paid	152,812,452		85,348,498	
	Dividend Income	(12,000,340)		(8,000,490)	
	Provision for diminution in value of investments written back	-		(10,000,000)	
	Provision for Gratuity	1,088,579		4,000,000	
	Loss on Sale of Fixed Assets	-	909,022,034	322,724	455,361,252
	<b>Operating Profit Before Working Capital Changes</b>		<b>1,506,523,561</b>		<b>1,249,867,751</b>
	Adjustments For :				
	(Increase)/Decrease in Trade & Other Receivables	(313,191,153)		(184,609,113)	
	(Increase)/Decrease in Loans & Advances	(388,553,320)		(230,752,571)	
	(Increase)/Decrease in Inventories	(77,851,145)		(188,433,221)	
	Increase/(Decrease) in Trade Payables	128,203,613	(651,392,005)	76,161,395	(527,633,510)
	<b>Cash Generated from Operations</b>		<b>855,131,556</b>		<b>722,234,240</b>
	Income Tax Paid		195,437,069		105,463,642
	<b>Net Cash Flow from Operating Activities</b>		<b>659,694,487</b>		<b>616,770,598</b>
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES :</b>				
	Sales of Investment	-		10,500,000	
	Sale of Fixed Assets	-		358,000	
	Dividend Income	12,000,340		8,000,490	
	Purchase of Investment	(83,800,000)		(171,005,800)	
	Purchase of Fixed Assets	(1,169,295,705)	(1,241,095,365)	(1,107,320,253)	(1,259,467,563)
	<b>Net Cash Used in Investing Activities</b>		<b>(1,241,095,365)</b>		<b>(1,259,467,563)</b>
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES :</b>				
	Issue of Shares (Including Share Premium)	203,116,764		254,453,600	
	Issue of Share Warrant	(22,541,270)		36,646,850	
	Issue of Fully Convertible Debentures	200,000,000		-	
	Proceeds from long term/short term borrowings	441,219,620		497,051,237	
	Interest & Finance Charges Paid	(152,812,452)		(8,53,48,498)	
	Dividend Paid (Including Dividend Distribution Tax)	(30,048,975)	638,933,687	(12,635,373)	690,167,816
	<b>Net Cash Flow from Financing Activities</b>		<b>638,933,687</b>		<b>690,167,816</b>
	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<b>57,532,809</b>		<b>47,470,851</b>
	Cash & Cash Equivalents as at 1st April, 2010		416,296,214		368,825,363
	Cash & Cash Equivalents as at 31st March, 2011		473,829,023		416,296,214

As per our Audit Report of even date attached

For and on behalf of the Board

**For K M Gupta & Co**  
**Chartered Accountants**

**Dr.PSEKHAR**  
Chairman & Managing Director

**KAMAL AGRAWAL**  
**Partner**  
Membership No. 058748  
Firm Reg.No. 309107E

Navi Mumbai, 24<sup>th</sup> May, 2011

**Ms SUDIPTA V.**  
Company Secretary

**Ms JAYANTHI S.**  
Executive Director

<b>MICRO TECHNOLOGIES (INDIA) LIMITED</b> <b>SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2011</b> <b>(Amount in Rupees)</b>		
<b>PARTICULARS</b>	<b>AS AT 31.03.2011</b>	<b>AS AT 31.03.2010</b>
<b>SCHEDULE - A</b>		
<b><u>SHARE CAPITAL</u></b>		
<b>AUTHORISED:</b>		
2,50,00,000 Equity Shares of Rs 10/- each	250,000,000	250,000,000
	<b>250,000,000</b>	<b>250,000,000</b>
<b>ISSUED:</b>		
1,39,73,034 (PY:1,28,69,949) Equity Shares of Rs 10/- each	139,730,340	128,699,490
	<b>139,730,340</b>	<b>128,699,490</b>
<b>SUBSCRIBED:</b>		
1,39,58,734 (PY:1,28,55,649) Equity Shares of Rs. 10/- each	139,587,340	128,556,490
	<b>139,587,340</b>	<b>128,556,490</b>
<b>PAID UP:</b>		
1,39,19,634 (PY:12,816,549) Equity shares of Rs 10/- each Fully paid	139,196,340	128,165,490
	<b>139,196,340</b>	<b>128,165,490</b>
<b>SCHEDULE - B</b>		
<b><u>RESERVES &amp; SURPLUS</u></b>		
<b>Capital Reserve</b>		
Opening Balance	79,374,700	17,528,000
Add: Forfeiture of Share Warrants	-	61,651,200
Add: Forfeiture of Equity Share	-	195,500
Closing Balance	<b>79,374,700</b>	<b>79,374,700</b>
<b>Bond Redemption Reserve</b>		
Opening Balance	-	103,405,942
Less: Transferred to Share Premium Reserve	-	103,405,942
Closing Balance	-	-
<b>Share Premium Reserve</b>		
Opening Balance	999,730,307	660,270,765
Add: Received during the year	192,085,914	236,053,600
Add: Transferred From Bond Redemption Reserve	-	103,405,942
Closing Balance	<b>1,191,816,221</b>	<b>999,730,307</b>
<b>General Reserve</b>		
Opening Balance	189,728,798	142,000,000
Add: Transferred from Profit & Loss Account	33,407,789	47,728,798
Closing Balance	<b>223,136,587</b>	<b>189,728,798</b>
<b>Profit &amp; Loss Account</b>	<b>2,570,570,133</b>	<b>2,194,707,655</b>
	<b>4,064,897,641</b>	<b>3,463,541,459</b>

**(Amount in Rupees)**

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<b>MICRO TECHNOLOGIES (INDIA) LIMITED</b> <b>SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2011</b> <b>(Amount in Rupees)</b>		
	<b>AS AT</b> <b>31.03.2011</b>	<b>AS AT</b> <b>31.03.2010</b>
<b>SCHEDULE - F (Contd.)</b> <b>Others</b> 1,99,802 Equity Shares of Ocean Distributors Pvt Ltd of Rs 10/- each fully paid up  1,70,045 Equity Shares of Sommelier India Pvt Ltd of Rs 10/- each fully paid up  1,30,000 Equity Shares of Sun Automation Services Ltd of Rs 10/- each fully paid up	40,741,625  53,564,175  76,700,000  <b>414,806,800</b>	40,741,625  53,564,175  76,700,000  <b>331,006,800</b>
<b>SCHEDULE - G</b> <b><u>INVENTORIES</u></b> (As taken, valued and certified by the management at lower of cost or net realisable value) Finished Goods Work -In- Progress	 778,399,317 - <b>778,399,317</b>	 609,302,572 91,245,600 <b>700,548,172</b>
<b>SCHEDULE - H</b> <b><u>SUNDRY DEBTORS (Unsecured, Considered Good )</u></b> Outstanding for More than Six Months Others	245,809,049 1,233,971,725 <b>1,479,780,774</b>	85,616,169 1,080,973,451 <b>1,166,589,620</b>
<b>SCHEDULE - I</b> <b><u>CASH &amp; BANK BALANCES</u></b> Cash On Hand <b>Balance with Scheduled Bank</b> In Current Accounts In Deposit Accounts -Against Margin Money for LC / BG -Others	509,297  10,986,497  52,228,631 410,104,598 <b>473,829,023</b>	851,990  304,407,980  1,833,225 109,203,019 <b>416,296,214</b>
<b>SCHEDULE - J</b> <b><u>LOANS &amp; ADVANCES</u></b> <b>Unsecured Considered Goods</b> Advances recoverable in cash or kind Deposits	604,402,636 202,755,197 <b>807,157,833</b>	412,237,244 6,367,270 <b>418,604,514</b>



**MICRO TECHNOLOGIES (INDIA) LIMITED**  
**SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2011**

(Amount in Rupees)

<b>PARTICULARS</b>	<b>AS AT 31.03.2011</b>	<b>AS AT 31.03.2010</b>
<b>SCHEDULE - K</b>		
<b><u>CURRENT LIABILITIES</u></b>		
<b>Sundry Creditors :</b>		
Against Acceptances	314,053,982	21,588,870
Others	57,994,715	248,032,308
Unclaimed Dividend	982,656	853,707
Other Liabilities	69,055,039	43,278,945
	<b>442,086,392</b>	<b>313,753,830</b>
<b>SCHEDULE - L</b>		
<b><u>PROVISION</u></b>		
For Income Tax (Net of Taxes Paid)	43,956,682	109,150,727
For Proposed Dividend	27,839,268	25,794,200
For Dividend Tax	4,623,754	4,383,724
For Gratuity	5,088,579	4,000,000
	<b>81,508,283</b>	<b>143,328,651</b>

MICRO TECHNOLOGIES (INDIA) LIMITED											
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2011											
SCHEDULE : E FIXED ASSETS		(Amount in Rupees)									
Particulars	Gross Block				Provision for Depreciation				Net block		
	As On 01.04.2010	During the Year		As On 31.03.2011	As On 01.04.2010	During the Year		As On 31.03.2011	As On 31.03.2011	As On 31.03.2010	
		Additions	Deductions			Additions	Deductions				
<b><u>LEASEHOLD LAND</u></b>	17,841,204	-	-	17,841,204	-	-	-	-	17,841,204	17,841,204	
<b><u>BUILDINGS</u></b>											
Office Premises	391,696	-	-	391,696	204,366	12,691	-	217,057	174,639	187,330	
<b><u>PLANT AND MACHINERY</u></b>											
Office Equipments	7,729,657	3,971,412	-	11,701,069	1,154,108	423,137	-	1,577,245	10,123,824	6,575,549	
Computer Systems & Softwares	2,716,607,497	879,134,660	850,490,806	2,745,251,351	883,705,516	515,775,301	600,696,285	798,784,532	1,946,466,819	1,832,901,981	
Vehicle	5,175,552	-	-	5,175,552	1,138,796	365,912	-	1,504,708	3,670,844	4,036,756	
Electrical Installations	2,870,568	116,283	-	2,986,851	335,923	139,522	-	475,445	2,511,406	2,534,645	
Know-how, Licence & Copy Rights	1,200,000	-	-	1,200,000	580,279	57,000	-	637,279	562,721	619,721	
<b><u>FURNITURE &amp; FITTINGS</u></b>											
Furniture & Fixtures	8,250,693	2,106,550	-	10,357,243	1,742,815	553,259	-	2,296,074	8,061,169	6,507,878	
<b>Total</b>	<b>2,760,066,867</b>	<b>885,328,905</b>	<b>850,490,806</b>	<b>2,794,904,966</b>	<b>888,861,803</b>	<b>517,326,822</b>	<b>600,696,285</b>	<b>805,492,340</b>	<b>1,989,412,626</b>	<b>1,871,205,064</b>	
Previous Year	2,100,794,044	660,139,083	866,260	2,760,066,867	505,356,819	383,690,520	185,536	888,861,803	1,871,205,064		

<b>MICRO TECHNOLOGIES (INDIA) LIMITED</b> <b>SCHEDULES FORMING PART OF PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011</b> <b>(Amount in Rupees)</b>		
<b>PARTICULARS</b>	<b>YEAR ENDED 31.03.2011</b>	<b>YEAR ENDED 31.03.2010</b>
<b>SCHEDULE - M</b>		
<b><u>INCOME FROM OPERATIONS</u></b>		
Sales of IT, Messaging & Security Products	3,699,780,386	3,099,888,513
Installation & Service Charges	43,148,735	2,352,100
	<b>3,742,929,121</b>	<b>3,102,240,613</b>
<b>SCHEDULE - N</b>		
<b><u>OTHER INCOME</u></b>		
Interest on Fixed Deposit	2,572,426	5,674,938
Dividend Income	12,000,340	8,000,490
Provision for Diminution in Value of Investment written back	-	10,000,000
Miscellaneous Income	2,306,198	258,779
	<b>16,878,964</b>	<b>23,934,207</b>
<b>SCHEDULE - O</b>		
<b><u>ADMINISTRATIVE &amp; OTHER EXPENSES</u></b>		
Office Expenses	2,409,144	1,902,680
Rent, Rates, Taxes	391,098	1,617,058
Postage, Telegram & Courier Charges	2,341,906	2,346,097
Printing & Stationery	4,343,561	4,395,124
Electricity Charges	1,057,839	1,090,606
Insurance Charges	1,473,242	1,288,093
Conveyance	1,047,984	1,721,505
Communication Expenses	5,810,333	3,767,535
Vehicle Running & Maintenance Charges	1,615,403	1,454,564
<b><u>Repairs &amp; Maintenance</u></b>		
Building / Premises	369,507	82,523
Plant & Machinery	737,996	594,577
Others	2,914,971	1,499,850
Membership Fees & Subscription	1,860,845	1,318,019
Security Charges	432,622	675,544
Professional & Consultancy Charges	11,747,063	18,923,759
Software Development Charges	4,063,578	3,219,702
Transport, Freight & Clearing Charges	402,392	150,835
Directors Sitting Fees	36,000	104,000
Payment to Auditors	910,300	650,000
Loss on Sale of Motor Car	-	322,724
Loss on Discarding of Fixed Assets	249,794,521	-
Foreign Exchange Fluctuation (Net)	17,476,844	75,425,162
Prior Period Expenses	2,408,360	2,071,509
Miscellaneous Expenses	1,125,671	674,152
	<b>314,771,180</b>	<b>125,295,618</b>

<b>MICRO TECHNOLOGIES (INDIA) LIMITED</b> <b>SCHEDULES FORMING PART OF PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011</b>		
(Amount in Rupees)		
<b>PARTICULARS</b>	<b>YEAR ENDED 31.03.2011</b>	<b>YEAR ENDED 31.03.2010</b>
<b>SCHEDULES - P</b>		
<b><u>SELLING &amp; DISTRIBUTION EXPENSES</u></b>		
Advertisement Expenses	40,158,924	48,016,516
Travelling, Lodging & Boarding Expenses	5,109,821	2,696,057
Business Promotion Expenses	414,098	513,803
Transportation Charges	684,263	-
	<b>46,367,106</b>	<b>51,226,376</b>
<b>SCHEDULE - Q</b>		
<b><u>INTEREST &amp; FINANCE CHARGES</u></b>		
On Fixed Period Loan	119,791	125,903
On Working Capital Loan	144,483,296	72,214,498
Others	8,209,365	13,008,097
	<b>152,812,452</b>	<b>85,348,498</b>

## **MICRO TECHNOLOGIES (INDIA) LIMITED**

### **SCHEDULE 'R'**

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2011

#### **1. Nature of Operations**

Your Company has successfully innovated more than 300 products through its strong base of Research and Development in the field of Information technology encompassing both software and embedded. This positioning has helped the company to expand its global foot print. Your company's, diverse product line covers industries such as Oil & Gas, Banking, Logistics, Telecommunication, Infrastructure etc. to provide the much-needed security, life Style and Support Systems and Web-based software. Company uses its strong relationship with domestic and global business partners for market penetration and presence. Company has introduced newer policies and strategies to facilitate development of newer products and have a faster go-to- market approach.

#### **2. Statement of Significant Accounting Policies**

##### **(a) Basis of Preparation of Financial Statements:**

The financial statements are prepared and presented under the historical cost conventions, on accrual basis of accounting to comply in all material respects, with the mandatory Accounting Standards as notified by the Companies (Accounting Standards) Rules, 2006 as amended ('the Rules') and the relevant provisions of the Companies Act, 1956 ('the Act'). The accounting policies have been consistently applied by the Company and the accounting policies not referred to otherwise are in conformity with Indian Generally Accepted Accounting Principles ('Indian GAAP')

##### **(b) Use of Estimates:**

The preparation of financial statements in conformity with the 'Indian GAAP' requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of incomes and expenses 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. Differences between the actual results and estimates are recognized in the year in which the results are known/ materialized.

##### **(c) Fixed Assets**

(i) Fixed Assets are stated at cost, less accumulated depreciation and impairment, if any. Cost includes all expenditure necessary to bring the asset to its working condition for its intended use.

(ii) Capital work-in-progress comprises advances paid to acquire fixed assets along with incidental expenses incurred to acquire such fixed assets that are not ready for their intended use at the reporting date.

##### **(d) Depreciation:**

Depreciation is being provided on all tangible assets on "Straight Line Method" as per the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

##### **(e) Amortization**

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the assets will flow to enterprise and the cost of the assets can be measured reliably. The Intangible assets are recorded at the consideration paid for the acquisition of such assets and are carried at cost less accumulated amortization and impairment loss, if any.

**(f) Impairment of Assets:**

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to profit & loss account in the year in which an asset is identified as impaired. The impairment loss if any is recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

**(g) Foreign Currency Transactions:****(i) initial Recognition:**

Transactions in foreign currency are recorded at the original rate of exchange in force at the time, transactions are affected.

**(ii) Conversion:**

Foreign currency monetary items are reported using the closing rates as on the date of transaction.

**(iii) Exchange Difference:**

Exchange difference arising on the settlement or transactions of monetary items or on reporting date such monetary items at rates differs from those at which they were initially recorded during the year or reported in previous financial statements, are recognized as income or expense in the year in which they arise.

**(h) Investment:**

Investments that are readily realizable 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 including investment in subsidiaries are carried at Cost. Cost includes any incidental costs incurred towards acquisition of said investment. However, provision if necessary for diminution in value is made to recognize a decline other than the one temporary in nature.

**(i) Revenue Recognition:**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

**i) Sale of Goods:**

Revenue is recognized when the significant risks and rewards in respect of ownership of products are transferred by the company. Sales are recorded net of Returns, Sales tax/ Value added tax and applicable trade discounts and allowances.

**ii) Software Development and Licensing:**

Revenue is primarily derived from sale of developed software and related services and from licensing of the software products. Software sales are recognized only on customers' acceptance of delivery.

Annual Technical Services revenue and revenue from fixed-price maintenance contracts are recognized proportionately over the period in which services are rendered.

**iii) Interest:**

Interest income is recognized on time proportionate basis taking into account the amount outstanding and the rate applicable.

iv) Dividend:

Dividend income from investment is recognized when the right to receive the payment is established. Dividend from subsidiary company declared after the year end till the adoption of account by board of directors, is accounted during the year as required by Schedule VI of the Companies Act, 1956.

v) Others:

Other revenue (including in respect of insurance or other claims or refunds, etc.) is accounted for in the year in which the right to receive the payment is established.

**(j) Expenditure:**

The cost of software / hardware purchased / developed and incidental cost incurred for software development are expensed during the year.

Cost of maintenance services for software developed is not provided for, even since in many of the related services and licensing of software products do stipulate free maintenance as part of the contract. The maintenance obligation are in the opinion of the management, not material in value and based on empirical experience, not expected to crystallize in the near future and hence not provided for.

Cost of warranties is also not provided for in the context of its specific exclusion in terms with the customers.

Provisions are made for all known losses and liabilities.

**(k) Inventories:**

Raw Materials, works-in-progress and finished/ traded goods are valued at lower of cost or net realizable value.

Self-developed software is valued at cost of development or at net realizable value, whichever is lower.

**(l) Research & Development:**

Revenue expenditure on Research & Development is expensed as and when incurred and Capital expenditure incurred on Research & Development is added to the Cost of respective fixed assets.

**(m) Employees Benefits:**

(i) Provident Fund:

The eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which both employees and the Company makes monthly contribution at a specified percentage of the covered employee's salary. The Company has no further obligation under the provident fund plan beyond its monthly contribution.

(ii) Gratuity:

Gratuity liability is a defined benefit obligation and is provided for on actuarial valuation and the required provision is made as at the balance sheet date.

**(n) Borrowing Cost :**

Borrowing Costs that are attributable to the Acquisition, Construction or Production of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

**(o) Income Tax:**

Tax expense for a year comprises of Current tax and Deferred tax.

Current tax is measured at the amount expected to be paid to the tax authorities, after taking into consideration, the applicable deductions and exemptions admissible under the provisions of the Income Tax Act, 1961.

Deferred tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If there is unabsorbed depreciation or carry forward of losses under tax laws, deferred tax assets are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Deferred tax resulting from timing differences which originate during the tax holiday period but are expected to reverse after such tax holiday period is recognised in the year in which the timing differences originate using the tax rates and laws enacted or substantively enacted at the balance sheet date. At each balance sheet date, the company reassesses unrecognised deferred tax assets. It recognises unrealised deferred tax assets to the extent it has become reasonably certain or virtually certain, as the case may be, that sufficient taxable income will be available against which the deferred tax can be realised.

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay income tax higher than that computed under MAT, during the period that MAT is permitted to be set off under the Income Tax Act, 1961 (specified period). In the year, in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in the guidance note issued by the Institute of Chartered Accountants of India (ICAI), the said asset is created by way of a credit to the profit and loss account and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay income tax higher than MAT during the specified period.

**(p) Segment Reporting**

Segment Reporting as per Accounting Standard 17: The Company operates solely in the Information Technology Solutions Segment. The analysis of geographical segments is based on the areas in which the products of the Company are sold.

**(q) Provisions, Contingent Liabilities and Contingent assets:**

Provisions involving substantial degree of estimation in measurement are recognised 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 recognised but are disclosed in the notes to accounts. Contingent assets are neither recognised nor disclosed in the financial statements.

**(r) Cash Flow Statement:**

The Cash Flow Statement is prepared by the "Indirect Method" set out in Accounting Standard 3 on "Cash Flow Statement" and presents the cash flows by Operating, Investing and Financing activities of the Company.



### 3) **NOTES TO ACCOUNTS:**

#### (a) Contingent liabilities:

Contingent liabilities in respect of outstanding guarantees given by bank in favour of various government authorities and others are as under:

(Amount in Rupees)

Particulars	For the year ended March 31,2011	For the year ended March 31,2010
Guarantees given by banks on behalf of the Company	3,07,21,521	3,51,09,911
<b>Total</b>	<b>3,07,21,521</b>	<b>3,51,09,911</b>

(b) Prior period items include:- Expenses / Income related to previous year not provided for are separately classified as prior period expenditure / income during the current year in accounts.

(c) In the opinion of the Board and to the best of their knowledge and belief, the value on realization of the current assets, loans & advances, deposits, in the ordinary course of business will not be less than the value stated in Balance Sheet.

(d) Balances in respect of some of the debtors, creditors, advances and deposits are subject to confirmation.

(e) During the year, there has been no factoring of receivables. (Previous Year- Rs.10,20,82,480/-).

#### (f) Foreign Currency Convertible Bonds:

On 20<sup>th</sup> July, 2007 the Company issued 150 foreign currency convertible bonds (FCCB) of a face value of USD 100,000 each aggregating USD 15.0 million. As per the terms of the issue, the holders have an option to convert FCCB in to equity shares at an initial conversion rate of Rs 312.84 per equity share at a fixed exchange rate subject to certain price adjustment as per the terms of the issue. However as a result of terms of issue, the conversion price as on date is Rs 250.40 per share. Further under certain conditions, the Company after July 20, 2010 but before July 21, 2012 has an option for earlier redemption of the bonds, in the whole, but not in part. Unless previously converted or redeemed or purchased and cancelled, the Company will redeem these bonds with a redemption premium of 7.75% (which is identical to the gross to the yield in case of redemption at maturity) calculated on a semi-annual basis.

The FCCBs as detailed above are hybrid instruments with an option of conversion into specified number of shares and an underlying foreign currency liability with redemption at a premium in the event of non conversion at the end of the period. A number of factors would influence the conversion decision including movement in the quoted price of the Company's shares, the rate of exchange, interest rates in the market, the growth in financial performance and profitability of the Company and the performance of the industry in which the Company operated, etc. In the opinion of the Company, the lesser number of conversions into equity shares is a temporary aberration due to the current economic conditions. The Company expects that the bond holders would continue to opt for conversion rather than redemption and consequently no premium are expected to be payable and therefore, the same is not provided for.

For the reasons stated above, the FCCB liability in respect of 120 bonds (previous year 148 bonds) as at the year end is continued to be considered as a non monetary liability in terms of Accounting Standard 11 (AS-11) (Revised) "The effects of changes in foreign exchange rates" and accordingly the same is not restated at the year end exchange rate.

(g) Provision for current tax is made taking into account the provisions of Income Tax Act, 1961. Deferred Tax resulting from "Timing Difference" between book & taxable profit is accounted for using the tax rates and laws that have been enacted and subsequently enacted as on the balance sheet date. Major component of Deferred Tax arising on account of temporary timing difference is as under:-

(Amount in Rupees)

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Deferred Tax Liability		
Depreciation	6,41,29,730	3,83,04,203
<b>Total</b>	<b>6,41,29,730</b>	<b>3,83,04,203</b>

- (h) During the year under review the Company has raised short term loan of Rs. 25,00,00,000/- ( Rupees Twenty Five Crores Only) through 'Commercial Paper' and the same is outstanding as on the date of Balance Sheet.
- (i) As per technical evaluation done by the company, certain softwares were uneconomical to use due to changes in technology and hence were not supposed to give future economic benefit and net book Value of these softwares were charged off to profit & loss account during the current year valuing Rs. 24,97,94,521/- If these were not charged off to Profit & Loss account, the profit would have been higher by the same amount.
- (j) Pursuant to the provisions of Sections 205A and 205C of the Companies Act, 1956, the dividend which remains unclaimed/unpaid for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government.

The status of dividend remaining unclaimed is given hereunder

Year	(Amount in Rupees)
2003-2004	51,300
2004-2005	94,425
2005-2006	4,13,082
2006-2007	80,648
2007-2008	1,19,868
2008-2009	1,01,667
2009-2010	1,21,666
<b>Total</b>	<b>9,82,656</b>

As seven years have not expired from date of transfer to the unpaid dividend account, the amount is not required to be transferred to Investor Education and Protection Fund (IEPF)

- (k) There are no specific claims from suppliers under interest on delayed payments covered under Small Scale & Ancillary Act, 1993.
- (l) The company does not have any dues payable to any micro, small and medium enterprises as at the year end. The identification of the micro, small & medium enterprises is based on management's knowledge of their status. The Company has not received any intimation from the suppliers regarding their status under the MSME Act 2006. Hence, disclosures, if any, relating to amounts unpaid as at the year end, together with interest paid / payable as required under the said act have not been given.

**(m) Payments to Auditors:**

(Amount in Rupees)

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Statutory Audit Fees	6,00,000	4,00,000
Tax Audit Fees	1,50,000	1,00,000
Certification Fees	1,50,000	1,50,000
<b>Total</b>	<b>9,00,000</b>	<b>6,50,000</b>

**(n) Directors' Remuneration:**

(Amount in Rupees)

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Salaries and Allowance	9,147,600	83,16,000
Commission	23,500,000	*6,73,31,583
Sitting Fees	36,000	104,000
<b>Total</b>	<b>3,26,83,600</b>	<b>7,57,51,583</b>

\*The above commission to Directors includes commission paid of Rs.1,96,98,462 and Rs. 2,34,61,626 for previous years 2007-08 and 2008-09 as the same was not provided for or paid in the earlier years. The computation of the net profit in accordance with Section 198 (1) and Section 349 of the Companies Act, 1956 is as under:

(Amount in Rupees)

<b>Computation of Net Profit in accordance with Section 198 (1) &amp; Section 349 of the Companies Act, 1956</b>		
Particulars	2010-2011	2009-2010
Profit for the year before taxation as per P/L	59,75,01,527	79,45,06,498
<b>Add:</b>		
Director's Remuneration	91,47,600	8,316,000
Profit / (Loss) on the sale of Fixed Assets / Investments	-	(3,22,724)
Depreciation as per Accounts	51,73,26,822	38,36,90,520
Commission Paid to Directors	2,35,00,000	6,73,31,583
<b>Less:</b>		
Depreciation as per Section 350 of Companies Act, 1956	51,73,26,822	38,36,90,520
Net profit on which remuneration is payable	63,01,49,127	87,04,76,805
<b>Maximum permissible remuneration payable</b>	<b>6,30,14,913</b>	<b>8,70,47,681</b>
Remuneration (including commission) paid for the current year	3,26,47,600	3,24,87,496
Remuneration (including commission) paid for the previous years	-	4,31,60,088
<b>Total remuneration (including commission) paid</b>	<b>3,26,47,600</b>	<b>7,56,47,583</b>

**(o) Expenditure in Foreign Exchange**

(Amount in Rupees)

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Value of Import of Capital Goods	1,71,14,58,596	1,60,11,64,286
Value of Import of Purchases	18,30,31,275	17,14,47,215
Traveling Expenses	15,58,552	6,43,883
Bank Charges	2,46,882	6,75,935
Interest Paid on FCCB Bond	31,95,918	38,76,291
<b>Total</b>	<b>1,87,94,91,222</b>	<b>1,77,78,07,538</b>

**(p) Value of Exports**

(Amount in Rupees)

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Value of Goods Exported	1,28,74,30,016	1,08,54,66,123
<b>Total</b>	<b>1,28,74,30,016</b>	<b>1,08,54,66,123</b>

- (q) The year-end foreign currency exposures that have not been specifically hedged by a derivative instrument or otherwise are given below:

Particulars	As at 31/03/2011		As at 31/03/2010	
	In Foreign Currency	Amount In Rupees	In Foreign Currency	Amount In Rupees
Debtors	USD 1,15,97,648	51,29,63,952	USD 93,10,076	41,79,75,843
Advances From Customers	USD 4,568	2,06,200	-	-
Creditors	USD 1,67,409	75,56849	USD 1,57,584	70,74,749

**(r) Employee Benefits**

Disclosure as required by Accounting Standard 15 (Revised) on Employee Benefits:- In respect of gratuity, a defined benefit scheme (based on actuarial valuation) are given below:-

**Summary of assumptions**

Date of Valuation	31.03.2011
Retirement age	60 Years
Attrition Rate	2%
Future Salary Rise	6%
Rate of Discounting	8.25%
Mortality Table	LIC (1994/96) Ultimate

The actuarial value of gratuity as on 31.03.2011 calculated on the above assumptions works out to Rs. 50,88,579/- and the same has been provided in the books

**(s) Details of Capacities, Production and Stocks:**

The activity of the Company is that of software development, hardware & software integration, development of IT related security products, E-commerce and internet services. Due to the technicalities involved of the integration between the software and the hardware, it is difficult to give the quantitative details of above items. The closing stocks as valued and certified by the management are as under

(Amount in Rupees)

Particulars	2010-11	2009-10
Value of Closing Stock	77,83,99,317/-	70,05,48,172/-
Sale of Product/ Software during the Year (comprises of System Integration, Software Product /Solution and Technical Services)	3,74,29,29,121/-	310,22,40,613/-

**(t) Related Party Disclosures as per Accounting Standard – 18:**

1. Related Parties:

(i) SUBSIDIARY COMPANY

Micro Secure Solutions Limited  
Micro Retail Limited

(ii) ASSOCIATES

Micro Associates Consultancy (I) Private Limited  
Micro Capitals Private Limited  
Addon Automation Private Limited  
Youth Promoters Private Limited

(iii) KEY MANAGERIAL PERSONNEL

Dr. P Sekhar – Chairman & Managing Director  
Ms. Jayanthi S – Executive Director

2. Transactions between the Company and related parties and the status of outstanding balances as at March 31, 2011:

(Amount in Rupees)

Particulars	Subsidiary Company		Associates		Key Managerial Personnel	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
<b>Nature of Transaction:</b>						
Receipt against Share Warrant	-	-	5,75,00,000	2,97,32,350	1,03,71,750	69,14,500
Forfeiture of Convertible Warrants	-	-	-	1,79,81,600	-	-
Advance Received	-	-	-	-	-	5,85,500
Sale of Goods	54,89,43,493	47,67,64,678	-	-	-	-
Purchase of Goods	4,37,51,753	4,59,85,273	-	-	-	-
Sale of Software Modules	28,02,34,506	10,32,45,700	-	-	-	-
Preferential Issue of Shares	-	-	7,63,36,080	7,46,76,600	1,38,29,000	-
<b>Outstanding Balances:</b>						
Investment	24,38,00,000	15,00,00,000	-	-	-	-
Deposit Outstanding	-	-	-	4,71,83,236	-	-
Outstanding towards Purchase of Goods	-	35,085,817	-	-	-	-
Receivable against Sales of Goods	10,86,22,036	-	-	-	-	-
Share Warrant Deposit	-	-	1,06,48,330	29,732,350	34,57,250	-
Advance Received	-	-	-	-	5,85,500	585,500

**(u) Segment Information:**

**I) Business Segment:** The Company is primarily engaged in the business of Information Technology Solutions Segment.

**II) Geographical Segment:** The secondary reporting segment for the Company is geographical segment based on location of customers, which are as follows :

Information for Secondary Segments:				
Particulars	Rupees			
	Domestic	Exports	Unallocated	Total
Revenues from external customers (net) (including sale of services)	2,45,54,99,105 (201,67,74,490)	1,28,74,30,016 (1,08,54,66,123)	- -	3,74,29,29,121 (3,10,22,40,613)
Segment Assets	2,26,41,52,707 (1,47,17,86,631)	2,68,67,19,921 (2,59,02,74,202)	1,93,04,52,090 (1,49,61,61,096)	6,88,13,24,718 (5,55,82,21,929)

Figures in brackets are for the previous year

**(v) Earnings Per Share (EPS) as per Accounting Standard 20:**

The Company reports basic and diluted Earnings per Share (EPS) in accordance with Accounting Standard 20 on Earnings per Share. Basic EPS is computed by the net profit or loss for the year by the weighted average no of equity shares outstanding during the year.

Basis of calculation of Basic and Diluted earning per Equity share is as under:

Particulars	For the year ended March 31,2011	For the year ended March 31,2010
Profit After Tax (Rs. in Lacs)	4414.33	6363.84
Weighted average number of Equity Shares		
- Basic	1,34,55,931	1,09,86,631
- Diluted	1,59,54,850	1,48,32,087
Nominal Value of Equity Shares (Rs.)	10.00	10.00
Earning per Share (Rs.)		
- Basic	32.81	57.92
- Diluted	27.80	43.08

**(W) Previous year comparatives:**

Previous year figures have been regrouped and rearranged wherever required to confirm to this year's classification.

As per our Audit Report of even date attached

**For K M Gupta & Co**  
**Chartered Accountants**

**KAMAL AGRAWAL**  
**Partner**  
Membership No. 058748  
Firm Reg. No. 309107E

Navi Mumbai, 24<sup>th</sup> May, 2011

For and on behalf of the Board

**Dr.P.SEKHAR**  
Chairman & Managing Director

**Ms SUDIPTA V.**  
Company Secretary

**Ms JAYANTHI S.**  
Executive Director

# ABSTRACT

## Balance Sheet Abstract and Company's General Business Profile

Additional Information as required under Part IV of Schedule VI to the Companies Act, 1956

<b>I Registration Details:</b>		L 3 0 0 0 7 M H 1 9 9 2 P L C 0 8 8 5 5 8																		
Registration No.	0 8 8 5 5 8	State Code	1 1 1																	
Balance Sheet Date	3 1 - 0 3 - 2 0 1 1																			
<b>II Capital raised during the year (Amount in Rs. Thousands)</b>																				
Public Issue	N I L									Right Issue	N I L									
Bonus Issue	N I L									Private Placements	8 5 2 0									
Global Depository Receipts	N I L									Employees Stock Option Plan	N I L									
FCCB Conversion	1 4 5 1 0																			
<b>III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)</b>																				
Total Liabilities	8 3 5 7 7 3 0									Total Assets	8 3 5 7 7 3 0									
Sources of Funds																				
Paid-up Capital	1 3 8 1 8 6									Reserves & Surplus	4 0 8 4 8 3 7									
Secured Loans	7 9 2 8 1 7									Unsecured Loans	1 0 8 2 5 8 3									
Deferred tax liability	6 4 1 2 8																			
Application of Funds																				
Net Fixed Assets	2 9 2 7 3 5 0									Investments	4 1 4 9 0 8									
Net Current Assets	3 0 1 5 5 7 2									Miscellaneous Expenditure	N I L									
Accumulated Losses	N I L																			
<b>IV Performance of Company (Amount in Rs. Thousand)</b>																				
Turnover(Including other income)	3 7 5 9 8 0 8									Total Expenditure	2 4 8 2 1 6 7									
Profit/Loss before tax	5 9 7 5 0 1									Profit/Loss after tax	4 4 1 4 3 2									
Basic Earning Per Share in Rs. (Please tick appropriate box + for Profit, - for Loss)	3 2 8 1									Dividend Rate (%) on Equity Shares	2 0 %									
<b>V Generic Names of three Principal Products/Services of Company</b>																				
Product Description	Marketing of Computer Workstation and Network Servers and Other Hardware/Software Products																			
Item Code(ITC Code)	8 4 7 1																			
Product Description	Software Development/Designing/Data Conversion Services																			
Item Code(ITC Code)	8 5 2 4 5 3 0 1																			

As per our Audit Report of even date attached

For and on behalf of the Board

**For K M Gupta & Co**  
**Chartered Accountants**

**Dr.PSEKHAR**  
Chairman & Managing Director

**KAMAL AGRAWAL**  
**Partner**

Membership No. 058748  
Firm Reg.No. 309107E

Navi Mumbai, 24<sup>th</sup> May, 2011

**Ms SUDIPTA V.**  
Company Secretary

**Ms JAYANTHI S.**  
Executive Director



## AUDITORS' REPORT

To the Board of the Directors of

**MICRO TECHNOLOGIES (INDIA) LIMITED**

We have audited the attached Consolidated Balance Sheet of **MICRO TECHNOLOGIES (INDIA) LIMITED (the Company)** and its subsidiaries, **MICRO SECURE SOLUTIONS LIMITED** and **MICRO RETAIL LIMITED** (together referred to as "the Group") as at 31st March 2011, and the Consolidated Profit & Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibilities of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with the financial reporting framework generally accepted in India and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimate made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the Group's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements, prescribed by the Companies (Accounting Standards) Rules, 2006.

On the basis of information and explanation given to us, and on consideration of the separate audit reports on individual audited financial statements of the Company & its subsidiaries, in our opinion that the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.

- a) In case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Company and its subsidiaries as at 31st March 2011.
- b) In case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Company and its subsidiaries for the year ended on that date; and
- c) In case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Company and its subsidiaries for the year ended on that date.

For **K M Gupta & Co**  
**Chartered Accountants**

**Kamal Agrawal**  
**Partner**  
**Membership No – 058748**  
**Firm Reg. No: 309107E**  
**Place: Navi Mumbai**  
**Dated: 24<sup>th</sup> May, 2011.**



**MICRO TECHNOLOGIES (INDIA) LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011**

(Amount in Rupees)

PARTICULARS	SCHEDULE	AS AT 31.03.2011	AS AT 31.03.2010
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	A	139,196,340	128,165,490
Convertible Equity Share Warrants		14,105,580	36,646,850
Fully Convertible Debentures		200,000,000	-
Reserves & Surplus	B	4,901,456,811	3,976,160,953
		<b>5,254,758,731</b>	<b>4,140,973,293</b>
<b>MINORITY INTEREST</b>		<b>15,982,147</b>	<b>15,673,446</b>
<b>LOAN FUNDS</b>			
Secured Loans	C	1,068,364,457	489,795,956
Unsecured Loans	D	1,083,166,273	989,406,210
		<b>2,151,530,730</b>	<b>1,479,202,166</b>
<b>DEFERRED TAX LIABILITIES</b>		76,856,260	42,591,557
<b>TOTAL</b>		<b>7,499,127,868</b>	<b>5,678,440,462</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	E	3,262,471,454	2,946,580,178
Less : Depreciation		859,759,510	906,909,167
Net Block		2,402,711,944	2,039,671,011
<b>Capital Work-in-progress including capital advances</b>		940,256,763	656,286,963
		<b>3,342,968,707</b>	<b>2,695,957,974</b>
<b>INVESTMENTS</b>	F	<b>171,056,800</b>	<b>171,006,800</b>
<b>GOODWILL ON CONSOLIDATION</b>		<b>82,100,000</b>	-
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	G	929,086,175	833,319,367
Sundry Debtors	H	2,445,291,304	1,728,823,382
Cash & Bank Balances	I	677,996,998	477,306,157
Loans & Advances	J	958,295,257	567,529,552
		<b>5,010,669,734</b>	<b>3,606,978,458</b>
<b>Less : CURRENT LIABILITIES AND PROVISIONS</b>			
Current Liabilities	K	958,269,289	590,041,186
Provisions	L	149,429,718	205,520,997
		1,107,699,007	795,562,183
<b>NET CURRENT ASSETS</b>		<b>3,902,970,727</b>	<b>2,811,416,275</b>
<b>MISCELLANEOUS EXPENDITURE</b> (To the extent not written off/adjusted)	M	31,634	59,413
<b>TOTAL</b>		<b>7,499,127,868</b>	<b>5,678,440,462</b>
<b>Significant Accounting Policies and Notes to Accounts</b>	S		
As per our Audit Report of even date attached		For and on behalf of the Board	
<b>For K M Gupta &amp; Co</b> <b>Chartered Accountants</b>		<b>Dr.PSEKHAR</b> Chairman & Managing Director	
<b>KAMAL AGRAWAL</b> <b>Partner</b> Membership No. 058748 Firm Reg.No. 309107E		<b>Ms JAYANTHI S.</b> Executive Director	
Navi Mumbai, 24 <sup>th</sup> May, 2011		<b>Ms SUDIPTA V.</b> Company Secretary	

MICRO TECHNOLOGIES (INDIA) LIMITED			
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011			
(Amount in Rupees)			
PARTICULARS	SCHEDULE	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010
<b>INCOME</b>	<b>N O</b>	5,997,676,249	4,591,809,705
Income from Operations		18,250,682	24,515,156
Other Income		<b>6,015,926,931</b>	<b>4,616,324,861</b>
<b>EXPENDITURE</b>	<b>P Q</b>	3,684,683,464	2,586,460,051
Cost of Sales		112,154,498	132,867,112
Personnel Cost		342,612,424	171,463,220
Administrative & Other Expenses		102,545,597	119,918,538
Selling & Distribution Expenses		4,241,995,983	3,010,708,921
<b>Operating Profit before Interest, Depreciation and Tax</b>	<b>R</b>	<b>1,773,930,948</b>	<b>1,605,615,940</b>
Interest & Finance Charges		180,515,490	94,379,904
Depreciation & Amortisation		553,546,627	394,239,905
<b>Profit before Taxation</b>		<b>1,039,868,830</b>	<b>1,116,996,132</b>
Provision for Taxation			
Current Tax		223,751,057	200,100,000
Deferred Tax		34,264,702	17,110,559
Income Tax for Earlier Years		2,595,378	-
<b>Net Profit before minority interest</b>		<b>779,257,694</b>	<b>899,785,573</b>
<b>Less : Share of Minority Interest</b>		2,764,058	6,309,136
<b>Net Profit</b>		776,493,635	893,476,437
Balance in Profit & Loss Account brought forward		2,536,176,624	1,738,788,334
<b>BALANCE AVAILABLE FOR APPROPRIATION</b>		<b>3,312,670,259</b>	<b>2,632,264,771</b>
<b>Appropriations:-</b>			
Proposed Dividend		40,168,183	38,119,200
Corporate Dividend Tax		6,671,432	6,478,358
Transferred to General Reserve		38,148,824	51,490,589
Surplus Carried to Balance Sheet		3,227,681,820	2,536,176,624
		<b>3,312,670,259</b>	<b>2,632,264,771</b>
<b>EARNINGS PER SHARE</b>			
Equity shares of par value Rs 10/- each			
Basic		57.71	81.90
Diluted		47.88	60.84
Number of Shares used in computing earning per share			
Basic		13,455,931	10,986,631
Diluted		16,260,850	14,832,087
<b>Significant Accounting Policies and Notes to Accounts</b>	<b>S</b>		
As per our Audit Report of even date attached			
For K M Gupta & Co Chartered Accountants		For and on behalf of the Board	
KAMAL AGRAWAL Partner Membership No. 058748 Firm Reg.No. 309107E		Dr.PSEKHAR Chairman & Managing Director	
Navi Mumbai, 24 <sup>th</sup> May, 2011		Ms JAYANTHI S. Executive Director	
Ms SUDIPTA V. Company Secretary			

**MICRO TECHNOLOGIES (INDIA) LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2011**

(Amount in Rupees)

Particulars	YEAR ENDED 31.03.2011		YEAR ENDED 31.03.2010	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>				
<b>Net Profit before Tax and Extraordinary Items</b>		<b>1,039,868,830</b>		<b>1,116,996,132</b>
<b>Adjustments for:</b>				
Depreciation & Amortisation	553,546,627		394,239,905	
Loss on Discarding of Fixed Assets	249,794,521		-	
Interest & Finance Charges Paid	180,515,490		94,379,904	
Dividend Received	(12,000,340)		(8,000,490)	
Provision for diminution in value of investments written back	-		(10,000,000)	
Provision for Gratuity	2,126,733		4,450,000	
Loss on Sale of Fixed Assets			322,724	
Preliminary Expenses Written off	27,779	974,010,811	27,734	475,419,777
<b>Operating Profit Before Working Capital Changes</b>		<b>2,013,879,641</b>		<b>1,592,415,909</b>
<b>Adjustments for:</b>				
(Increase)/Decrease in Trade & Other Receivables	(716,467,922)		(430,741,866)	
(Increase)/Decrease in Loans & Advances	(390,765,705)		(207,909,285)	
(Increase)/Decrease in Inventories	(95,766,808)		(243,014,475)	
Increase/(Decrease) in Trade Payables	368,099,153	(834,901,282)	217,405,270	(664,260,356)
<b>Cash Generated From Operations</b>		<b>1,178,978,359</b>		<b>928,155,553</b>
Income Tax Paid		286,806,503		128,326,063
<b>Net Cash From Operating Activities</b>		<b>892,171,856</b>		<b>799,829,490</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>				
Sales of Investment	-		10,500,000	
Sale of Fixed Assets	-		358,000	
Dividend Income	12,000,340		8,000,490	
Purchase of Investment (Including subsidiaries share)	(83,850,000)		(171,005,800)	
Purchase of Fixed Assets	(1,450,351,881)	(1,522,201,541)	(1,215,856,087)	(1,368,003,397)
<b>Net Cash Used In Investing Activities</b>		<b>(1,522,201,541)</b>		<b>(1,368,003,397)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>				
Issue of Shares (Including Share Premium)	205,617,014		254,453,600	
Issue of Share Warrant	(22,541,270)		36,646,850	
Issue of Fully Convertible Debentures	200,000,000		-	
Proceeds from long term/short term borrowings	672,628,880		491,570,878	
Interest & Finance Charges Paid	(180,515,490)		(94,379,904)	
Dividend Paid (Including Dividend Distribution Tax)	(44,468,609)	830,720,525	(22,170,465)	666,120,959
<b>Net Cash From Financing Activities</b>		<b>830,720,525</b>		<b>666,120,959</b>
Net Increase/(Decrease) in Cash & Cash Equivalents		<b>200,690,840</b>		97,947,052
Cash & Cash Equivalents as at 1st April 2010		477,306,158		379,359,106
Cash & Cash Equivalents as at 31st March 2011		<b>677,996,998</b>		<b>477,306,158</b>

As per our Audit Report of even date attached

For and on behalf of the Board

**For K M Gupta & Co**  
**Chartered Accountants**

**Dr.PSEKHAR**  
Chairman & Managing Director

**KAMAL AGRAWAL**  
**Partner**  
Membership No. 058748  
Firm Reg.No. 309107E

**Ms SUDIPTA V.**  
Company Secretary

**Ms JAYANTHI S.**  
Executive Director

Navi Mumbai, 24<sup>th</sup> May, 2011

**MICRO TECHNOLOGIES (INDIA) LIMITED**  
**SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011**

(Amount in Rupees)		
PARTICULARS	AS AT 31.03.2011	AS AT 31.03.2010
<b>SCHEDULE - A</b>		
<b><u>SHARE CAPITAL</u></b>		
<b>AUTHORISED:</b>		
2,50,00,000 Equity Shares of Rs 10/- each	250,000,000	250,000,000
	<b>250,000,000</b>	<b>250,000,000</b>
<b>ISSUED:</b>		
1,39,73,034 (P.Y.1,28,69,949) Equity Shares of Rs 10/- each	139,730,340	128,699,490
	<b>139,730,340</b>	<b>128,699,490</b>
<b>SUBSCRIBED:</b>		
1,39,58,734 (P.Y.1,28,55,649) Equity Shares of Rs. 10/- each	139,587,340	128,556,490
	<b>139,587,340</b>	<b>128,556,490</b>
<b>PAID UP:</b>		
1,39,19,634 (P.Y.1,28,16,549) Equity shares of Rs 10/- each Fully paid	139,196,340	128,165,490
	<b>139,196,340</b>	<b>128,165,490</b>
<b>SCHEDULE - B</b>		
<b><u>RESERVES &amp; SURPLUS</u></b>		
<b>Capital Reserve</b>		
Opening Balance	79,374,700	17,528,000
Add: Forfeiture of Share Warrants		61,651,200
Add: Forfeiture of Equity Share		195,500
Closing Balance	<b>79,374,700</b>	<b>79,374,700</b>
<b>Bond Redemption Reserve</b>		
Opening Balance	-	103,405,942
Add : Transferred to Bond Redemption Reserve		-
Less: Transferred to Share Premium account	-	103,405,942
Closing Balance	-	-
<b>Share Premium Reserve</b>		
Opening Balance	1,170,730,307	792,270,765
Add: Received during the year	194,535,654	275,053,600
Add: Transferred From Bond Redemption Reserve	-	103,405,942
Closing Balance	<b>1,365,265,961</b>	<b>1,170,730,307</b>
<b>General Reserve</b>		
Opening Balance	193,490,589	142,000,000
Add: Transferred from Profit & Loss Account	38,449,140	51,490,589
Closing Balance	231,939,729	193,490,589
Less: Minority Interest in Reserve and Surplus Profit & Loss Account	2,805,399	3,611,266
	3,227,681,820	2,536,176,624
	<b>4,901,456,811</b>	<b>3,976,160,953</b>
<b>SCHEDULE - C</b>		
<b><u>SECURED LOANS</u></b>		
<b><u>Loans and Advances from Banks</u></b>		
Term Loan from Canara Bank (Secured against project asset/ Leasehold property in Marol Industrial area, Corporate Guarantee of Micro Technologies (India) Pvt Ltd. and Personal Guarantee of Directors Dr.P Sekhar and Ms Jayanthi S)	10,619,000	14,639,420

**MICRO TECHNOLOGIES (INDIA) LIMITED**  
**SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011**

(Amount in Rupees)

PARTICULARS	AS AT 31.03.2011	AS AT 31.03.2010
<b><u>Cash Credit/Overdraft from :</u></b>		
Axis Bank Ltd	123,091,297	160,773,660
Indusind Bank Ltd	149,395,373	50,025,058
State Bank of India	479,336,884	233,034,407
Industrial Development Bank of India	40,054,795	-
(The above loans are secured against Current Assets, entire Fixed Assets and property situated at Mahape belonging to Micro Cloud Computing Pvt. Ltd and corporate guarantee of Micro Associates Consultancy (India) Pvt Ltd. and personal guarantee of Directors Dr. P Sekhar and Ms Jayanthi S)		
<b>Canara Bank</b>	173,836,345	30,081,299
(Secured against Stocks and Book Debts, Corporate Guarantee of Micro Technologies (India) Ltd. and Personal Guarantee of Directors Dr.P Sekhar and Mrs Jayanthi S)		
<b>Bank of India</b>	91,091,634	-
(Secured against Company's entire current assets, movable and immovable fixed assets of the Comapny, both present and future and corporate guarantee of the holding company & Personal Guarantees of Directors Dr. P. Sekhar & Ms Jayanthi S)		
<b>Vehicle Loan from :</b>		
<b>HDFC Bank Ltd</b>	301,404	464,368
<b>Kotak Mahindra Prime Ltd</b>	637,725	777,744
(The above loans are secured against mortgage of respective vehicles)		
	<b>1,068,364,457</b>	<b>489,795,956</b>
<b>SCHEDULE - D</b>		
<b><u>UNSECURED LOANS</u></b>		
<b>SHORT TERM LOANS AND ADVANCES</b>		
<b>From Banks</b>	348,503,273	142,074,210
<b>From Others:</b>		
Foreign Currency Convertible Bonds	484,080,000	597,332,000
Commercial Paper	250,000,000	250,000,000
Loan from Directors	583,000	-
	<b>1,083,166,273</b>	<b>989,406,210</b>

(Amount in Rupees)

MICRO TECHNOLOGIES (INDIA) LIMITED									
SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT									
SCHEDULE : E FIXED ASSETS									
Particulars	Gross Block				Provision for Depreciation			Net block	
	As On 01.04.2010	During the Year		As On 31.03.2011	As On 01.04.2010	During the Year		As On 31.03.2011	As On 31.03.2011
		Additions	Deductions			Additions	Deductions		
<b><u>LEASEHOLD LAND</u></b>	17,841,204	-	-	-	-	-	-	17,841,204	17,841,204
<b><u>BUILDINGS</u></b>	18,667,929	-	-	18,667,929	1,230,614	604,841	-	16,832,474	17,437,315
<b><u>PLANT AND MACHINERY</u></b>									
Office Equipments	8,722,589	4,152,546	-	12,875,135	1,241,298	475,177	-	11,158,660	7,481,291
Computer Systems & Softwares	2,880,363,141	1,159,967,053	850,490,806	3,189,839,388	900,258,746	551,150,262	600,696,285	2,339,126,664	1,980,104,395
Vehicle	5,175,552	-	-	5,175,552	1,138,796	365,912	-	3,670,844	4,036,756
Electrical Installations	4,067,855	116,283	-	4,184,138	446,179	196,393	-	3,541,566	3,621,676
Know-how, Licence & Copy Rights	1,200,000	-	-	1,200,000	580,279	57,000	-	562,721	619,721
<b><u>FURNITURE &amp; FITTINGS</u></b>									
Furniture & Fixtures	10,541,908	2,146,200	-	12,688,108	2,013,254	697,043	-	9,977,810	8,528,653
Total	2,946,580,178	1,166,382,082	850,490,806	3,262,471,454	906,909,167	553,546,628	600,696,285	2,402,711,944	2,039,671,011
<b>Previous Year</b>	<b>2,179,786,940</b>	<b>767,659,498</b>	<b>866,260</b>	<b>2,946,580,178</b>	<b>512,854,798</b>	<b>394,239,905</b>	<b>185,536</b>	<b>906,909,167</b>	<b>2,039,671,011</b>

**MICRO TECHNOLOGIES (INDIA) LIMITED**  
**SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011**

(Amount in Rupees)

<b>PARTICULARS</b>	<b>AS AT 31.03.2011</b>	<b>AS AT 31.03.2010</b>
<b>SCHEDULE - F</b>		
<b><u>INVESTMENTS</u></b>		
<b>Long Term Investments (at cost) :</b>		
<b>In Equity</b>		
<b>Quoted - (Non-Trade)</b>		
100 (P.Y. 100) Equity Shares of Indian Overseas Bank of Rs 10/- each fully paid up [Market Value Rs.14,360/- (P.Y. Rs.9,195/- )]	1,000	1,000
<b>Unquoted - (Trade)</b>		
<b>Others</b>		
1,99,802 Equity Shares of Ocean Distributors Pvt Ltd of Rs 10/- each fully paid up	40,741,625	40,741,625
1,70,045 Equity Shares of Sommelier India Pvt Ltd of Rs 10/- each fully paid up	53,564,175	53,564,175
1,30,000 Equity Shares of Sun Automation Services Ltd of Rs 10/- each fully paid up	76,700,000	76,700,000
5000 ( NIL) shares of Micro Hash Security Systems Private Limited of Rs.10/- each fully paid up	50,000	-
	<b>171,056,800</b>	<b>171,006,800</b>
<b>SCHEDULE - G</b>		
<b><u>INVENTORIES</u></b>		
(As taken, valued and certified by the management at lower of cost or net realisable value)		
Finished Goods	<b>929,086,175</b>	<b>742,073,767</b>
Work -In- Progress	-	91,245,600
	<b>929,086,175</b>	<b>833,319,367</b>
<b>SCHEDULE - H</b>		
<b><u>SUNDRY DEBTORS (Unsecured, Considered Good )</u></b>		
Outstanding for More than Six Months	460,204,532	162,425,731
Others	1,985,086,772	1,566,397,651
	<b>2,445,291,304</b>	<b>1,728,823,382</b>
<b>SCHEDULE - I</b>		
<b><u>CASH &amp; BANK BALANCES</u></b>		
Cash On Hand	1,065,172	1,471,393
<b>Balance with Scheduled Bank</b>		
In Current Accounts	104,260,416	309,264,725
In Deposit Accounts	-	-
-Against Margin Money for LC / BG	72,032,310	1,833,225
-Others	500,639,100	164,736,814
	<b>677,996,998</b>	<b>477,306,157</b>
<b>SCHEDULE - J</b>		
<b><u>LOANS &amp; ADVANCES</u></b>		
<b>Unsecured Considered Goods</b>		
Advances recoverable in cash or kind	754,338,105	560,696,982
Deposits	203,957,152	6,832,570
	<b>958,295,257</b>	<b>567,529,552</b>

**MICRO TECHNOLOGIES (INDIA) LIMITED**  
**SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011**

(Amount in Rupees)

<b>PARTICULARS</b>	<b>AS AT 31.03.2011</b>	<b>AS AT 31.03.2010</b>
<b>SCHEDULE - K</b>		
<b><u>CURRENT LIABILITIES</u></b>		
<b>Sundry Creditors :</b>		
- Against Acceptances	571,173,121	21,588,870
- Others	203,133,548	456,344,133
Unclaimed Dividend	982,656	853,707
Other Liabilities	182,979,964	111,254,476
	<b>958,269,289</b>	<b>590,041,186</b>
<b>SCHEDULE - L</b>		
<b><u>PROVISIONS</u></b>		
For Income Tax	96,013,370	156,473,439
For Proposed Dividend	40,168,183	38,119,200
For Dividend Tax	6,671,432	6,478,358
For Gratuity	6,576,733	4,450,000
	<b>149,429,718</b>	<b>205,520,997</b>
<b>SCHEDULE - M</b>		
<b><u>MISCELLANEOUS EXPENDITURE</u></b>		
(To the extent not written off /adjusted)		
Opening Balance	59,413	87,147
Less : Written off during the year	27,779	27,734
	<b>31,634</b>	<b>59,413</b>



<b>MICRO TECHNOLOGIES (INDIA) LIMITED</b> <b>SCHEDULES FORMING PART OF CONSOLIDATED PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011</b> <b>(Amount in Rupees)</b>		
<b>PARTICULARS</b>	<b>YEAR ENDED 31.03.2011</b>	<b>YEAR ENDED 31.03.2010</b>
<b>SCHEDULE - N</b>		
<b>INCOME FROM OPERATIONS</b>		
Sales of IT, Messaging & Security Products	5,963,991,100	4,589,457,605
Less Excise Duty	9,573,966	-
Installation & Service Charges	43,259,115	2,352,100
	<b>5,997,676,249</b>	<b>4,591,809,705</b>
<b>SCHEDULE - O</b>		
<b>OTHER INCOME</b>		
Interest on Fixed Deposit	3,609,110	5,785,338
Dividend income	12,000,340	8,000,490
Provision for Diminution in Value of Investment written back	-	10,000,000
Miscellaneous Income	2,641,232	729,328
	<b>18,250,682</b>	<b>24,515,156</b>
<b>SCHEDULE - P</b>		
<b>ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Office Expenses	2,953,196	2,569,482
Rent Rates, Taxes	1,758,058	2,843,318
Postage, Telegram & Courier Charges	3,722,212	3,117,565
Printing & Stationery	7,153,246	6,422,322
Electricity Charges	2,299,026	2,624,919
Insurance Charges	1,655,845	1,435,805
Conveyance	1,923,545	3,158,280
Communication Expenses	7,296,747	4,721,620
Vehicle Running & Maintenance Charges	4,397,828	3,607,741
<b>Repairs &amp; Maintenance</b>		
Building / Premises	592,927	173,999
Plant & Machinery	779,646	672,522
Others	3,125,863	1,740,747
Membership Fees & Subscription	2,758,896	1,541,509
Security Charges	1,484,175	1,544,254
Professional & Consultancy Charges	14,193,698	23,014,114
Software Development Charges	4,447,768	3,219,702
Transport, Freight & Clearing Charges	814,875	283,447
Directors Sitting Fees	50,000	165,000
Payment to Auditors	1,225,750	912,875
Loss on Sale of Motor Car	-	322,724
Loss on Discarding of Fixed Assets	249,794,521	-
Foreign Exchange Fluctuation (Net)	26,201,397	104,199,070
Preliminary Expenses Written off	27,779	27,734
Prior Period Expenses	2,539,882	2,229,355
Miscellaneous Expenses	1,415,539	915,117
	<b>342,612,424</b>	<b>171,463,220</b>
<b>SCHEDULE - Q</b>		
<b>SELLING &amp; DISTRIBUTION EXPENSES</b>		
Advertisement Expenses	94,667,648	114,897,794
Travelling, Lodging & Boarding Expenses	6,588,836	3,692,862
Business Promotion Expenses	561,560	1,315,936
Transportation Charges	727,553	11,946
	<b>102,545,597</b>	<b>119,918,538</b>
<b>SCHEDULE - R</b>		
<b>INTEREST &amp; FINANCE CHARGES</b>		
On Fixed Period Loan	1,741,021	2,103,199
On Working Capital Loan	170,409,289	78,854,750
Others	8,365,180	13,421,955
	<b>180,515,490</b>	<b>94,379,904</b>

## SCHEDULE 'S'

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2011

### 1. Nature of Operations.

Your Company has successfully innovated more than 300 products through its strong base of Research and Development in the field of Information technology encompassing both software and embedded. This positioning has helped the company to expand its global foot print. Your company's, diverse product line covers industries such as Oil & Gas, Banking, Logistics, Telecommunication, Infrastructure etc. to provide the much-needed security, life Style and Support Systems and Web-based software. Company uses its strong relationship with domestic and global business partners for market penetration and presence. Company has introduced newer policies and strategies to facilitate development of newer products and have a faster go-to-market approach.

### 2. Statement of Significant Accounting Policies

#### (a) Basis of Preparation of Financial Statements:

- 1) The Consolidated Financial Statements are prepared in accordance with Accounting Standard 21(AS-21) "Consolidated Financial Statements" issued by The Institute of Chartered Accountants of India (ICAI). These financial statements comprises MICRO TECHNOLOGIES (INDIA) LIMITED (The Company) and its majority owned & controlled subsidiaries MICRO SECURE SOLUTIONS LIMITED & MICRO RETAIL LIMITED (Together refer to as 'The Group'). The financial statements of each of these companies are prepared using uniform accounting policies in accordance with the generally accepted accounting principles in India.
- 2) The Consolidated Financial Statements are prepared under the historical cost conventions, on accrual basis of accounting to comply in all material respects, with the mandatory accounting standards as notified by the Companies (Accounting Standards) Rules, 2006 as amended (the Rules) and the relevant provisions of the companies Act, 1956 (the Act). The accounting policies have been consistently applied by the Group and the accounting policies not referred to otherwise are in conformity with Indian Generally Accepted Accounting Principles (Indian GAAP)
- 3) 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 shareholders of the group.
- 4) Minority Interest's share in the Share Capital and Reserve & Surplus of the consolidated subsidiaries are identified and presented in the Consolidated Balance Sheet separately.
- 5) Accounting policies not specifically referred to otherwise are consistent with the generally accepted accounting principles followed by the group
- 6) The group follows a Mercantile System of Accounting; the financial statements are prepared as per historical cost convention and on accrual basis unless otherwise specified hereinafter.

#### (b) Use of Estimates:

The preparation of financial statements in conformity with the 'Indian GAAP' requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of incomes and expenses 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. Differences between the actual results and estimates are recognized in the year in which the results are known/ materialized.

(c) **Fixed Assets**

- (i) Fixed Assets are stated at cost, less accumulated depreciation and impairment, if any. Cost includes all expenditure necessary to bring the asset to its working condition for its intended use.
- (ii) Capital work-in-progress comprises advances paid to acquire fixed assets along with incidental expenses incurred to acquire such fixed assets that are not ready for their intended use at the reporting date.

(d) **Depreciation:**

Depreciation is being provided on all tangible assets on "Straight Line Method" as per the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

(e) **Amortization**

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the assets will flow to enterprise and the cost of the assets can be measured reliably. The Intangible assets are recorded at the consideration paid for the acquisition of such assets and are carried at cost less accumulated amortization and accumulated impairment loss, if any.

(f) **Impairment of Assets:**

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to profit & loss account in the year in which an asset identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

(g) **Foreign Currency Transactions:**

(i) **Initial Recognition:**

Transactions in foreign currency are recorded at the original rate of exchange in force at the time, transactions are affected.

(ii) **Conversion:**

Foreign currency monetary items are reported using the closing rates as on the date of transaction.

(iii) **Exchange Difference:**

Exchange difference arising on the settlement or transactions of monetary items or on reporting date such monetary items at rates differs from those at which they were initially recorded during the year or reported in previous financial statements, are recognized as income or expense in the year in which they arise.

(h) **Investment:**

Investments that are readily realizable 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 including investment in subsidiaries are carried at Cost. Cost includes any incidental costs incurred towards acquisition of said investment. However, provision if necessary for diminution in value is made to recognize a decline other than temporary nature.

(i) **Revenue Recognition:**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

i) **Sale of Goods:**

Revenue is recognized when the significant risks and rewards in respect of ownership of products are transferred by the company. Sales are recorded net of Returns, Sales tax/ Value added tax and applicable trade discounts and allowances.

ii) **Software Development and Licensing:**

Revenue is primarily derived from sale of developed software and related services and from licensing of the software products. Software sales are recognized only on customers' acceptance of delivery.

Annual Technical Services revenue and revenue from fixed-price maintenance contracts are recognized proportionately over the period in which services are rendered.

iii) **Interest:**

Interest income is recognized on time proportionate basis taking into account the amount outstanding and the rate applicable.

iv) **Dividend:**

Dividend income from investment is recognized when the right to receive the payment is established. Dividend from subsidiary company declared after the year end till the adoption of account by board of directors, is accounted during the year as required by Schedule VI of the Companies Act, 1956.

v) **Others:**

Other revenue (including in respect of insurance or other claims or refunds, etc.) is accounted for in the year in which the right to receive the payment is established.

(j) **Expenditure:**

The cost of software / hardware purchased / developed and incidental cost incurred for software development are expensed during the year.

Cost of maintenance services for software developed is not provided for, even since in many of the related services and licensing of software products do stipulate free maintenance as part of the contract. The maintenance obligation are in the opinion of the management, not material in value and based on empirical experience, not expected to crystallize in the near future and hence not provided for.

Cost of warranties is also not provided for in the context of its specific exclusion in terms with the customers.

Provisions are made for all known losses and liabilities.

(k) **Inventories:**

Raw Materials, works-in-progress and finished/ traded goods are valued at lower of cost or net realizable value.

Self-developed software is valued at cost of development or at net realizable value, whichever is lower.

(l) **Research & Development:**

Revenue expenditure on Research & Development is expensed as and when incurred and Capital expenditure incurred on Research & Development is added to the Cost of respective fixed assets.

(m) **Employees Benefits:**

(i) **Provident Fund:**

The eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which both employees and the Company makes monthly contribution at a specified percentage of the covered employee's salary. The Company has no further obligation under the provident fund plan beyond its monthly contribution.

(ii) **Gratuity:**

Gratuity liability is a defined benefit obligation and is provided for on actuarial valuation made as at the balance sheet date.

(n) **Borrowing Cost :**

Borrowing Costs that are attributable to the Acquisition, Construction or Production of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

(o) **Income Tax:**

Tax expense for a year comprises of Current tax and Deferred tax.

Current tax is measured at the amount expected to be paid to the tax authorities, after taking into consideration, the applicable deductions and exemptions admissible under the provisions of the Income Tax Act, 1961.

Deferred tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If there is unabsorbed depreciation or carry forward of losses under tax laws, deferred tax assets are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Deferred tax resulting from timing differences which originate during the tax holiday period but are expected to reverse after such tax holiday period is recognised in the year in which the timing differences originate using the tax rates and laws enacted or substantively enacted at the balance sheet date. At each balance sheet date, the company reassesses unrecognised deferred tax assets. It recognises unrealised deferred tax assets to the extent it has become reasonably certain or virtually certain, as the case may be, that sufficient taxable income will be available against which the deferred tax can be realised.

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay income tax higher than that computed under MAT, during the period that MAT is permitted to be set off under the Income Tax Act, 1961 (specified period). In the year, in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in the guidance note issued by the Institute of Chartered Accountants of India (ICAI), the said asset is created by way of a credit to the profit and loss account and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay income tax higher than MAT during the specified period.

(p) **Segment Reporting**

Segment Reporting as per Accounting Standard 17: The Company operates solely in the Information Technology Solutions Segment. The analysis of geographical segments is based on the areas in which the products of the Company are sold.

(q) **Provisions, Contingent Liabilities and Contingent assets:**

Provisions involving substantial degree of estimation in measurement are recognised 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 recognised but are disclosed in the notes to accounts. Contingent assets are neither recognised nor disclosed in the financial statements.

(r) **Cash Flow Statement:**

The Cash Flow Statement is prepared by the "Indirect Method" set out in Accounting Standard 3 on "Cash Flow Statement" and presents the cash flows by Operating, Investing and Financing activities of the Company.

3) **NOTES TO ACCOUNTS:**

The Subsidiary Companies Considered in Consolidated Financial Statements are

Name of the Subsidiaries	Country of Incorporation	Proportion of Ownership Interest
Micro Secure Solutions Limited	India	97.19%
Micro Retail Limited	India	99.96%

(a) **Contingent liabilities:**

Contingent liabilities in respect of outstanding guarantees given by bank in favour of various government authorities and others are as under:

(Amount in Rupees)

Particulars	For the year ended March 31,2011	For the year ended March 31,2010
Guarantees given by banks on behalf of the Group	3,07,21,521	3,53,08,349
Claim against Group not acknowledged as debts	-	26,46,953
<b>Total</b>	<b>3,07,21,521</b>	<b>3,79,55,302</b>

(b) Prior period items includes Expenses / Income related to previous year not provided for are separately classified as prior period expenditure / income during the current year in account.

(c) In the opinion of the Board and to the best of their knowledge and belief, the value on realization of the current assets, loans & advances, deposits, in the ordinary course of business will not be less than the value stated in Balance Sheet.

(d) Balances in respect of some of the debtors, creditors, advances and deposits are subject to confirmation.

(e) During the year, there has been no factoring of receivables. (Previous Year- Rs. 10,20,82,480/-).

(f) **Foreign Currency Convertible Bonds**

On 20<sup>th</sup> July, 2007 the Company issued 150 foreign currency convertible bonds (FCCB) of a face value of USD 100,000 each aggregating USD 15.0 million. As per the terms of the issue, the holders have an option to convert FCCB in to equity shares at an initial conversion rate of Rs 312.84 per equity share at a fixed exchange rate subject to certain price adjustment as per the terms of the issue. However as a result of terms of issue, the conversion price as on date is Rs 250.40 per share. Further under certain conditions, the Company after July 20, 2010 but before July 21, 2012 has an option for earlier redemption of the bonds, in the whole, but not in part.

Unless previously converted or redeemed or purchased and cancelled, the Company will redeem these bonds with a redemption premium of 7.75% (which is identical to the gross to the yield in case of redemption at maturity) calculated on a semi-annual basis.

The FCCBs as detailed above are hybrid instruments with an option of conversion into specified number of shares and an underlying foreign currency liability with redemption at a premium in the event of non conversion at the end of the period. A number of factors would influence the conversion decision including movement in the quoted price of the Company's shares, the rate of exchange, interest rates in the market, the growth in financial performance and profitability of the Company and the performance of the industry in which the Company operated, etc. In the opinion of the Company, the lesser number of conversions into equity shares is a temporary aberration due to the current economic conditions. The Company expects that the bond holders would continue to opt for conversion rather than redemption and consequently no premium are expected to be payable and therefore, the same is not provided for.

For the reasons stated above, the FCCB liability in respect of 120 bonds (previous year 148 bonds) as at the year end is continued to be considered as a non monetary liability in terms of Accounting Standard 11 (AS-11) (Revised) "The effects of changes in foreign exchange rates" and accordingly the same is not restated at the year end exchange rate.

- (g) Provision for current tax is made taking into account the provisions of Income Tax Act, 1961. Deferred Tax resulting from "Timing Difference" between book & taxable profit is accounted for using the tax rates and laws that have been enacted and subsequently enacted as on the balance sheet date. Major component of Deferred Tax arising on account of temporary timing difference is as under:-

**(Amount in Rupees)**

<b>Particulars</b>	<b>For the year ended March 31,2011</b>	<b>For the year ended March 31,2010</b>
Deferred Tax Liability		
Depreciation	7,68,56,260	4,25,91,557
<b>Total</b>	<b>7,68,56,260</b>	<b>4,25,91,557</b>

- (h) During the year under review the Company has raised short term loan of Rs. 25,00,00,000/- ( Rupees Twenty Five Crores Only) through 'Commercial Paper' and the same is outstanding as on the date of Balance Sheet.
- (i) As per technical evaluation done by the company, certain softwares were uneconomical to use due to changes in technology and hence were not supposed to give future economic benefit and net book Value of these softwares were charged off to profit & loss account during the current year valuing Rs. 24,97,94,521/-. If these were not charged off to Profit & Loss account, the profit would have been higher by the same amount.
- (j) Pursuant to the provisions of Sections 205A and 205C of the Companies Act, 1956, the dividend which remains unclaimed/unpaid for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government.

The status of dividend remaining unclaimed is given hereunder:-

<b>Year</b>	<b>Amount in Rupees</b>
2003-2004	51,300
2004-2005	94,425
2005-2006	4,13,082
2006-2007	80,648
2007-2008	1,19,868
2008-2009	1,01,667
2009-2010	1,21,666
<b>Total</b>	<b>9,82,656</b>

As seven years have not expired from date of transfer to the unpaid dividend account, the amount is not required to be transferred to Investor Education and Protection Fund (IEPF)

(k) There are no specific claims from suppliers under interest on delayed payments covered under Small Scale & Ancillary Act, 1993.

(l) The company does not have any dues payable to any micro, small and medium enterprises as at the year end. The identification of the micro, small & medium enterprises is based on management's knowledge of their status. The Company has not received any intimation from the suppliers regarding their status under the MSMED Act 2006. Hence, disclosures, if any, relating to amounts unpaid as at the year end, together with interest paid / payable as required under the said act have not been given.

(m) **Payments to Auditors:**

(Amount in Rupees)

Particulars	For the year ended March 31,2011	For the year ended March 31,2010
Statutory Audit Fees	8,50,000	6,00,000
Tax Audit Fees	2,00,000	1,50,000
Certification Fees	1,50,000	1,50,000
<b>Total</b>	<b>12,00,000</b>	<b>9,00,000</b>

(n) **Expenditure in Foreign Exchange**

(Amount in Rupees)

Particulars	For the year ended March 31,2011	For the year ended March 31,2010
Value of Import of Capital Goods	1,71,14,58,595	1,60,11,64,266
Value of Import of Purchases	16,30,31,275	17,14,47,215
Traveling Expenses	15,58,552	6,43,883
Bank Charges	2,46,882	6,75,935
Interest Paid on FCCB Bond	31,95,918	38,76,291
<b>Total</b>	<b>1,87,94,91,222</b>	<b>1,77,78,07,538</b>

(o) **Value of Exports**

(Amount in Rupees)

Particulars	For the year ended March 31,2011	For the year ended March 31,2010
Value of Goods Exported	1,91,60,07,999	1,32,80,85,359
<b>Total</b>	<b>1,91,60,07,999</b>	<b>1,32,80,85,359</b>



- (p) The year-end foreign currency exposures that have not been specifically hedged by a derivative instrument or otherwise are given below:

Particulars	As at 31/03/2011		As at 31/03/2010	
	In Foreign Currency	In Rupees	In Foreign Currency	In Rupees
Debtors	USD 1,80,63,085	79,89,30,248	USD 1,38,38,763	62,33,11,553
Advance from Customers	USD 20202	9,11,933	-	-
Creditors	USD 1,67,409	75,56,849	USD 3,65,056	1,63,89,219

**(q) Employee Benefits**

Disclosure as required by Accounting Standard 15 (Revised) on Employee Benefits:- In respect of gratuity, a defined benefit scheme (based on actuarial valuation) are given below:-

**Summary of assumptions**

Date of Valuation	31.03.2011
Retirement age	60 Years
Attrition Rate	2%
Future Salary Rise	6%
Rate of Discounting	8.25%
Mortality Table	LIC (1994-96) Ultimate

The actuarial value of gratuity as on 31.03.2011 calculated on the above assumptions works out to Rs. 65,76,733/- and required provision regarding the same has been made in the books

**(r) Details of Capacities, Production and Stocks:**

The activity of the Company is that of software development, hardware & software integration, development of IT related security products, E-commerce and internet services. Due to the technicalities involved of the integration between the software and the hardware, it is difficult to give the quantitative details of above items. The closing stocks as valued and certified by the management are as under

Particulars	(Amount in Rupees)	
	2010-11	2009-10
Value of Closing Stock	92,90,86,175	83,33,19,367
Sale of Product/ Software during the Year (comprises of System Integration, Software Product/Solution and Technical Services)	5,99,76,76,249	4,59,18,09,705

(s) **Related Party Disclosures as per Accounting Standard – 18:**

1. Related Parties:

- (i) Associates  
Micro Associates Consultancy (I) Private Limited  
Micro Capitals Private Limited  
Addon Automation Private Limited  
Youth Promoters Private Limited
- (ii) Key Managerial Personnel  
Dr P Sekhar – Chairman & Managing Director  
Ms Jayanthi S – Executive Director

2. Transactions between the Company and related parties and the status of outstanding balances as at March 31, 2011:

(Amount in Rupees)

Particulars	Associates		Key Managerial Personnel	
	2010-11	2009-10	2010-11	2009-10
<b>Nature of Transaction:</b>				
Receipt against Share Warrant	5,75,00,000	2,97,32,350	1,03,71,750	69,14,500
Forfeiture of Convertible Warrants	-	1,79,81,600	-	-
Advance Received	-	-	-	5,85,500
Loans Taken from Director	-	-	5,83,000	-
Loans Repaid to Director	-	-	-	5,83,000
Preferential Issue of Shares	7,63,36,080	7,46,76,600	1,38,29,000	-
<b>Outstanding Balances:</b>				
Deposit Outstanding	-	4,71,83,236	-	-
Share Warrant Deposit	1,06,48,330	2,97,32,350	34,57,250	-
Loan from Director	-	-	5,83,000	-
Advance Received	-	-	5,85,500	5,85,500

(t) **Segment Information:**

- i) Business Segment: The Company is primarily engaged in the business of Information Technology Solutions Segment.
- ii) Geographical Segment: The secondary reporting segment for the Company is geographical segment as on location of customers, which are as follows:

(Amount in Rupees)

Information for Secondary Segments:				
Particulars	Domestic	Exports	Unallocated	Total
Revenues from external customers (net) (including sale of services)	4,08,16,68,250 (3,26,37,24,346)	1,91,60,07,999 (1,32,80,85,359)	- -	5,99,76,76,249 (4,59,18,09,705)
Segment Assets	3,22,45,88,715 (2,03,27,25,401)	3,25,00,74,460 (2,90,59,37,728)	2,13,21,63,700 (1,05,80,33,357)	8,60,68,26,875 (6,47,40,02,646)

Figure in brackets are for the previous year

(u) **Earnings Per Share (EPS) Accounting Standard 20:**

The group reports basic and diluted Earnings Per Share (EPS) in accordance with Accounting Standard 20 on Earnings Per Share. Basic EPS is computed by the net profit or loss for the year by the weighted average no of equity shares outstanding during the year.

**Basis of calculation of Basic and Diluted earning per Equity share is as under:**

Particulars	For the year ended March 31,2011	For the year ended March 31,2010
Profit After Tax (Rs. in Lacs)	7,764.94	8,997.85
Weighted average number of Equity Shares		
- Basic	1,34,55,931	1,09,86,631
- Diluted	1,62,60,850	1,48,32,087
Nominal Value of Equity Shares (Rs.)	10.00	10.00
Earning per Share (Rs.)		
- Basic	57.71	81.90
- Diluted	47.88	60.84

(v) **Previous year comparatives:**

Previous year figures have been regrouped and rearranged wherever required to confirm to this year's classification

As per our Audit Report of even date attached

**For K M Gupta & Co**  
**Chartered Accountants**

**KAMAL AGRAWAL**  
**Partner**

Membership No. 058748  
Firm Reg.No. 309107E

Navi Mumbai, 24<sup>th</sup> May, 2011

For and on behalf of the Board

**Dr.PSEKHAR**  
Chairman & Managing Director

**Ms SUDIPTA V.**  
Company Secretary

**Ms JAYANTHI S.**  
Executive Director