



Micro Technologies (India) Ltd.

# 2012-13

21st ANNUAL REPORT



WE SECURE MILLIONS GLOBALLY

## COMPANY INFORMATION

### BOARD OF DIRECTORS

#### Chairman & Managing Director

Mr. Aditya Sekhar

#### Executive Director

Mr. Ganapathy V.

#### Independent Non-Executive Director

Mr. Sudhir Koppikar

Mr. Bhavin Parekh

Mr. Satya Swaroop

Prof. Paul Jerome

### REGISTERED OFFICE

46-C Electronic Sadan No-1,  
Mahape, Navi Mumbai-400705  
Tel No: 91 22 27612761/27620742  
Fax No:91 22 27612731  
Email: [enquiry@microtechnologies.net](mailto:enquiry@microtechnologies.net)  
Web: [www.microtechnologies.net](http://www.microtechnologies.net)

### CORPORATE OFFICE

MICRO TECHNOLOGIES (INDIA) LTD.  
Futech Park EL-225,  
T.T.C Industrial Area,  
M.I.D.C, Mahape, Navi Mumbai-400 710  
Tel : (91) (022) 2761 2761  
Fax : (91) (022) 2761 2731

### COMPLIANCE OFFICER

Mr. Ganapathy V.

### STATUTORY AUDITORS

Laxmikant Kabra & Co.  
Chartered Accountants  
1, Matru Chhaya, M. Karve Road,  
Opp. Dr. Bedekar Hospital, Naupada,  
Thane - 400 602.

### REGISTRAR AND SHARE TRANSFER AGENT

LinkIntime India Private Limited  
C/13, Pannalal Silk Mills Compound  
L.B.S Marg, Bhandup (W)  
Mumbai-400078  
Tel No: (022) 25963838  
Fax No: (022) 25946969  
Email Id: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

### STOCK EXCHANGES

Bombay Stock Exchange Limited  
National Stock Exchange of India Limited  
Singapore Exchange Limited

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## FIVE YEAR FINANCIAL PERFORMANCE

(STAND ALONE)

### BALANCE SHEET

(₹ in Lacs)

| PARTICULARS                               | 31.03.2009       | 31.03.2010       | 31.03.2011       | 31.03.2012       | 18 Month Ended<br>30.09.2013 |
|---|------------------|------------------|------------------|------------------|------------------------------|
| <b>EQUITY AND LIABILITIES</b>             |                  |                  |                  |                  |                              |
| <b>Shareholders' Funds</b>                |                  |                  |                  |                  |                              |
| (a) Share capital                         | 1,099.60         | 1,281.65         | 1,391.96         | 1,612.71         | 3,410.40                     |
| (b) Reserves and surplus                  | 25,594.35        | 34,635.41        | 40,648.98        | 46,342.42        | 30,820.85                    |
| (c) Money received against share warrants | -                | 366.47           | 141.06           | 342.11           | -                            |
|   | <b>26,693.95</b> | <b>36,283.53</b> | <b>42,182.00</b> | <b>48,297.24</b> | <b>34,231.26</b>             |
| <b>Minority Interest</b>                  | -                | -                | -                | -                | -                            |
| <b>Non -Current Liabilities</b>           |                  |                  |                  |                  |                              |
| (a) Long-term borrowings                  | 5,982.12         | 5,985.73         | 4,845.77         | 6,825.74         | -                            |
| (b) Deferred tax liabilities (Net)        | 216.82           | 383.04           | 641.30           | 1,025.86         | 505.64                       |
| (c) Other Long term liabilities           | 195.23           | 118.58           | 113.10           | 1,138.27         | 5,456.92                     |
| (d) Long-term provisions                  | -                | 40.00            | 50.89            | 68.92            | 101.92                       |
|   | <b>6,394.17</b>  | <b>6,527.35</b>  | <b>5,651.06</b>  | <b>9,058.79</b>  | <b>6,064.48</b>              |
| <b>Current Liabilities</b>                |                  |                  |                  |                  |                              |
| (a) Short-term borrowings                 | 3,392.18         | 8,359.07         | 15,909.67        | 19,413.84        | 28,927.71                    |
| (b) Trade payables                        | 2,219.09         | 2,696.21         | 3,639.53         | 5,278.89         | 2,014.69                     |
| (c) Other current liabilities             | 576.06           | 322.75           | 666.79           | 657.16           | 11,110.55                    |
| (d) Short-term provisions                 | 1,593.63         | 1,393.31         | 764.20           | 394.98           | -                            |
|   | <b>7,780.96</b>  | <b>12,771.34</b> | <b>20,980.19</b> | <b>25,744.87</b> | <b>42,052.95</b>             |
| <b>Total (A)</b>                          | <b>40,869.08</b> | <b>55,582.22</b> | <b>68,813.25</b> | <b>83,100.90</b> | <b>82,348.69</b>             |
| <b>ASSETS</b>                             |                  |                  |                  |                  |                              |
| <b>Non -Current Assets</b>                |                  |                  |                  |                  |                              |
| (a) Fixed assets                          |                  |                  |                  |                  |                              |
| (i) Tangible Assets                       | 15,947.60        | 18,705.85        | 19,888.50        | 25,080.38        | 243,29.21                    |
| (ii) Intangible Assets                    | 6.77             | 6.20             | 5.63             | 5.06             | 4.20                         |
| (iii) Capital Work in Progress            | 1,109.90         | 6,539.71         | 6,811.10         | 7,370.03         | 6,792.59                     |
| (iv) Goodwill on Consolidated             | -                | -                | -                | -                | -                            |
| (b) Non-current Investments               | 1,605.01         | 3,310.07         | 4,148.07         | 2,438.01         | 2,438.01                     |
| (c) Long-Term Loans and Advances          | 43.63            | 63.67            | 3,911.62         | 4,572.85         | 348.22                       |
| (d) Other non-current assets              | -                | -                | -                | -                | -                            |
|   | <b>18,712.91</b> | <b>28,625.50</b> | <b>34,764.92</b> | <b>39,466.33</b> | <b>33,912.19</b>             |
| <b>Current Assets</b>                     |                  |                  |                  |                  |                              |
| (a) Inventories                           | 5,121.15         | 7,005.48         | 7,783.99         | 10,259.68        | 45,398.25                    |
| (b) Trade receivables                     | 9,819.80         | 11,665.89        | 14,797.81        | 18,194.49        | 2,030.21                     |
| (c) Cash and cash equivalents             | 3,688.25         | 4,162.96         | 4,738.29         | 4,325.49         | 233.67                       |
| (d) Short-term loans and advances         | 3,526.97         | 4,122.39         | 6,728.24         | 10,854.91        | 774.37                       |
| (e) Other current assets                  | -                | -                | -                | -                | -                            |
|   | <b>22,156.17</b> | <b>26,956.72</b> | <b>34,048.33</b> | <b>43,634.57</b> | <b>48,436.50</b>             |
| <b>Total (B)</b>                          | <b>40,869.08</b> | <b>55,582.22</b> | <b>68,813.25</b> | <b>83,100.90</b> | <b>82,348.69</b>             |

## FIVE YEAR FINANCIAL PERFORMANCE

(STAND ALONE)

### PROFIT AND LOSS ACCOUNT

(₹ in Lacs)

| PARTICULARS   | 31.03.2009       | 31.03.2010       | 31.03.2011       | 31.03.2012       | 30.09.2013       |
|---|------------------|------------------|------------------|------------------|------------------|
| Income from Operations  |                  |                  |                  |                  |                  |
| 01. Net Sales/ Income From Operations   | 23,066.67        | 31,022.41        | 37,429.29        | 45,548.27        | 48,253.42        |
| 02. Other Operating Income  | -                | -                | -                | -                | -                |
| <b>Total</b>  | <b>23,066.67</b> | <b>31,022.41</b> | <b>37,429.29</b> | <b>45,548.27</b> | <b>48,253.42</b> |
| Expenses  |                  |                  |                  |                  |                  |
| 03. Cost of Sales/Services  | 11,428.89        | 15,744.13        | 20,528.60        | 32,424.36        | 40,015.06        |
| 04. Employee Benefit Cost   | 518.46           | 1,096.79         | 781.69           | 594.69           | 944.10           |
| 05. Depreciation and amortisation expenses  | 2,634.22         | 3,836.90         | 5,173.27         | 3,747.22         | 11,877.16        |
| 06. Other Operating Expenses  | 1,046.65         | 1,872.46         | 1,113.43         | 756.54           | 4,319.19         |
| <b>Total</b>  | <b>15,628.22</b> | <b>22,550.28</b> | <b>27,596.99</b> | <b>37,522.81</b> | <b>57,155.51</b> |
| 07. Profit from Operations before Other Income Finance Cost & Exceptional Items               | 7,438.45         | 8,472.13         | 9,832.30         | 8,025.46         | (8,902.09)       |
| 08. Other Income  | 5.73             | 239.34           | 168.79           | 397.29           | 3,868.01         |
| 09. Profit/(Loss) before Finance Costs & Exceptional Items                                    | 7,444.18         | 8,711.47         | 10,001.09        | 8,422.75         | (5,034.08)       |
| 10. Finance Costs (Net)   | 255.32           | 766.42           | 1,528.12         | 2,298.94         | 6,790.48         |
| 11. Profit/(Loss) from ordinary activities after Finance Costs but before Exceptional Items   | 7,188.86         | 7,945.05         | 8,472.97         | 6,123.81         | (11,824.56)      |
| 12. Exceptional Items   | -                | -                | 2,497.95         | 1,969.01         | -                |
| 13. Profit/(Loss) from Ordinary Activities before Tax   | 7,188.86         | 7,945.05         | 5,975.02         | 4,154.80         | (11,824.56)      |
| 14. Tax Expenses  | 932.43           | 1,581.22         | 1,560.69         | 1,416.65         | 723.09           |
| 15. Net Profit/(Loss) from Ordinary Activities after Tax                                      | 6,256.43         | 6,363.83         | 4,414.33         | 2,738.15         | (11,101.46)      |
| 16. Extraordinary Items (net of tax expenses)   | -                | -                | -                | -                | -                |
| 17. Net Profit/(Loss) for the Period before Minority Interest                                 | 6,256.43         | 6,363.83         | 4,414.33         | 2,738.15         | (11,101.46)      |
| 18. Share of Net Profit/ (Loss) of associates   | -                | -                | -                | -                | -                |
| 19. Minority Interest   | -                | -                | -                | -                | -                |
| 20. Net Profit/(Loss) after Taxes, Minority Interest and share of profit/(loss) of associates | 6,256.43         | 6,363.83         | 4,414.33         | 2,738.15         | (11,101.46)      |
| 21. Paid-up Equity Share Capital of Rs.10/- each  | 1,097.65         | 1,281.65         | 1,391.96         | 1,612.71         | 3,410.41         |
| 22. Reserves & Surplus  | 25,594.35        | 34,635.41        | 40,648.98        | 46,342.42        | 30,820.85        |
| 23(i). Earnings Per Share(before extraordinary items )  |                  |                  |                  |                  |                  |
| Basic   | 57.02            | 57.92            | 32.81            | 18.96            | (32.55) #        |
| Diluted   | 40.96            | 43.08            | 27.80            | 15.36            |                  |
| 23(ii). Earnings Per Share(after extraordinary items)   |                  |                  |                  |                  |                  |
| Basic   | 57.02            | 57.92            | 32.81            | 18.96            | (32.55) #        |
| Diluted   | 40.96            | 43.08            | 27.80            | 15.36            |                  |

# Not Annualized for 18 month period

### **D**ear Stakeholders

*"Victory belongs to the most persevering."  
- Napoleon Bonaparte*

The past year and a half have been a quite challenging time for the global economy. Virtually every company in every industry was affected in one way or another, and some have been drastically altered. Obviously, Micro Technologies was also not immune to the adverse effects of the global economic downturn and we too bore the brunt, albeit quite stoically. As our fundamentals are always strong, we were able to withstand the pulls, pressures and predicaments of this horrendous fiscal tsunami.

Despite all the inclement conditions, your company had made several deep inroads and impressive achievements. Let me share some of the major achievements of your company with you:

Micro Technologies won prestigious contracts for 'Aadhaar' and 'Safe City' Projects, got empanelled with Navaratna PSUs & Public Sector Banks for providing security solutions, received ISO 14001:2004 Certification and , Capability Maturity Model Integration (CMMI®) recognition from the Software Engineering Institute (SEI) of the prestigious Carnegie Mellon University in Pittsburgh, Pennsylvania, USA. This recognition is a tribute to Micro Tech's all-round best practices.

Our R & D Unit got the recognition from the Department of Scientific & Industrial Research (DSIR), Ministry of Science & Technology, and Government of India. It is among the very few R&D Units in the country to get such recognition.

We have recently formed a joint venture with the Aakash Universal Limited, the flagship company of the Aakash Group to promote our 'Micro ATM Black Box' ( 'Micro ABB') in the banking sector through our subsidiary Micro Secure Solutions Limited (MSSL)

I have been impressed with the breadth and quality of our product portfolio, and the commitment and talent of our people. These are significant competitive advantages that position us to lead the industry and win in the marketplace.

#### **Product launches**

To every problem that confronts our society, we came out with an effective solution. Micro Technologies had launched four major security products namely 'Micro Eye,' 'Micro Rise Up', 'Micro Sales Force Management System' and 'Micro Portable Black Box' to meet the growing demands in these respective segments.

Micro Technologies has also received some prestigious awards and made significant achievements. That is why, despite the current turbulent economic climate, I am optimistic about Micro Technologies' prospects to lead the era in the security domain. I see underneath the surface turmoil, this moment presents a rich and transformational opportunity to all of us.

#### **Acknowledgments**

I would like to express my sincere thanks to our Founder Chairman Dr. P Sekhar [Currently Chairman Emeritus] for his outstanding helmsman ship during his time with the Company.

I would like to extend my heartfelt thanks to my Board of Directors and the Managing Committee for their continued wise stewardship and strategic guidance. I thank the Management for its steadfast commitment.

I want to thank all our employees for their hard work and dedication throughout fiscal 2012-13 which enabled us to navigate a tough and challenging environment. And my immense thanks to our customers, partners and all our stakeholders for their continued cooperation and support.

And finally, please remember that tough times never last, but tough people do. Micro Technologies is made of not only talented people but also tough people. And together with such people, we will achieve great success in the coming year.

Lastly as late Dr. Martin Luther King Jr said that we must accept finite disappointment, but never lose infinite hope. The greater the difficulty, the more glory in surmounting it. Skillful pilots gain their reputation from storms and tempests. We too will outlast the current storm and emerge triumphantly soon.

Best Regards,

**Aditya Sekhar**

Chairman & Managing Director

## Board of Directors



### **Aditya Sekhar, Chairman & Managing Director**

Young, dynamic and determined, Mr. Aditya Sekhar holds a Bachelor's Degree in Business Management and a Master's Degree in Business with specialization in International Business from one of the finest Business Schools in India. His passion for progress and crystal clear thinking help develop the company's global strategies and expansion. Effective May 19, 2013 Mr. Aditya has been the Chairman and Managing Director of Micro Technologies (I) Ltd, thus becoming India's youngest CMD. Prior to this, Mr. Aditya S served the company as its Jt. Managing Director and Chief Strategic Officer spearheading major domestic and overseas initiatives.



### **Ganapathy V- Executive Director**

Mr. Ganapathy V, CEO was elevated to the august position of Executive Director in May 2013. His result-orientated approach has been the guiding force in winning prestigious contracts both in India and abroad. A qualified engineer from Mumbai, he earned his Master's Degree in Science in the United States. There he worked for two years in one of the largest Energy Research Institutes. He had also initiated various technological and scientific researches by getting affiliated with renowned agencies like NASA. Besides being responsible for the day-to day operations of the company as the Executive Director, Mr. Ganapathy V designs, develops and implements strategic plans and goals for the growth and progress of Micro Technologies



### **S G Koppikar, Independent Director**

Mr. S G Koppikar is a technology maven with a Management Degree from Thames Polytechnic, UK. He has over three decades of rich experience in the technology realm during which he held many significant positions such as CEO, Vice President (Technical) in reputable organizations. He had enormously contributed in the field of research and development.



### **Satya Swaroop, Independent Director**

Mr. Satya Swaroop had worked in the media field for more than thirteen years. He is the promoter of 'New Media Communication Pvt. Ltd'. He held senior management positions in THE INDIAN EXPRESS NEWSPAPERS and STRATEGIC NEWSPAPERS. He was the National Director of The Computer Society of India. Currently he is its Media Advisor. He was the first Asian recipient of 'The Best Mediaperson' Award of Fiero Milano (Italy) and he has wide international exposure in media and its related fields. Mr. Swaroop has also served on the board of several Chambers of Commerce in India and abroad.



### **Bhavin Parikh, Independent Director**

Mr. Bhavin Pravin Parikh has been an Additional and Independent Director of Micro Technologies (India) Ltd since April 26, 2013. Mr. Parikh is Chartered Accountant by profession having more than 20 Years of diverse experience in audit, tax, Company law and allied legal matters. Mr. Parikh's acumen in these fields has been commended by the industry experts.



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

Paul J. Coleman, Jr. is an emeritus professor of Space Physics at the University of California at Los Angeles. He holds B.S. Engineering Degrees in Mathematics and Physics, an M.S. Degree in Physics, and a Ph.D. in Space Physics. Dr. Coleman is an ex-officio President Jr of the NASA-funded Girvan Institute of Technology. He was honored by NASA with prestigious awards for his outstanding contributions to the explorations of the solar system and the moon.

A John Simon Guggenheim Fellow and a Senior Fulbright Scholar, Dr. Coleman was appointed by the then US President Mr. Ronald Reagan to the National Commission on Space. He was also appointed to the Space Policy Advisory Board by former US Vice President Mr. Dan Quayle.



## Management Discussion & Analysis Report

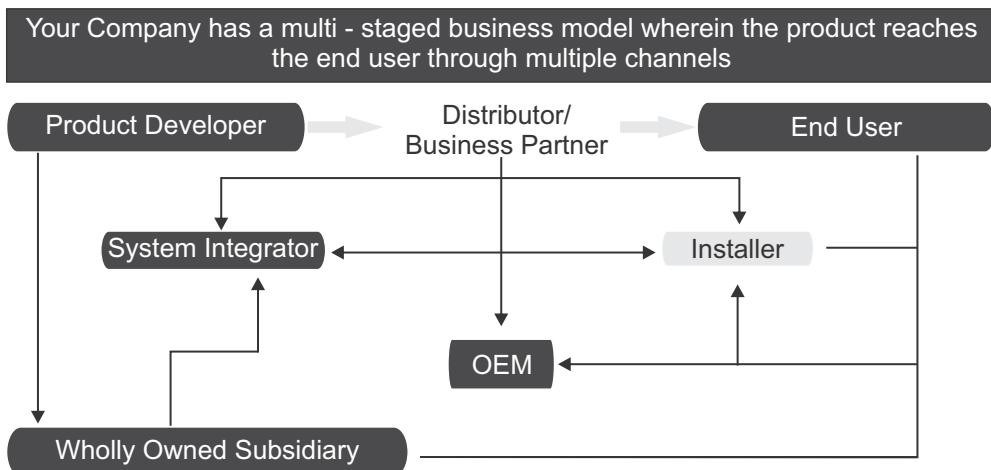
### INDIA'S SECURITY MARKET

The Indian Electronic Security Equipment market is 80% unorganized while the 20% organized. According to a recent Frost and Sullivan study, the security surveillance market is pegged at USD 407 million to USD 509 million while Homeland Security spend in India is pegged at about USD 10 billion by 2016. The Indian industry needs to quickly ramp up on R&D and innovation for new product development, hi-tech production capability and integrated solutions oriented approach.

#### India's Security Product Segment

| Device Segment  | Market Share (%) | Market Area   | Growth Rate (%) |
|---|------------------|---|-----------------|
| Premises Security including CCTV (Commercial & Industrial Cameras, Housings, Monitors, DVR / NVR's) | 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              |

#### Business Model & Expansion





## QUALITY CONTROL



Quality is never an accident; it is always the result of intelligent effort. Without quality control, the number of defective products that must be reworked, scrapped or returned would dramatically increase. Almost all manufacturing consulting/service organizations monitor the quality of their products and services they deliver to uphold their reputations, ensure satisfied customers and generate repeat business.

At Micro Technologies, our Quality Control Department ensures that the product/service is planned, designed and delivered to meet the customers' requirements.

The company is rigidly implementing Quality Management System so that its customers are satisfied not just by meeting their requirements but by exceeding their expectations. When we provide a quality product or quality service to a customer, it is not only just a business but it also gives an opportunity to maintain a good relationship with customers.

Quality is what gives the value to our product or service, which in turn makes it sustainable in the competing market. At Micro Technologies we strive hard to make our products the yardstick of quality and toward achieving this we spare no effort.

The company strictly adheres to the quality standards to ensure the utmost quality of the product that will build a loyal relationship with the customers. This in turn brought us more customers, increased the sales and enhanced the brand image and value.

## INNOVATION & R&D

We attach prime importance to innovation which is a prerequisite to our growth and progress. Innovation enables us to increase efficiency and productivity through design, development and adoption of new technologies and know-how. The ability to innovate by finding new ways to come out with various security products and solutions to meet the growing demands of a changing market is what led us to success.

The R&D plays a strategic role in product development. It is of great importance to our business both to beat competition and stay in the leadership position. Our R & D team focuses on accelerating multi-market deployment of key innovations and the exploration of complex R&D projects into business opportunities. A majority of our successful innovations have been the result of a tremendous team effort in R&D. In appreciation of robust R&D Unit the Government of India has recognized us and our contributions. Our R&D is managed by a large pool of young qualified and intelligent engineers and so come out with news products and solutions quite regularly. This year the company slowed down its investment in R & D considering current economic slow down.

## PRODUCTS

|   |   |  |  |   |   |
|---|---|--|--|---|---|
| <b>MICRO EVPMS</b><br>EXHIBITOR VISITOR PARTICIPANT MANAGEMENT SYSTEM | <b>MICRO LIFE LINE</b><br>AN EFFICIENT MESSAGING SYSTEM   | <b>MICRO FMS</b><br>FLEET MONITORING SYSTEM        | <b>MICRO BSS</b><br>BIKE SECURITY SYSTEM         | <b>MICRO SBB</b><br>SECURE BANK BLACK BOX           |   |
| <b>MICRO CARMS</b><br>CARGO TYPE VEHICLE MONITORING SYSTEM            | <b>MICRO VBB</b><br>VEHICLE SECURITY SYSTEM               | <b>MICRO VBB</b><br>VEHICLE SECURITY SYSTEM        | <b>MICRO UID</b><br>UNIQUE IDENTIFICATION SYSTEM | <b>MICRO BTS</b><br>BUDDY TRACKING SYSTEM           |   |
| <b>MICRO CHSM</b><br>COURT REPORTS MANAGEMENT SYSTEM                  | <b>MICRO VDP</b><br>VIDEO DOOR PHONE                      | <b>MICRO LMTS</b><br>LOST MOBILE TRACKING SYSTEM   | <b>MICRO ABB</b><br>ATM BLACK BOX                | <b>MICRO WSS</b><br>WI-FI SECURITY SYSTEM           | <b>MICRO JAI KISAN</b>                          |
| <b>MICRO SCT</b><br>SECURE COMMUNICATION TERMINAL                     | <b>MICRO LMTS</b><br>LOST MOBILE TRACKING SYSTEM          | <b>MICRO LNTS</b><br>LOST NOTEBOOK TRACKING SYSTEM | <b>MICRO EBB</b><br>ELECTRIC BLACK BOX           | <b>MICRO IBB</b><br>INTELLIGENT BLACK BOX           | <b>MICRO I Home</b><br>INTELLIGENT HOME premium |
| <b>MICRO IAS BANK</b><br>INTERNET ACCESS SECURITY SYSTEM              | <b>MICRO SAMS</b><br>STUDENT ATTENDANCE MANAGEMENT SYSTEM | <b>MICRO MCS</b><br>MOBILE CONTROLLER SYSTEM       | <b>MICRO POWER</b><br><i>Sinewave</i> HOME UPS   | <b>MICRO ISS</b><br>INTELLIGENT SURVEILLANCE SYSTEM | <b>MICRO ACS</b><br>ACCESS CONTROL SYSTEM       |

## Product Launches

### 'Micro Eye'



Micro Technologies (India) Ltd, launched on July 25, 2012 a revolutionary security solution called 'Micro Eye' at a glittering function at the Indian Merchants' Chamber, Mumbai. The former Mayor and Good will Ambassador of Beverly Hills, California Mr. Jimmy Delshad unveiled the product and commended the initiative of Micro Technologies in the security realm.

'Micro Eye' is the first combo product to offer both security and surveillance in one unit. It comes with in-built hardware like night vision cameras, digital video recorder, gas & fire sensors, smoke detector, door & remote sensors. 'Micro Eye' can detect motion and then notify the registered user instantly via SMS or email or both in case of intrusion or any untoward incident such as a gas or faucet leak or a fire break-out.

### Micro 'Rise up'



Micro Technologies in association with the Maharashtra State Police had launched an important application called 'Micro Rise Up' in mid-January, 2013 aimed at preventing crimes against women and elderly citizens.

'Micro Rise Up' is a unique location-based application which helps women/ elderly persons in any emergency to get instant help for protecting themselves. The launch version is available free of cost. When the user dials 000, recipients will get alert SMS notification with GPS location information ideally enabled with defined map integration and the URL. User can add two recipients' mobile numbers in phone or choose contacts from phone book. 'Micro Rise Up' is compatible with smart phones running on Android & Blackberry. One can apply through website [www.microriseup.net](http://www.microriseup.net) for free subscription. Police, women's organizations and students have hailed 'Micro Rise Up'.

### Micro Sale Force Management System' ('Micro SFMS')



Also in January 2013, the company had launched 'Micro Sales Force Management System' ('Micro SFMS'), a location-based intelligence system, which streamlines, simplifies and smoothens the entire sales process from leads generation to inking of the sales deals. 'Micro SFMS' is both a web and mobile based software application. Its mobile automation ensures real time tracking of the sales person's day to day business activities. 'Micro SFMS' has already received global acclaim.

### Micro Portable Black Box (Micro PBB)



Micro Technologies launched 'Micro Portable Black Box' (Micro PBB) to provide advanced security to goods-in-transit on April 7, 2013 at the 'Fashion Jewelry and Accessories Show' at the Bombay Exhibition Center at Goregaon in the north-western suburb of Mumbai. Unveiling Micro Portable Black Box at Micro Retail Booth at the Exhibition, Mr. Nagendra Mehta, Hon. Secretary, Imitation Jewelry Manufacturers' Association remarked, "I congratulate Micro Technologies India) Limited on introducing Micro Portable Black Box. It is a nice product for the safety and security of jewelry. It is a very innovative idea and would fulfill the security requirements."

Micro PBB is a real-time portable consignment security device, which can be used for the safe and secure consignment movement. It provides over-the-air security by SMS commands. It also has many useful features such as SMS Alerts & Notifications, GPS Location Tracking, Locking and Unlocking Facilities for the consigner from anywhere at any time. This solution is targeted at high value transactions. Currency notes, jewelry, gold and other valuable items can be transhipped from one place to any corner on the globe safely and securely.

## Our Valuable Clients & Partners



## Report on Corporate Governance

Pursuant to Clause 49 of the Listing Agreement, a Report on Corporate Governance is given below.

### CORPORATE GOVERNANCE - COMPANY'S FAITH

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. Your Company also endeavors to enhance long-term shareholder value and respect minority rights in all our business decisions. Thus, Transparency, Professionalism and Accountability are the three basic principles of Corporate Governance followed at Micro Technologies and it 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, globalization with national interests and core business with emerging business, the Company aims to be amongst the largest and most respected global organizations. 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 during the year are given below:

| Director Name             | Designation                                     | Attendance Particulars |                     | No. of Directorship/Committee Memberships/Chairmanships |                              |                            | Status  |
|---------------------------|---|------------------------|---------------------|---|------------------------------|----------------------------|---|
|                           |   | Board Meeting          | Last AGM 28/06/2012 | Other Directorship(*)                                   | Committee Chairmanship (***) | Committee Membership (***) |   |
| Aditya Sekhar             | Chairman & Managing Director                    | 10                     | Not Present         | 2   | Nil                          | 2                          | Appointed as Joint Managing Director w.e.f 1.10.2012 and designated as Chairman and Managing Director w.e.f. 19.05.2013 |
| Sudhir Gurunath Koppikar  | Independent Non Executive Director              | 2                      | Not Present         | 2   | 1                            | 2                          | Appointed w.e.f. 26.04.2013   |
| Bhavin Pravin Parikh      | Independent Non Executive director              | 2                      | Not Present         | Nil   | 1                            | Nil                        | Appointed w.e.f. 26.04.2013   |
| Satya Swaroop Prasad      | Independent Non Executive Director              | Nil                    | Not Present         | Nil   | Nil                          | 1                          | Appointed w.e.f. 13.08.2013   |
| Ganapathy V.              | Executive Whole Time Director                   | Nil                    | Not Present         | Nil   | 1                            | 1                          | Appointed w.e.f. 13.08.2013   |
| Prof. Paul Jerome Coleman | Independent Non Executive Director              | Nil                    | Not Present         | Nil   | Nil                          | Nil                        | Appointed w.e.f. 29.09.2007   |
| Dr. P.Sekhar              | Chairman & Managing Director                    | 15                     | Present             | 1   | Nil                          | 1                          | Resigned w.e.f. 19 <sup>th</sup> May, 2013  |
| Mrs. Jayanthi S           | Executive Director Independent Non              | 16                     | Not Present         | 3   | Nil                          | 1                          | Resigned w.e.f. 13 <sup>th</sup> August, 2013   |
| Dr. R.S. Deshmukh         | Executive Director Independent Non              | 7                      | Present             | Nil   | 2                            | Nil                        | Resigned w.e.f. 13 <sup>th</sup> August, 2013   |
| Mr. A.R.Kale              | Executive Director                              | 6                      | Present             | Nil   | 1                            | 2                          | Resigned w.e.f. 30 <sup>th</sup> May, 2013  |
| Mr. Raghvendra Raichur    | Alternate director to Prof. Paul Jerome Coleman | 5                      | Present             | 1   | Nil                          | Nil                        | Resigned w.e.f. 26 <sup>th</sup> April, 2013  |
| Mr. Prakash Bhawe         | Independent Non Executive Director              | 5                      | Present             | Nil   | Nil                          | 2                          | Resigned w.e.f. 26 <sup>th</sup> April, 2013  |

[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 Mr. Aditya Sekhar is an Executive Director more than half of the Board comprises of independent directors.

Further the majority members of the Board (4 out of 6) are independent directors which show the basic adherence to corporate governance principles.

#### 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.

Sixteen Board Meetings were held during the year, as against the minimum requirement of four meetings. The dates on which the meetings were held are: 23rd May, 2012, 25th June, 2012, 19th July, 2012, 11th August, 2012, 28th September, 2012, 15th October, 2012, 18th October, 2012, 2nd November, 2012, 12th November, 2012, 10th December, 2012, 17th January, 2013, 12th February, 2013, 28th February, 2013, 2nd April, 2013, 14th May, 2013, 13th August, 2013. 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.

#### DISCLOSURES TO SHAREHOLDERS REGARDING APPOINTMENT OR RE-APPOINTMENT OF DIRECTORS ALONG WITH THEIR PROFILE:

- 1) Prof. Paul Jerome Coleman is retiring by rotation. He being eligible offers for re-appointment at this ensuing Annual General Meeting.
- 2) Mr. Aditya Sekhar has been appointed as an Additional Director and as Joint Managing Director w.e.f 1st October, 2012 and then he was designated as the Chairman and Managing Director of the Company w.e.f. 19th May, 2013. Dr. P Sekhar, Founder Chairman & Managing Director has retired w.e.f 19th May, 2013. He is now the Chairman Emeritus of the Company.
- 3) Ms. Jayanthi Sekhar, Executive Director of the Company resigned from the office of directorship w.e.f 13th August, 2013 and Mr. Ganapathy V, was appointed as Whole-Time Director of the Company w.e.f 13th August, 2013.
- 4) Mr. A.R.Kale, Dr. R.S. Deshmukh, and Mr. Prakash Bhawe, Independent Directors resigned from the office w.e.f. 30th May, 2013, 13th August, 2013 and 26th April, 2013 respectively. Mr. Raghvendra Raichur, alternate director to Prof. Paul Jerome Coleman, Independent Director resigned from the office of alternate directorship w.e.f 26th April, 2013.
- 5) Mr. Sudhir Koppikar, Mr. Bhavin Parikh and Mr. Satya Swaroop, were appointed as Independent Directors of the Company w.e.f. 26th April, 2013, 26th April, 2013 and 13th August, 2013 respectively.

| Particulars of Directors who are being re-appointed/ appointment at the AGM  |  |  |  |   |                              |  |
|--|--|--|--|---|------------------------------|--|
| Name of Director   | Prof. Paul Jerome Coleman  | Mr. Aditya Sekhar  | Mr. Ganapathy V  | Mr. Sudhir Koppikar                           | Mr. Bhavin Parikh            | Mr. Satya Swaroop                                      |
| Date of Birth  | 7 <sup>th</sup> November, 1933   | 20 <sup>th</sup> November, 1986  | 1 <sup>st</sup> February, 1980   | 4 <sup>th</sup> October, 1934                 | 9 <sup>th</sup> August, 1956 | 16 <sup>th</sup> June, 1966                            |
| Date of Appointment  | 29th Sep, 2007   | 1 <sup>st</sup> October, 2012  | 13 <sup>th</sup> August, 2013  | 26 <sup>th</sup> April, 2013                  | 26 <sup>th</sup> April, 2013 | 13 <sup>th</sup> August, 2013                          |
| Qualifications   | B.S.Engineering Degrees in Mathematics and Physics, an M.S.degree in Physics, and a Ph.D. in Space Physics | Bachelor's Degree in Business Management and a Master's Degree in Business | Engineer from Mumbai University, Master's Degree in Science from the United States | Management Degree from Thames Polytechnic, UK | Chartered Accountant         | Post graduation in commerce Degree                     |
| Expertise in specific functional area  | Professor of Space Physics at University of California at Los Angeles.                                     | International Business from one of the finest Business Schools in India.   | -  | -   | -                            | Worked in the media field for more than thirteen years |
| Other Directorships  | Nil  | 2  | Nil  | 2   | Nil                          | Nil  |
| Memberships/Chairmanships of Committees of other public companies (includes only Audit Committee and Shareholders/Investors Grievance Committee) | Nil  | 2  | 1 (chairmanship)<br>1 (Membership)   | 1 (chairmanship)<br>2 (membership)            | 1 chairmanship               | 1 membership   |
| Number of shares held in the Company   | Nil  | Nil  | Nil  | Nil   | Nil                          | Nil  |



## 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. All the Board Members and designated senior management cadre of the Company have affirmed their compliance 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 have 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. Last 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, presently comprises of three Directors, two of them (Mr. Bhavin Parekh & Mr Sudhir Koppikar) being Independent Non Executive directors and Mr. Aditya Sekhar who is the Executive Director. All the members including the chairman have adequate financial and accounting knowledge.

Bhavin Pravin Parikh -Chairman

Aditya Sekhar - Member

Sudhir Koppikar - 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. Six Meetings of the Audit Committee were held during the year ended Sept. 30, 2013.

| Name of the Director   | Number of meetings held during the year | Number of meetings attended during the year |
|--|---|---|
| Mr. Bhavin P Parikh w.e.f. 26th April 2013                       | 6                                       | 2   |
| Mr. Aditya Sekhar w.e.f 26th April 2013                          | 6                                       | 2   |
| Mr. Sudhir Koppikar w.e.f 30 <sup>th</sup> May, 2013             | 6                                       | 1   |
| Mr. A.R. Kale (resigned w.e.f 30 <sup>th</sup> May, 2013)        | 6                                       | 5   |
| Mr. Prakash Bhawe ( resigned w.e.f 26 <sup>th</sup> April, 2013) | 6                                       | 4   |
| Ms. Jayanthi S (resigned w.e.f. 26 <sup>th</sup> April, 2013)    | 6                                       | 4   |

On resignation of Mr. Prakash Bhawe, who was member of Audit Committee, Mr. Bhavin Parikh became the Chairman of the Audit Committee w.e.f 26th April, 2013 and Mr. A.R.Kale the previous chairman of the audit committee was designated as member of the Committee w.e.f 26th April, 2013.

Further, on resignation of Mr. A.R.Kale, w.e.f 30th May, 2013, Mr. Sudhir Koppikar was appointed as member of Audit Committee w.e.f 30th May, 2013.

Mr. Aditya Sekhar was appointed as member of the Audit Committee w.e.f. 26th April, 2013 in place of Mrs. Jayanthi Sekhar.

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 previous Chairman of the Audit Committee, Mr. A.R.Kale was present at the last Annual General Meeting of the Company.

## 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. 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:

S.G. Koppikar - Chairman

Satya Swaroop P - Member

Ganapathy V - Member

Remuneration of non-executive Directors

Non-executive directors do not draw any remuneration from the Company.

### Remuneration of executive Directors

The terms of remuneration of Mr. Aditya Sekhar., Mr. Ganapathy V, 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 2012-13

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 2012-13, 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 2012-13

| Name            | Period                   | Salary & Allowances Rs. | Commission | Total (Gross) |
|-----------------|--------------------------|-------------------------|------------|---------------|
| Aditya Sekhar   | 01-04-2012 to 30-09-2013 | 5,337,024               | Nil        | 5,337,024     |
| Dr. P. Sekhar   | 01-04-2012 to 19-05-2013 | 8,667,472               | Nil        | 8,667,472     |
| Ms. Jayanthi S  | 01-04-2012 to 13-08-2013 | 5,133,796               | Nil        | 5,133,796     |
| Mr. Ganapathy V | 13-08-2013 to 30-09-2013 | 2,35,000                | Nil        | 2,35,000      |

During the year under review, three meetings of the remuneration Committee were held on 15th October, 2012, 14th May, 2013 and 13th August, 2013 which was attended by all the Committee Members as on that date.

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

The Share Transfer and Investor's Grievance Committee, comprises of:-

Ganapathy V- Chairman w.e.f 13th August, 2013

Aditya Sekhar- Member w.e.f. 19th May, 2013

S.G.Koppikar- Member w.e.f. 26th April, 2013



Meeting and attendance during the year

| Name of the Director   | Number of meetings held during the year | Number of meetings attended during the year |
|--|---|---|
| Ganapathy V<br>w.e.f. 13 <sup>th</sup> August, 2013              | 6                                       | 1   |
| Aditya Sekhar<br>w.e.f. 19 <sup>th</sup> May, 2013               | 6                                       | 1   |
| S.G.Koppikar<br>w.e.f. 26 <sup>th</sup> April, 2013              | 6                                       | 2   |
| R.S. Deshmukh (resigned<br>w.e.f. 13 <sup>th</sup> August, 2013) | 6                                       | 5   |
| Dr. P.Sekhar (resigned<br>w.e.f. 19 <sup>th</sup> May, 2013)     | 6                                       | 5   |
| Mr. A.R.Kale (resigned<br>w.e.f. 30 <sup>th</sup> May, 2013)     | 6                                       | 5   |

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:**

Mr.Ganapathy V., Executive Director & CEO 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 or at the Corporate 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 Link Intime 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: 01/04/2012 to 30/09/2013

| SR.NO. | COMPLAINT DESCRIPTION                              | OPENING BALANCE | RECEIVED  | REPLIED   | BALANCE  |
|--------|--|-----------------|-----------|-----------|----------|
| 1      | Non Receipt Of Dividend/Interest                   | 0               | 5         | 5         | 0        |
| 2      | Change of Address                                  | 0               | 1         | 1         | 0        |
| 3      | Bank Details                                       | 0               | 2         | 2         | 0        |
| 4      | Issue of Fresh D/D                                 | 0               | 7         | 7         | 0        |
| 5      | Issue of duplicate dividend warrant                | 0               | 11        | 11        | 0        |
| 6      | Others   | 0               | 1         | 1         | 0        |
| 7      | Non Receipt of Bonus Certificate(s)                | 0               | 2         | 2         | 0        |
| 8      | Procedure for transmission/ Deletion/Transposition | 0               | 1         | 1         | 0        |
|        | <b>TOTALS</b>                                      | <b>0</b>        | <b>30</b> | <b>30</b> | <b>0</b> |

There were no outstanding complaints as on September 30, 2013. 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**

The Board 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 share warrants and conversion of compulsorily convertible debentures issued to HT Media into equity shares in the month of February 2012.

This Committee comprises of:

- 1) Aditya Sekhar
- 2) Ganapathy V.
- 3) Satya Swaroop

The allotment committee met once 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 span</b> | <b>Number of meetings attended during the year</b> |
|--|--|--|
| Aditya Sekhar (w.e.f. 19 <sup>th</sup> May, 2013)              | 1  | 0  |
| Ganapathy V. (w.e.f. 13 <sup>th</sup> August, 2013)            | 1  | 0  |
| Satya Swaroop (w.e.f. 13 <sup>th</sup> August, 2013)           | 1  | 0  |
| Dr. P.Sekhar (resigned w.e.f. 19 <sup>th</sup> May, 2013)      | 1  | 1  |
| Ms. Jayanthi S (resigned w.e.f. 13 <sup>th</sup> August, 2013) | 1  | 1  |
| Mr. A.R.Kale (resigned w.e.f. 30 <sup>th</sup> May, 2013)      | 1  | 1  |

#### **5] SELECTION COMMITTEE**

The Board has pursuant to the provisions of Section 314 of the Companies Act, 1956 formed a Committee of Independent Directors. The Selection Committee recommends to the Board the appointment and remuneration payable (including the elements and frequency) to such employees of the Company who are relatives of non executive and executive directors (including the Managing Director and Whole Time Directors), and consequently hold office or place of profit in the Company. This Committee comprises of:

Satya Swaroop P- Chairman

S.G..Koppikar- Member

Bhavin Parikh- Member

Any such person from outside the Company who shall be an Expert in the respective field in which the respective relative of the Director(s) is proposed to be appointed as an employee of the Company.

## 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  |
|----------------|---|----------------|---------|---|
| 2011 -12       | EL -225, Micro Infotech Park, MIDC Electronic Zone, MAHAPE Navi Mumbai 400709 | 28th June 2012 | 9.30 AM | 1) Appointment of Mr. Aditya Sekhar at office or place of profit.<br>2) Appointment of Mrs. Geetha Vijayasarithi at Office or Place of profit.<br>3) Authorisation For QIP (Qualified Institutional Placement)<br>4) Authorisation For Raising Additional Long Term Funds   |
| 2010 -11       | EL -225, Micro Infotech Park, MIDC Electronic Zone, MAHAPE Navi Mumbai 400709 | 28th June 2011 | 9.30 AM | 1. Authorisation for QIP<br>2. Raising Additional Long Term Funds<br>3. Issue of 15,00,000 Share Warrants on Preferential Basis.  |
| 2009 -10       | 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<br>2. Ratification of Re - Appointment of Ms. Jayanthi S. as Executiv Director.<br>3. Authorisation under Section 372a of the Companies Act, 1956<br>4. Authorisation for QIP(Qualified Institutional Placement)<br>5. Raising additional long term funds. |

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

#### DISCLOSURES:

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

During the year 2012-13, 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 Exchange or SEBI on matters related to Capital Markets as applicable from time to time.

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, The Mint 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)

#### CORP FILING

As per the requirements of Clause 52 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)' and the NEAPS within the timeframe prescribed in this regard.

#### GENERAL SHAREHOLDER INFORMATION

##### FORTHCOMING AGM

21st Annual General Meeting

Date: 27th December, 2013. Time: 9.00 a.m.

Venue: EL-225, MICRO INFOTECH PARK, TTC INDUSTRIAL AREA, MIDC, MAHAPE, NAVI MUMBAI – 400 710

## FINANCIAL CALENDAR FOR FINANCIAL YEAR 2013-2014

| Tentative schedule                              | Board Meeting Schedule |
|---|------------------------|
| Unaudited financial results (December Quarter)  | 14th February 2014     |
| Audited financial results March 2014            | 29th May 2014          |
| Unaudited financial results (June quarter 2014) | 14th August 2014       |
| Audited financial results (September 2014)      | 14th November 2014     |

### BOOK CLOSURE DATES

The Register of Members and Share Transfer Books of your Company will remain closed from Thursday, 19th Day of December, 2013, to Thursday, 26th day of December, 2013 both days inclusive, for the purpose of annual general meeting.

### LISTING ON STOCK EXCHANGES

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

| Equity Shares  | Foreign Currency Convertible Bonds (FCCBs)   |
|--|--|
| Bombay Stock Exchange Limited<br>Phiroze Jeejeebhoy Towers<br>Dalal Street, Mumbai 400 001   | Singapore Exchange.<br>2, Shentonway<br># 19 -00<br>SGX Centre 1<br>Singapore 068804 |
| National Stock Exchange of India Ltd.<br>Exchange Plaza,<br>Plot no. C/1, G Block,<br>Bandra-Kurla Complex, Bandra (E)<br>Mumbai- 400 051. |  |

The Company has paid the annual listing fees for the year 2013-14 to BSE and NSE. The Company has paid custodial fees for the year 2012-13 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 31st March, 2013.

### 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

| Micro Technologies India Limited- BSE |        |        |
|---------------------------------------|--------|--------|
| Month                                 | High   | Low    |
| 2012-April                            | 178    | 165    |
| 2012- May                             | 174.8  | 138    |
| 2012 June                             | 152.95 | 138.05 |
| 2012- July                            | 150.5  | 64     |
| # 2012- Aug                           | 74     | 48.3   |
| 2012- Sept                            | 54.3   | 41.1   |
| 2012- Oct                             | 46.8   | 38.05  |
| 2012- Nov                             | 50.75  | 40.2   |
| 2012 - Dec                            | 52.7   | 41.55  |
| 2013- Jan                             | 46.8   | 37     |
| 2013-Feb                              | 42.9   | 34     |
| 2013 -Mar                             | 44     | 23.2   |
| 2013- April                           | 31.85  | 18.1   |
| 2013 - May                            | 16.3   | 6.75   |
| 2013 - June                           | 6.42   | 4.81   |
| 2013 - July                           | 6.31   | 3.43   |
| 2013 - Aug                            | 3.26   | 1.99   |
| 2013 - Sept                           | 6.42   | 2.37   |

| Micro Technologies India Limited- NSE |            |           |
|---------------------------------------|------------|-----------|
| Monthly                               | High Price | Low Price |
| 2012-April                            | 178        | 167       |
| 2012- May                             | 176.5      | 136.65    |
| 2012 June                             | 150        | 136.25    |
| 2012- July                            | 150.4      | 64.15     |
| # 2012- Aug                           | 69.8       | 48.05     |
| 2012- Sept                            | 54.85      | 41.3      |
| 2012- Oct                             | 45.9       | 38.05     |
| 2012- Nov                             | 50.9       | 40        |
| 2012 - Dec                            | 51.85      | 41.4      |
| 2013- Jan                             | 44.55      | 32        |
| 2013-Feb                              | 42.05      | 34        |
| 2013 -Mar                             | 44.5       | 23.45     |
| 2013- April                           | 31         | 17.9      |
| 2013 - May                            | 16.15      | 6.6       |
| 2013 - June                           | 6.6        | 4.8       |
| 2013 - July                           | 6.4        | 3.55      |
| 2013 - Aug                            | 3.4        | 2.25      |
| 2013 - Sept                           | 6          | 2.35      |

# (Price is after adjusting bonus in the ratio of 1:1)

**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: rnt.helpdesk@linkintime.co.in

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 30/09/2013 is as under:-

| SHARES OF<br>NOMINAL VALUE | SHAREHOLDERS |         | SHARE<br>AMOUNT<br>(IN RS.) | % OF<br>EQUITY |
|----------------------------|--------------|---------|-----------------------------|----------------|
|                            | NUMBER       | %       |                             |                |
| OF                         |              |         |                             |                |
| 1 -- 5000                  | 10335        | 73.7582 | 17494370                    | 5.1297         |
| 5001 -- 10000              | 1623         | 11.5829 | 13142520                    | 3.8536         |
| 10001 -- 20000             | 950          | 6.7799  | 15259670                    | 4.4744         |
| 20001 -- 30000             | 289          | 2.0625  | 7511550                     | 2.2025         |
| 30001 -- 40000             | 204          | 1.4559  | 7430080                     | 2.1786         |
| 40001 -- 50000             | 137          | 0.9777  | 6526470                     | 1.9137         |
| 50001 -- 100000            | 254          | 1.8127  | 18903560                    | 5.5429         |
| 100001 -- *****            | 220          | 1.5701  | 254773240                   | 74.7045        |
| Total:                     | 14012        | 100.00  | 341041460                   | 100.00         |

**SHAREHOLDING PATTERN AS ON 30th Sept. 2013**

| Code     | Category   | No. Of Share held | % of Holding   |
|----------|--|-------------------|----------------|
| <b>A</b> | <b>Promoters Holding</b>                             |                   |                |
|          | Indian Promoters                                     |                   |                |
|          | Individuals  | 7531674           | 22.0843        |
|          | Corporate Bodies                                     | 4800690           | 14.0766        |
|          | Sub Total  | <b>12332364</b>   | <b>36.161</b>  |
| <b>B</b> | <b>Non Promoters Holding Institutional Investors</b> |                   |                |
|          | Mutual Funds/ UTI ( Incl. Foreign Mutual Funds)      | 0                 | 0.000          |
|          | Financials Institutions/ Banks                       | 600000            | 1.7593         |
|          | FII's  | 0                 | 0.000          |
|          | Sub Total  | <b>600000</b>     | <b>1.7593</b>  |
| <b>C</b> | <b>Others</b>  |                   |                |
|          | Bodies Corporate                                     | 7583645           | 22.2367        |
|          | Public   | 12790166          | 37.5033        |
|          | NRIs   | 505287            | 1.4816         |
|          | GDRs   | 0                 | 0.0000         |
|          | Others   | 292684            | 0.8582         |
|          | Sub Total  | <b>21171782</b>   | <b>62.0798</b> |
|          | <b>Grand Total (A+B+C)</b>                           | <b>34104146</b>   | <b>100</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, 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**

99.86% of your Company's paid up Equity Share Capital has been dematerialized up to September 30, 2013. Trading in Equity Shares of your Company is permitted only in dematerialized form as per notification issued by SEBI.

## **OUTSTANDING FCCBS:**

The number of FCCBs outstanding as on September 30, 2013 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 2012-13.

## **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 2012-13. 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 compliance 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.

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

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

We, Aditya Sekhar, Chairman & Managing Director and Milind Mehta, CFO of Micro Technologies (India) Limited, ("company") hereby certify that:

We have reviewed financial statements and the cash flow statement of the company for the year ended 30th September, 2013 and that to the best of my knowledge and belief:

- (a) (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.

**Aditya Sekhar**  
**Chairman & Managing Director**

**Milind Mehta**  
**Chief Financial Officer**

**Place: Navi Mumbai**  
**Date: 29th November, 2013**

**Declaration under Clause 49 of the Listing Agreement regarding compliance with Code of Conduct.**

We, Aditya Sekhar, Chairman & Managing Director 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 September 30, 2013.

**Aditya Sekhar**  
**Chairman & Managing Director**

**Milind Mehta**  
**Chief Financial Officer**



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

To  
The Members  
Micro Technologies (India) Limited,

1. We have examined the compliance with the conditions of Corporate Governance by Micro Technologies (India) Ltd ("the Company") for the period 18 month ended 30<sup>th</sup> September 2013, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchange in India.
2. The compliance with conditions of the Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with 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 procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us:
  - a) We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.
  - b) We 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.

**Laxmikant Kabra & Co,**  
**Chartered Accountants**  
**Firm's Registration No. 117183W**

**Laxmikant Kabra**  
**Proprietor**  
**Membership No.101839.**

**Date: 29th November, 2013**  
**Place:- Thane**

| <b>STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956<br/>RELATING TO SUBSIDIARY COMPANIES</b>  |   |                                     |  |                                 |   |
|---|---|-------------------------------------|--|---------------------------------|---|
| <b>PARTICULARS</b>  | <b>MICRO<br/>SECURE<br/>SOLUTIONS<br/>LIMITED</b> | <b>MICRO<br/>RETAIL<br/>LIMITED</b> | <b>MICRO<br/>TECHNOL<br/>OGIES<br/>FZE</b> | <b>MICRO<br/>RETAIL<br/>FZE</b> | <b>MICRO<br/>SECURE<br/>SOLUTIO<br/>NS (HK)<br/>LIMITED</b> |
| Financial year of the<br>Subsidiary ended on  | 30.09.2013  | 30.09.2013                          | 30.09.2013                                 | 30.09.2013                      | 30.09.2013  |
| Date from which they<br>became Subsidiary   | 25.10.2007  | 10.01.2008                          | 18.04.2011                                 | 29.06.2011                      | 26.08.2011  |
| Share of the subsidiary<br>held by the company<br>as on 30.09.2013  |   |                                     |  |                                 |   |
| Extent of holding<br>Company's interest in<br>the subsidiary (%)  | 93.38%  | 99.31%                              | 100%                                       | 100%                            | 100%  |
| The net aggregate amount of the subsidiary companies Profit/(loss) so far as it concerns<br>the member of the holding company                             |   |                                     |  |                                 |   |
| <b>a) Dealt with in the holding company's accounts</b>  |   |                                     |  |                                 |   |
| i) For the financial year<br>ended 30.09.2013   | (1501.12)   | (586.83)                            | 3541.44                                    | (232.85)                        | 20.09   |
| ii) Upto the previous<br>financial years of the<br>subsidiary company<br>Not Dealt 31.12.2011   | 1961.68   | 1534.72                             | 4580.94                                    | 96.18                           | 18.21   |
| <b>b) Dealt with in the holding company's accounts</b>  |   |                                     |  |                                 |   |
| i) For the financial year<br>ended 30.09.2013   | Yes   | Yes                                 | Yes  | Yes                             | Yes   |
| ii) For the previous<br>financial year of the<br>subsidiary company<br>since they become the<br>holding company's<br>subsidiaries<br>Not Dealt 31.12.2011 | No  | No                                  | No   | No                              | No  |

Note:

Information on subsidiaries is provided in compliance with circular no. 2/2011 dated 8 February 2011 of the Ministry of Corporate Affairs, Government of India. We undertake to make available the audited annual accounts and related information of subsidiaries, where applicable, upon request by any of our shareholders. A detailed note on the same is given in the Directors' Report.

Change in the percentage of holding companies interest in subsidiaries between the end of the financial year of the subsidiaries and the end of holding companies financial year - NIL.

Details of any material changes which have occurred between the end of financial year of subsidiaries and the end of holding companies financial year.

- i) In Fixed Assets - NIL
- ii) In Investment - Nil
- iii) The money lent by it - Nil
- iv) The money borrowed by it for any purpose other than that of meeting current liabilities - Nil

**Sd/-  
Aditya Sekhar  
Chairman & Managing Director**

**Place: Navi Mumbai  
Date: 29th November, 2013**

**Sd/-  
Ganapathy V.  
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 Solution Limited**

(Rupees in lacs)

| Sr. No. | Particulars  | Period Ended 30.09.2013<br>(18 Months)  | As on March 31, 2012  |
|---------|--|---|---|
| 1       | Share Capital  | 858.89  | 858.89  |
| 2       | Reserves   | 5334.81   | 8314.06   |
| 3       | Total Assets   | 12324.89  | 21243.85  |
| 4       | Total Liabilities  | 12324.89  | 21243.85  |
| 5       | Details of Investment (except in case of investment in the subsidiaries) | (Investment in Associate -5000 Equity Shares of 10 each Fully paid up in Micro Harsh Security System Pvt. Ltd.) | (Investment in Associate -5000 Equity Shares of 10 each Fully paid up in Micro Harsh Security System Pvt. Ltd.) |
| 6       | Turnover (Net)   | 25690.62  | 20244.59  |
| 7       | Profit / (Loss) before taxation  | (1547.86)   | 3274.05   |
| 8       | Provision for taxation   | (46.75)   | 1173.30   |
| 9       | Profit/ (Loss) after taxation  | (1501.11)   | 2100.75   |
| 10      | Proposed Dividend  | 0.00  | 0   |

**Micro Retail Limited**

(Rupees in lacs)

| Sr. No. | Particulars  | Period Ended 30.09.2013<br>(18 Months) | As on March 31, 2012 |
|---------|--|--|----------------------|
| 1       | Share Capital  | 820.68                                 | 820.68               |
| 2       | Reserves   | 4018.76                                | 5459.91              |
| 3       | Total Assets   | 11006.78                               | 13754.08             |
| 4       | Total Liabilities  | 11006.78                               | 13754.08             |
| 5       | Details of Investment (except in case of investment in the subsidiaries) | 0.00                                   | 0                    |
| 6       | Turnover (Net)   | 23270.41                               | 20325.34             |
| 7       | Profit / (Loss) before taxation  | (924.07)                               | 2087.36              |
| 8       | Provision for taxation   | (337.25)                               | 541.97               |
| 9       | Profit/ (Loss) after taxation  | (586.83)                               | 1545.39              |
| 10      | Proposed Dividend  |  | 0                    |

**Micro Technologies FZE**

(Rupees in lacs)

| Sr. No. | Particulars  | Period Ended 30.09.2013<br>(18 Months) |
|---------|--|--|
| 1       | Share Capital  | 0                                      |
| 2       | Reserves   | 12089.50                               |
| 3       | Total Assets   | 12175.28                               |
| 4       | Total Liabilities  | 12175.28                               |
| 5       | Details of Investment (except in case of investment in the subsidiaries) |  |
| 6       | Turnover (Net)   | 15852.19                               |
| 7       | Profit / (Loss) before taxation  | 3541.44                                |
| 8       | Provision for taxation   | 0.00                                   |
| 9       | Profit/ (Loss) after taxation  | 0.00                                   |
| 10      | Proposed Dividend  | 0.00                                   |

## Step Down Subsidiaries

### Micro Retail FZE

(Rupees in lacs)

| Sr. No. | Particulars  | Period Ended 30.09.2013<br>(18 Months) |
|---------|--|--|
| 1       | Share Capital  | 0.00                                   |
| 2       | Reserves   | (18.27)                                |
| 3       | Total Assets   | 91.20                                  |
| 4       | Total Liabilities  | 91.20                                  |
| 5       | Details of Investment (except in case of investment in the subsidiaries) | 0.00                                   |
| 6       | Turnover (Net)   | 1498.19                                |
| 7       | Profit / (Loss) before taxation  | (232.85)                               |
| 8       | Provision for taxation   | 0.00                                   |
| 9       | Profit/ (Loss) after taxation  | (232.85)                               |
| 10      | Proposed Dividend  | 0.00                                   |

### Micro Secure Limited Hong Kong

(Rupees in lacs)

| Sr. No. | Particulars  | Period Ended 30.09.2013<br>(18 Months) |
|---------|--|--|
| 1       | Share Capital  | 0.66                                   |
| 2       | Reserves   | 49.90                                  |
| 3       | Total Assets   | 206.20                                 |
| 4       | Total Liabilities  | 206.20                                 |
| 5       | Details of Investment (except in case of investment in the subsidiaries) | 0.00                                   |
| 6       | Turnover (Net)   | 503.87                                 |
| 7       | Profit / (Loss) before taxation  | 20.09                                  |
| 8       | Provision for taxation   | 0.00                                   |
| 9       | Profit/ (Loss) after taxation  | 20.09                                  |
| 10      | Proposed Dividend  | 0                                      |

## Directors' Report

Your Directors are pleased to present the Twenty-first Annual Report and the Audited Accounts for the Financial Year ended September 30, 2013.

### FINANCIAL RESULTS

The financial performance of your Company for the 18 months ended September 30th, 2013 is summarized below:

\*Previous years' figures have been regrouped wherever necessary to bring them in line with the current year's representation of figures

(Rupees in Lac)

| Particulars                                       | Standalone 18 months period ended September-2013 | Standalone 2011-12 | Consolidated 18 months period ended September | Consolidate 2011-2012 |
|---|--|--------------------|---|-----------------------|
| <b>Turnover Sales</b>                             | 48253.42   | 45548.27           | 105861.44                                     | 86188.37              |
| <b>Operating Profit/(Loss)</b>                    | (5034.07)  | 8422.75            | (2145.51)                                     | 21493.18              |
| Less: Interest/Finance Cost                       | 6790.48  | 2298.94            | 8823.05                                       | 3090.64               |
| Less: Exceptional Items                           | -  | 1969.01            | -   | 1969.01               |
| <b>Profit/(Loss) Before Tax (PBT)</b>             | (11824.55)                                       | 4154.8             | (10968.55)                                    | 16433.53              |
| Current Year - Provision for Tax                  | -  | 823.39             | -   | 2028.95               |
| Deferred Tax - Provision for Tax                  | (723.09)   | 384.56             | (268.46)                                      | 1025.29               |
| Income Tax of earlier years                       | -  | 208.7              | (838.63)                                      | 208.7                 |
| MAT credit entitlement                            |  |                    |   | (127.46)              |
| <b>Net Profit/(Loss) before Minority Interest</b> | (11101.46)                                       | 2738.15            | (9861.46)                                     | 13298.05              |
| Less Minority Interest                            |  | -                  |   | 303.84                |
| <b>Net Profit/(Loss) after Minority Interest</b>  | (11101.46)                                       | 2738.15            | (9861.46)                                     | 12994.21              |
| <b>Balance of Profit from previous year</b>       | 28256.42   | 25705.7            | 44936.09                                      | 32276.82              |
| <b>Amount available for Appropriation</b>         | 17154.96   | 28443.85           | 35074.63                                      | 45271.03              |
| Transferred to General Reserve                    |  | -                  |   | -                     |
| Proposed Dividend                                 | -  | 161.27             | -   | 288.19                |
| Dividend Tax                                      | -  | 26.16              | -   |                       |

\*Previous years' figures have been regrouped wherever necessary to bring them in line with the current year's representation of figures

### REVIEW OF PERFORMANCE

The Year 2012-2013 has been a very challenging year.

On a standalone basis, your Company achieved Total Income of Rs. 48253.42 Lac during the year under report as against Rs.45548.27 Lac during the previous year, representing an increase of 5.93 %. The Net Profit After Tax stood at Rs. 11101.46 compared to Rs. 2738.15 Lac in the previous year.

On a consolidated basis, your Company achieved Total Income of Rs. 105861.44 Lac during the year under the report and Net Loss After Tax stood at Rs. 9861.46 Lac.

Overall, 2012-13 has been a very challenging year. Your Company withstood the global economic downturn stoically. The Company was aggressive in its quest for new contracts, executed on its full services strategy and maintained pricing discipline. This helped to deliver 5.93% revenue growth for the year along with overall performance.

### DIVIDEND

No dividends were declared during the Financial Year 2012-2013.

### DEPOSITS

The Company has accepted deposits and complied with the provisions of Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975 made thereunder at time of acceptance of deposits.

## **SUBSIDIARIES**

Your Company has two major subsidiaries viz. Micro Secure Solutions Limited and Micro Retail Limited incorporated in 2007 and 2008 respectively. Your Company holds more than 90% of the total equity share capital of these companies.

During the period under review the management of the company has taken the following decisions. Namely

1. Consolidation of business in MTIL Mumbai- Due to the bad economic scenario resulting in decline of business opportunities resulting in the decline in margin of profit and also in some branches incurring of losses the management of the company decided to shift the entire operation of the business and to have the better control on the operation , reduction in the operational cost from their branches to Mumbai including taking over of the assets , liabilities and fixed assets to optimistically utilize there strength in Mumbai main subsidiary.
2. Closure shift of foreign branches In view of the losses being incurred and lack of business opportunities the management has decided to close all the foreign branches one of the branches MSSL branch has been closed during the current financial year to start with and balances branches in the current financial year.
3. Discontinuation of some of the verticals of business segment and as a result accounting of resultant losses in the books The management of the company due to the bad market condition and up gradation of the latest technology and certain product getting outdated has decided to discontinue certain verticals of the business.
4. Technical and financial evaluation of entire evaluation of entire inventories both stock n wip and accounting of devaluation in the value of stock due to drastic technical change resulting into devaluation of stock of Rs. 5,762.27 Lacs on standalone basis.
5. Accounting of long overdue receivable pertaining to disclosure/slowed down business vertical as bad and doubtful. Giving effect of short provision/non provision of depreciation on some of the intangible assets of the company of the FY 2011-12 and given retrospective effect of the same in the financial result amounting to Rs. 3248.2 lacs from the financial result.

## **DIRECTORS & OFFICERS**

- 1) Mr. Aditya Sekhar has been appointed as an Additional Director and as Joint Managing Director w.e.f 1st October, 2012 and then he was designated as the Chairman and Managing Director of the company w.e.f. 19th May, 2013. Dr. P Sekhar, Founder Chairman & Managing Director has retired w.e.f 19th May, 2013. He is now the Chairman Emeritus of the Company.
- 2) Ms. Jayanthi Sekhar, Executive Director of the Company resigned from the office of directorship w.e.f 13th August, 2013 and Mr. Ganapathy V, is appointed as Whole –Time Director of the Company w.e.f 13th August, 2013.
- 3) Mr. A.R.Kale, Dr. R.S. Deshmukh, and Mr. Prakash Bhave, Independent Directors resigned from the office w.e.f. 30th May, 2013, 13th August, 2013 and 26th April, 2013 respectively. Mr. Raghendra Raichur, alternate director to Prof. Paul Jerome Coleman, Independent Director resigned from the office of alternate directorship w.e.f 26th April, 2013.
- 4) Mr. Sudhir Koppikar, Mr. Bhavin Parikh and Mr. Satya Swaroop, were appointed as Independent Directors of the Company w.e.f. 26th April, 2013, 26th April, 2013 and 13th August, 2013 respectively.
- 5) Ms. Neha Gaur, Company Secretary and Compliance Officer of the Company resigned from the office w.e.f. 28th February, 2013 and Mr. Ganapathy V, was appointed as Compliance Officer w.e.f. 25th July, 2013.
- 6) Mr. Paul Jerome Coleman Jr., Director of the Company who retires by rotation and being eligible offers himself for re-appointment at this ensuing Annual General Meeting. Your directors recommend his re-appointment.

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

### **1.Capital Work-In-Progress (CWIP)**

Capital Work-In-Progress (CWIP) includes tangible assets of Rs. 67.92 cr. is for managing commercial property at Vashi, Navi Mumbai. The expenditure incurred is preliminary in nature and the same would be capitalized and allocated project wise.

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.

### **2. Inventory/Work -In-Progress**

Company has invested heavily and carrying inventory worth 645.60 Cr on consolidated basis after technical evaluation and based on expert opinion. Management is confident of realizing the value with certain required investment to keep upto date the said inventory. If realized the value of realization, shall not be less than the amount stated in books of account.

### **3. 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 a high level of performance for the growth and development of the company during the year.

### **4. Extraordinary General Meeting**

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

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

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

The details regarding conversion of FCCB to be mentioned The number of FCCBs outstanding as on September 30, 2013 are 120.

## **6. 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 September 30th 2013 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.

## **7. 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 29th November, 2013 has been exempted from attaching 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 at Mahape, Navi Mumbai, Maharashtra and also at the Registered Office of the subsidiaries at Andheri, Mumbai, Maharashtra.

## **CORPORATE GOVERNANCE**

Your Company is committed to maintaining 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.

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 lies in its ability to deliver value to law firms and corporate counsels 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.

## **AUDITORS**

The Auditors, M/s. Laxmikant Kabra & Co, Chartered Accountants, Thane have expressed their willingness for re-appointment as auditors of your Company at the ensuing Annual General Meeting. The certificate from M/s Laxmikant Kabra & Co, Chartered Accountants, Thane has 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.

## **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 thank all the employees for their hard work, dedication and commitment.

For and on behalf of the Board of Directors

Sd/-

**Aditya Sekhar**

Chairman & Managing Director

Place: Navi Mumbai , 29th November 2013



## 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

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.

### 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 to bring latest & appropriate technologies. These products will drive the cost of security down by promoting mass multiplication.

### Fixed Asset Valuation:

All fixed assets are valued at cost less depreciation. 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 optimal maximum utilization of its assets and to keep the technologies upgraded, certain depreciable assets have been replaced and restructured with better and newer technologies to gain higher economic benefits and quicker commercial results. To match with these new and improved versions of technologies, your company has restructured its uneconomical assets by replacing them with the economical ones.

### 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. 60,00,000/- p.a. in Maharashtra and also at the Registered Office of the subsidiaries in Andheri, Mumbai, Maharashtra.

| Sr. No. | Name ,<br>Qualifications<br>& Age in Years | Designation/<br>Nature of<br>Duties                        | Remuneration Receivable/<br>Received (Rs.) During the<br>Financial Year 2012-13 |                     | Date of<br>Commencement<br>of Employment | Last Employment                    |
|---------|--|--|---|---------------------|--|------------------------------------|
| 1.      | Mr. Aditya Sekhar                          | Chairman &<br>Managing<br>Director w.e.f.<br>19th May 2013 | Gross<br>Rs. 9,64,256   | Net<br>Rs. 6,99,256 | 1st October 2012                         | Managing Director                  |
| 2.      | Dr. P. Sekhar                              | Chairman &<br>Managing<br>Director (Till<br>19th May 2013) | Rs. 6,19,105  | Rs. 4,33,374        | Since Incorporation                      | Director of 1st<br>Technology Park |
| 3.      | Mrs. Jayanthi<br>Sekhar                    | Whole Time<br>Director (Till 13th<br>August 2013)          | Rs. 3,02,000  | Rs. 2,11,400        | Since Incorporation                      | NA                                 |

For and on behalf of the Board of Directors  
Sd/-  
Aditya Sekhar  
Chairman & Managing Director

Place: Navi Mumbai  
Date: 29th November 2013

## **AUDITOR'S REPORT**

### **Independent Auditors' Report**

#### **Report on the Financial Statements**

We have audited the accompanying Financial Statements of Micro Technologies (India) Limited ('the Company') which comprise the Balance Sheet as at September 30, 2013, the Statements of Profit & Loss and Cash Flow for the period then ended and a summary of significant accounting policies and other explanatory information.

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

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

#### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

#### **Opinion**

In our opinion and to the best of our information and according to the explanation given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In case of the Balance Sheet, of the state of affairs of the Company for 18 month period ended on 30th September 2013.
- b) In case of the Statement of Profit and Loss Account, of the loss of the Company for the 18 month period ended on 30th September 2013.
- c) In case of the Cash Flow Statement, of the cash flows of the Company for the 18 month period ended on 30th September 2013.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") as amended issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. The Balance Sheet and the Statements of Profit & Loss and Cash Flow dealt with by this report are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet and the Statements of Profit & Loss and Cash Flow comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act and
  - e. On the basis of written representation received from the Directors as on 30th September, 2013 and taken on record by the Board of Directors, none of the Directors is disqualified as on 30th September, 2013 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Act.

**Laxmikant Kabra & Co,  
Chartered Accountants  
Firm's Registration No. 117183W**

**Laxmikant Kabra  
Proprietor  
Membership No.- 101839**

**Date:- 29th November , 2013  
Thane**

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

### **The annexure referred to in our report to the members of Micro Technologies (India) Limited (the Company) for the 18 Months period ended on 30th September, 2013**

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.

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 exist 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 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 accepted deposits from the public within the meaning of section 58A and 58AA of the Act and the rules frame there under. There are some delay in payment toward interest/Principal during the period under review

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 18 month period 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.

b) According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid, were in arrears, as at 30th September 2013, 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 18 month period as on 30th September 2013 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 defaulted to the tune of Rs. 28927.71 Lacks 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 given 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 given to us, the terms and conditions on which the company has given the guarantees for loans taken subsidiary from bank are not prejudicial to the interest of the company.

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. The company has neither issued nor had any outstanding debenture during the period under review. Accordingly, the provision of clause 4(xix) of the Order are not applicable.

20. The company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.

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.

**Laxmikant Kabra & Co,  
Chartered Accountants  
Firm's Registration No. 117183W**

**Laxmikant Kabra  
Proprietor  
Membership No.- 101839**

**Date:- 29th November , 2013  
Thane**

**MICRO TECHNOLOGIES (INDIA) LIMITED**  
**BALANCE SHEET FOR 18 MONTHS PERIOD ENDED 30th SEPTEMBER 2013**

(Rupees in Lacs)

|            | Particulars  | Note No. | As at 30.09.2013<br>(18 Months Period) | As at 31.03.2012 |
|------------|--|----------|--|------------------|
| <b>I.</b>  | <b>EQUITY AND LIABILITIES</b>                                |          |  |                  |
| <b>(1)</b> | <b>Shareholders' Funds</b>                                   |          |  |                  |
|            | (a) Share Capital  | 3        | 3,410.41                               | 1,612.71         |
|            | (b) Reserves and Surplus                                     | 4        | 30,820.85                              | 46,342.42        |
|            | (c) Money Received Against Share Warrants                    |          | -                                      | 342.11           |
|            |  |          | <b>34,231.26</b>                       | <b>48,297.24</b> |
| <b>(2)</b> | <b>Non-Current Liabilities</b>                               |          |  |                  |
|            | (a) Long-term Borrowings                                     | 5        | -                                      | 6,825.74         |
|            | (b) Deferred Tax Liabilities (Net)                           | 6        | 505.64                                 | 1,025.86         |
|            | (c) Other Long Term Liabilities                              | 7        | 5,456.92                               | 1,138.27         |
|            | (d) Long-Term Provisions                                     | 8        | 101.92                                 | 68.92            |
|            |  |          | <b>6,064.48</b>                        | <b>9,058.79</b>  |
| <b>(3)</b> | <b>Current Liabilities</b>                                   |          |  |                  |
|            | (a) Short-Term Borrowings                                    | 9        | 28,927.71                              | 19,413.84        |
|            | (b) Trade Payables   | 10       | 2,014.69                               | 5,278.89         |
|            | (c) Other Current Liabilities                                | 11       | 11,110.55                              | 657.17           |
|            | (d) Short-Term Provisions                                    | 12       | -                                      | 394.98           |
|            |  |          | 42,052.95                              | 25,744.88        |
|            | <b>TOTAL</b>   |          | <b>82,348.69</b>                       | <b>83,100.90</b> |
| <b>II.</b> | <b>ASSETS</b>  |          |  |                  |
| <b>(1)</b> | <b>Non-Current Assets</b>                                    |          |  |                  |
|            | (a) Fixed Assets   | 13       |  |                  |
|            | (i) Tangible Assets  |          | 24,329.21                              | 25,080.38        |
|            | (ii) Intangible Assets                                       |          | 4.20                                   | 5.06             |
|            | (iii) Capital Work-in-Progress                               |          | 6,792.59                               | 7,370.03         |
|            | (b) Non-Current Investments                                  | 14       | 2,438.01                               | 2,438.01         |
|            | (c) Long-Term Loans and Advances                             | 15       | 348.18                                 | 4,572.85         |
|            |  |          | <b>33,912.19</b>                       | <b>39,466.33</b> |
| <b>(2)</b> | <b>Current Assets</b>  |          |  |                  |
|            | (a) Inventories  | 16       | 45,398.25                              | 10,259.68        |
|            | (b) Trade Receivables  | 17       | 2,030.21                               | 18,194.49        |
|            | (c) Cash and Cash Equivalents                                | 18       | 233.67                                 | 4,325.49         |
|            | (d) Short-Term Loans and Advances                            | 15       | 774.37                                 | 10,854.91        |
|            |  |          | <b>48,436.50</b>                       | <b>43,634.58</b> |
|            | <b>TOTAL</b>   |          | <b>82,348.69</b>                       | <b>83,100.90</b> |
|            | The Notes are an Integral Part of these Financial Statements | 1 & 2    |  |                  |

As per our Audit Report of even date

For and on behalf of the Board

**For Laxmikant Kabra & Co.**  
**Chartered Accountants**  
Firm Registration No: 117183W

**Laxmikant Kabra**  
Proprietor  
Membership No. 101839

**Ganapathy V**  
Director

**Aditya Sekhar**  
Chairman & Managing Director

Date: 29th November, 2013  
Thane

**MICRO TECHNOLOGIES (INDIA) LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 01 APRIL 2012 TO 30 SEPTEMBER 2013**

(Rupees in Lacs)

|              | Particulars  | Note No. | Period Ended<br>30.09.2013<br>18 Months) | Year Ended<br>31.03.2012 |
|--------------|--|----------|--|--------------------------|
| <b>I.</b>    | <b>Revenue from Operations</b>                               | 19       | 48,253.42                                | 45,548.27                |
| <b>II.</b>   | <b>Other Income</b>  | 20       | 3,868.01                                 | 397.29                   |
| <b>III.</b>  | <b>Total Revenue (I + II)</b>                                |          | 52,121.43                                | 45,945.56                |
| <b>IV.</b>   | <b>Expenses:</b>   |          |  |                          |
|              | Cost of Sales  | 21       | 40,015.06                                | 32,424.36                |
|              | Employee Benefit Expenses                                    | 22       | 944.10                                   | 594.69                   |
|              | Operation and Other Expenses                                 | 23       | 4,319.19                                 | 756.54                   |
|              | Finance Cost   | 24       | 6,790.48                                 | 2,298.94                 |
|              | Depreciation and Amortization Expense                        | 25       | 11,877.16                                | 3,747.22                 |
|              | Total Expenses   |          | 63,945.99                                | 39,821.75                |
| <b>V.</b>    | <b>Profit/(Loss) before Exceptional Items and Tax</b>        |          | (11,824.55)                              | 6,123.81                 |
| <b>VI.</b>   | <b>Less: Exceptional Items</b>                               | 26       | -  | 1,969.01                 |
| <b>VII.</b>  | <b>Profit/(Loss) before Tax</b>                              |          | (11,824.55)                              | 4,154.80                 |
| <b>VIII.</b> | <b>Tax Expense:</b>  |          |  |                          |
|              | Current tax  |          | 0.00                                     | 823.39                   |
|              | Deferred tax   |          | (723.09)                                 | 384.56                   |
|              | Income Tax for Earlier Years                                 |          |  | 208.70                   |
| <b>IX.</b>   | <b>Profit/(Loss) for the Period</b>                          |          | (11,101.46)                              | 2,738.15                 |
| <b>X.</b>    | <b>Earnings per Equity Share (In Rupees)</b>                 |          |  |                          |
|              | Equity Shares of Par Value Rs 10/- each                      |          |  |                          |
|              | Basic  |          | (76.88)                                  | 18.96                    |
|              | Diluted  |          | (61.79)                                  | 15.36                    |
|              | Number of Share used in Computing Earning Per Share          |          |  |                          |
|              | Basic  |          | 14,439,323                               | 14,439,323               |
|              | Diluted  |          | 17,967,239                               | 17,967,239               |
|              | The Notes are an integral part of these Financial Statements | 1 & 2    |  |                          |

As per our Audit Report of even date

For and on behalf of the Board

**For Laxmikant Kabra & Co.**  
**Chartered Accountants**  
Firm Registration No: 117183W

**Laxmikant Kabra**  
Proprietor  
Membership No. 101839

**Ganapathy V**  
Director

**Aditya Sekhar**  
Chairman & Managing Director

Date: 29th November, 2013  
Thane

**MICRO TECHNOLOGIES (INDIA) LIMITED**  
**CASH FLOW STATEMENT FOR THE PERIOD 01 APRIL 2012 TO 30 SEPTEMBER 2013**

(Rupees in lacs)

| PARTICULARS   | Period Ended 30.09.2013 (18 months) |                    | Year Ended 31.03.2012 |                   |
|---|-------------------------------------|--------------------|-----------------------|-------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>               |                                     |                    |                       |                   |
| Net Profit before Tax and Extraordinary Items                 |                                     | (11,824.55)        |                       | 4,154.80          |
| Adjustments for :   |                                     |                    |                       |                   |
| Depreciation & Amortisation                                   | 11,877.16                           |                    | 5,463.75              |                   |
| Interest & Finance Charges Paid                               | 6,790.48                            |                    | 2,298.94              |                   |
| Dividend Income   |                                     |                    | (120.95)              |                   |
| Provision for Gratuity  | 33.00                               |                    | 18.03                 |                   |
| Foreign Exchange Fluctuation on FCCB                          |                                     |                    | 1,969.01              |                   |
| Profit on sale of Investment                                  |                                     |                    | (89.99)               |                   |
| Loss on Sale of Fixed Assets                                  |                                     | 18,700.64          | 2.22                  | 9,541.00          |
| <b>Operating Profit/(Loss) Before Working Capital Changes</b> |                                     | <b>6,876.09</b>    |                       | <b>13,695.80</b>  |
| <b>Adjustments For :</b>                                      |                                     |                    |                       |                   |
| (Increase)/Decrease in Trade Receivables                      | 16,164.28                           |                    | (3,396.68)            |                   |
| (Increase)/Decrease in Loans & Advances                       | 14,305.18                           |                    | (4,787.91)            |                   |
| (Increase)/Decrease in Inventories                            | (35,138.56)                         |                    | (2,475.69)            |                   |
| Increase/(Decrease) in Trade Payables                         | (3,264.21)                          |                    | 1,639.37              |                   |
| Increase/(Decrease) in Current Liabilities & Provision        | 10,058.40                           |                    | (16.01)               |                   |
| Increase/(Decrease) in Non-Current Liabilities & Provision    | 4,351.65                            |                    | 1,025.17              |                   |
|   |                                     | 6,476.74           |                       | (8,011.75)        |
| Cash Generated from Operations                                |                                     | <b>13,352.83</b>   |                       | <b>5,684.05</b>   |
| Income Tax Paid   |                                     | (115.39)           |                       | 1,277.04          |
| Net Cash Flow from Operating Activities                       |                                     | <b>13,468.21</b>   |                       | <b>4,407.01</b>   |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>               |                                     |                    |                       |                   |
| Sale of Tangible Assets                                       |                                     |                    | 3.18                  |                   |
| Dividend Income   |                                     |                    | 120.95                |                   |
| Sale / (Purchase) of Investments                              |                                     |                    | 1,800.05              |                   |
| Purchase of Tangible Assets                                   | (17,917.68)                         | (17,917.68)        | (11,219.38)           | (9,295.20)        |
| Net Cash Used in Investing Activities                         |                                     | <b>(17,917.68)</b> |                       | <b>(9,295.20)</b> |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>               |                                     |                    |                       |                   |
| Issue of Shares (Including Share Premium)                     | 1,797.71                            |                    | 3,363.47              |                   |
| Issue of Share Warrant  | (342.11)                            |                    | 201.05                |                   |
| Reserves Created  | 3,004.40                            |                    |                       |                   |
| Issue of Fully Convertible Debentures                         |                                     |                    | -                     |                   |
| Proceeds from Long term/Short term Borrowings                 | 2,688.13                            |                    | 3,515.11              |                   |
| Interest & Finance Charges Paid                               | (6790.48)                           |                    | (2,298.94)            |                   |
| Dividend Paid (Including Dividend Distribution Tax)           |                                     | 357.65             | (305.31)              | 4,475.38          |
| <b>Net Cash Flow from Financing Activities</b>                |                                     | <b>357.65</b>      |                       | <b>4,475.38</b>   |
| Net Increase/(Decrease) in Cash & Cash Equivalents            |                                     | (4,091.82)         |                       | (412.81)          |
| Cash & Cash Equivalents at the beginning of the year          |                                     | 4,325.49           |                       | 4,738.29          |
| Cash & Cash Equivalents at the end of the year                |                                     | 233.67             |                       | 4,325.49          |
| Net Increase/(Decrease) in Cash & Cash Equivalents            |                                     | (4,091.82)         |                       | (412.81)          |

As per our Audit Report of even date

For and on behalf of the Board

**For Laxmikant Kabra & Co.**  
**Chartered Accountants**  
 Firm Registration No: 117183W

**Laxmikant Kabra**  
 Proprietor  
 Membership No. 101839

**Ganapathy V**  
 Director

**Aditya Sekhar**  
 Chairman & Managing Director

Date: 29th November, 2013  
 Thane



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

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS FOR THE EIGHTEEN MONTHS PERIOD ENDED 30th September, 2013

### **Company Overview**

1. 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 the incidental expenses incurred to acquire such fixed assets (including Land & Building) 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 XIII 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 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 financial statements.

#### **(iii)Exchange Difference:**

Exchange difference arising on the settlement of transactions of monetary items or on reporting such monetary items at rates different 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/reported.

**(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 customer's 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.

**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.

**(s)Leases:**

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the leases, whichever is lower. Lease payments under operating leases are recognised as an expense on a straight line basis in the statement of profit and loss over the lease term.

**MICRO TECHNOLOGIES (INDIA) LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

(Rupees in Lacs)

**3. SHARE CAPITAL :**

(a) The Authorised, Issued, Subscribed and Fully Paid-up Share Capital having a par value of Rs 10 each as follows:

|   | <b>As at<br/>30.09.2013<br/>(18 months)</b> | <b>As at<br/>31.03.2012</b> |
|---|---|-----------------------------|
| <b>AUTHORISED</b><br>2,50,00,000 Equity share of Rs 10/- each                           | 2,500.00                                    | 2,500.00                    |
|   | <b>2,500.00</b>                             | <b>2,500.00</b>             |
| <b>ISSUED</b><br>34,14,49,860 (1,61,27,073) Equity Share of Rs 10/- each fully paid     | 3,414.50                                    | 1,618.05                    |
|   | <b>3,414.50</b>                             | <b>1,618.05</b>             |
| <b>SUBSCRIBED</b><br>34,14,49,860 (1,61,27,073) Equity Share of Rs 10/- each fully paid | 3,414.50                                    | 1,616.62                    |
|   | <b>3,414.50</b>                             | <b>1,616.62</b>             |
| <b>PAID UP</b><br>34,14,49,860 (1,61,27,073) Equity Share of Rs 10/- each fully paid    | 3,410.41                                    | 1,612.71                    |
|   | <b>3,410.41</b>                             | <b>1,612.71</b>             |

The Company has only one class of share referred to as equity shares having a par value of Rs 10/- . Each holder of equity shares is entitled to one vote per share.

The Company declares and pays dividend in Indian rupees. The dividend proposed if any, by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting .

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts . However, no such preferential amount exist currently . The distribution will be in proportion to number of equity shares held by the shareholders .

**(b) Reconciliation of the share outstanding at the beginning and at the end of the reporting period pursuant to Note No 6(A)(d) of Part 1 of Schedule VI to the Companies Act, 1956.**

| Particulars                                     | Equity Share     |          |                  |          |
|---|------------------|----------|------------------|----------|
|   | As at 30.09.2013 |          | As at 31.03.2012 |          |
|   | Number           | Value    | Number           | Value    |
| Shares outstanding at the beginning of the year | 16,127,073       | 1,612.71 | 13,919,634       | 1,391.96 |
| Shares Issued during the year                   | 17,977,073       | 1797.70  | 2,207,439        | 220.74   |
| Shares bought back during the year              | -                | -        | -                | -        |
| Shares outstanding at the end of the year       | 34,104,146       | 3410.41  | 16,127,073       | 1,612.71 |

**(c) Details of Shareholders holding more than 5% share in the Company pursuant to Note no 6(A)(g) of Part 1 Schedule VI to the Companies Act, 1956**

| Name of Shareholders                  | As at 30.09.2013  |                    | As at 31.03.2012  |                    |
|---------------------------------------|-------------------|--------------------|-------------------|--------------------|
|                                       | No of Shares held | % of Share Holding | No of Shares held | % of Share Holding |
| Dr. Padmanabhan Sekhar                | 5,481,674         | 16.07              | 2,340,837         | 14.51              |
| Micro Cloud Computing Private Limited | 3,490,562         | 10.24              | 1,745,281         | 10.82              |
| Jayanthi Sekhar                       | 2,050,000         | 6.01               | 925,000           | 5.74               |
| H.T Media Limited                     | 2,359,022         | 6.92               | 1,224,439         | 7.59               |

**4. RESERVE AND SURPLUS**

Reserve and Surplus consist of the following Reserves

**(a) Capital Reserve**

Opening Balance

793.75

Add : Current year Transfer

-

Less :Written Back in Current year

-

**Closing Balance**

793.75

**(b) Securities Premium Account**

Opening Balance

15,060.89

Add: Received during the year

1,193.25

Less: Converted during the year

3,259.89

**Closing Balance**

12,994.25

**(c) General Reserve**

Opening Balance

2,231.37

Add: Transferred from statement of Profit and Loss

1,705.21

**Closing Balance**

**526.16**

**2,231.37**

(Rupees in Lacs)

**(d) SURPLUS**

Opening Balance  
 Add: Profit (Loss) for the period  
 Add: Dividend Account  
 Add: Foreign Exchange Fluctuation  
 Less: Proposed Final Dividend on Equity Shares  
 Less: Tax on Dividend  
 Less: Transferred to General Reserve  
 Less: Wrong Depreciation Provided Earlier W/off  
 Less: ROC Fees Increase in Share Capital

**Closing Balance**

| <b>As at<br/>30.09.2013</b> | <b>As at<br/>31.03.2012</b> |
|-----------------------------|-----------------------------|
| 28,256.42                   | 25,705.70                   |
| (11,101.46)                 | 2,738.15                    |
| 40.37                       | -                           |
| 264.40                      | -                           |
| -                           | 161.27                      |
| -                           | 26.16                       |
| -                           | -                           |
| 935.54                      | -                           |
| 17.50                       | -                           |
| <b>16,506.69</b>            | <b>28,256.42</b>            |

**5. LONG - TERM BORROWINGS**

Long term borrowing consist of the following

**(a) Secured Borrowing :**

Vehicle loan from \* :

HDFC Bank Ltd  
 Kotak Mahindra Prime Ltd  
 ICICI Bank Ltd

**(b) Unsecured Borrowing :**

Foreign Currency Convertible Bonds  
 Earnest Money Deposit Refundable

**Non- Current Portion**

| <b>As at<br/>30.09.2013</b> | <b>As at<br/>31.03.2012</b> |
|-----------------------------|-----------------------------|
|                             | 11.89                       |
|                             | 2.38                        |
|                             | 1.67                        |
| -                           | 6,809.81                    |
| -                           | -                           |
| -                           | <b>6,825.74</b>             |

**Current Maturities**

| <b>As at<br/>30.09.2013</b> | <b>As at<br/>31.03.2012</b> |
|-----------------------------|-----------------------------|
| 13.36                       | 7.06                        |
| 1.71                        | 2.32                        |
| 1.89                        | 0.78                        |
| 10,778.08                   | -                           |
| 0.10                        | -                           |
| <b>10,795.14</b>            | <b>10.16</b>                |

\* Vehicle loan is repayable in monthly instalments along with interest from the date of loan. The loan is secured against mortgage of respective vehicles.

**6. DEFERRED TAX LIABILITIES****Deferred Tax Liability**

Deferred Tax Liabilites relating to Fixed Asset

**Deferred Tax Asset**

Disallowance of Expense under Income tax Act, 1961

|               |                 |
|---------------|-----------------|
| 505.64        | 1,031.71        |
|               | 5.85            |
| <b>505.64</b> | <b>1,025.86</b> |

**7. OTHER LONG TERM LIABILITIES**

Other Long Term Liabilities consist of the following:

Creditors for Capital Expenditure  
 Other Liabilities (Refer details below)

Other Liabilities pertains to:

Salary Retention  
 Deposit

|                 |                 |
|-----------------|-----------------|
|                 | 847.36          |
| 5,456.92        | 290.92          |
| <b>5,456.92</b> | <b>1,138.27</b> |
| 14.14           | 19.63           |
| 5,442.78        | 271.29          |
| 101.92          | 68.92           |
| <b>101.92</b>   | <b>68.92</b>    |

**8. LONG TERM PROVISION**

Long term provision consists of the following

Provision for Gratuity

**9. SHORT- TERM BORROWINGS**

Short term borrowing consist of the followings:

**(a) Secured Borrowings**

Loan Repayable on Demand From Banks\*

Axis Bank Ltd  
 Bank of India  
 HDFC Bank Ltd.  
 ICICI Bank  
 Indusind Bank Ltd.  
 State Bank of India  
 Industrial Development Bank of India

**(b) Unsecured Borrowings**

From Banks  
 From Others

|                  |                  |
|------------------|------------------|
| 2912.57          | 1,204.17         |
| 2,683.38         |                  |
| 97.54            |                  |
| 992.38           |                  |
| 2,260.37         | 1,432.93         |
| 7,113.20         | 4,677.81         |
| 774.43           | 680.94           |
| 11,868.59        | 8,405.27         |
| 225.24           | 3,012.72         |
| <b>28,927.71</b> | <b>19,413.84</b> |

\* Cash Credit \ Overdraft borrowings are secured against Current Assets, entire Fixed Asset and property situated at Mahape belonging to Micro Cloud Computing Pvt. Ltd and Corporate Guarantee of Micro Cloud Computing Pvt Ltd and personal Guarantee of Directors

(Rupees in Lacs)

|  | <b>As at<br/>30.09.2013</b> | <b>As at<br/>31.03.2012</b> |
|--|-----------------------------|-----------------------------|
| <b>10. TRADE PAYABLES</b>  |                             |                             |
| Trade Payable Consist of the Following   |                             |                             |
| Against Acceptances  | -                           | 3,555.83                    |
| Others   | 2,014.69                    | 1,723.06                    |
|  | <b>2,014.69</b>             | <b>5,278.89</b>             |
| <b>11. OTHER CURRENT LIABILITIES</b>   |                             |                             |
| Other Current Liabilities Consist of the Following:  |                             |                             |
| Current Maturity of Long Term Debt (Refer Not No. 5)   | 10,795.14                   | 10.16                       |
| Unclaimed Dividend   | 9.96                        | 10.43                       |
| Advance received from Customers  | -                           | 379.93                      |
| Interest accrued on borrowings   | -                           | 7.70                        |
| Creditors for Capital Expenditure  | -                           | 77.58                       |
| Other Payables (Refer details below)   | 305.45                      | 171.38                      |
|  | <b>11,110.55</b>            | <b>657.17</b>               |
| Other Payables pertains to :   |                             |                             |
| Statutory Liabilities  | 41.89                       | 75.14                       |
| Provision for Expenses   | 259.57                      | 83.36                       |
| Others   | -                           | 12.88                       |
| <b>12. SHORT TERM PROVISIONS</b>   |                             |                             |
| Short term provisions consist of the following:  |                             |                             |
| Current Income Tax (Net)   | -                           | 188.23                      |
| Proposed final dividend on Equity Share  | -                           | 161.27                      |
| Tax on dividend  | -                           | 45.48                       |
|  | <b>-</b>                    | <b>394.98</b>               |
| <b>14. NON- CURRENT INVESTMENTS</b>  |                             |                             |
| Non - Current Investments consist of the following   |                             |                             |
| <b>(a) TRADE INVESTMENTS (at cost)</b>   |                             |                             |
| <b>(i) Subsidiary Companies</b>  |                             |                             |
| Fully paid Equity shares (Unquoted)  |                             |                             |
| 80,20,000 Equity Shares of Micro Secure Solutions Limited of Rs 10/- each fully paid up                      | 888.00                      | 888.00                      |
| 81,50,000 Equity Shares of Micro Retail Limited of Rs 10/- each fully paid up                                | 1,550.00                    | 1,550.00                    |
| <b>(b) NON- TRADE INVESTMENT (at cost)</b>   |                             |                             |
| <b>(i) In Equity (Quoted)</b>  |                             |                             |
| 100 Equity Share of Indian Overseas Bank of Rs 10/- each fully paid up [Market Value Rs 9430 /- (PY 9195/-)] | 0.01                        | 0.01                        |
|  | <b>2,438.01</b>             | <b>2,438.01</b>             |

(Rupees in Lacs)

|  | As at                |                 | As at            |                  |
|--|----------------------|-----------------|------------------|------------------|
|  | 30.09.2013           | 31.03.2012      | 30.09.2013       | 31.03.2012       |
| <b>15. LOANS AND ADVANCES</b>  | <b>Non - Current</b> |                 | <b>Current</b>   |                  |
| Loans and advances consist of the following:                             |                      |                 |                  |                  |
| <b>(a) Unsecured , considered good</b>                                   |                      |                 |                  |                  |
| (i) Capital Advances   |                      | 3,884.04        |                  |                  |
| (ii) Security Deposit  | 10.89                | 383.33          | 145.34           | -                |
| (iii) Loans and Advances to Employees                                    |                      | -               | 12.50            | 60.01            |
| (iv) Loans and Advances to Related Parties (Refer details below)         |                      | -               | 128.46           | 3,343.00         |
| (vi) Other Loans and Advances (Refer details below)                      | 337.29               | 305.49          | 415.23           | 7,451.91         |
| (vii) Current Income Tax (Net)   |                      |                 | 72.84            |                  |
|  | <b>348.18</b>        | <b>4,572.85</b> | <b>774.37</b>    | <b>10,854.91</b> |
| Loans and Advances to Related Parties Pertain to:                        |                      |                 |                  |                  |
| Micro Cloud Computing Pvt Ltd  |                      |                 | -                | 19.18            |
| Micro Technologies FZE   |                      |                 | -                | 2,868.24         |
| Micro Cloud Computing Pvt. Ltd.  |                      |                 |                  | 455.00           |
| Microtech Global Foundation  |                      |                 |                  | 0.58             |
| Micro Technologies Ltd.(Buddy)   |                      |                 | 150.71           |                  |
| Investment in Capital of Micro Technologies FZE                          |                      |                 | -                |                  |
| Micro Secure Solutions-Branch  |                      |                 | (22.26)          |                  |
| Micro Secure Solutions HK Ltd  |                      |                 | -                |                  |
| Micro Secure Solutions PTY Ltd   |                      |                 | -                |                  |
| <b>Other Loans and Advances Pertain to :</b>                             |                      |                 |                  |                  |
| Indirect Tax Recoverable   | 331.68               | 233.26          |                  | -                |
| Other Amounts Recoverable in cash or kind for value to be received       |                      | 20.96           | 101.55           | 2,041.77         |
| Advance to Suppliers   |                      | -               | 219.47           | 1,387.92         |
| Prepaid Expenses   |                      | -               | 81.93            | 252.54           |
| Others   | 5.61                 | 51.27           | 12.28            | 3,769.68         |
|  |                      |                 | 45,398.25        | 10,259.68        |
|  |                      |                 | <b>45,398.25</b> | <b>10,259.68</b> |
| (Inventories are carried at the lower of cost or net realisable value.)  |                      |                 |                  |                  |
| <b>17. TRADE RECEIVABLES (Unsecured, Considered Good)</b>                |                      |                 |                  |                  |
| <b>Over Six Month</b>  |                      |                 | 1564.96          | 4,054.34         |
| <b>Others</b>  |                      |                 | 465.25           | 14,140.15        |
|  |                      |                 | <b>2,030.21</b>  | <b>18,194.49</b> |
| <b>18. CASH AND CASH EQUIVALENTS</b>                                     |                      |                 |                  |                  |
| Cash and bank balances consist of the following:                         |                      |                 |                  |                  |
| <b>(a) Cash and Cash Equivalents</b>                                     |                      |                 |                  |                  |
| (i) Balance with banks   |                      |                 |                  |                  |
| In Current Account   |                      |                 | 65.74            | 416.85           |
| In Unpaid Dividend Account   |                      |                 | 5.94             | 10.42            |
| In Deposit with original maturity of less than 3 months                  |                      |                 | -                | 3,042.08         |
| Cheques In hand  |                      |                 | -                | 838.28           |
| (ii) Cash on hand  |                      |                 | 31.86            | 13.01            |
| <b>(b) Other Bank Balances</b>   |                      |                 |                  |                  |
| (i) Deposit with maturity for more than 3 Months but less than 12 months |                      |                 | 127.43           | -                |
| (ii) Margin Money Deposit  |                      |                 | 2.71             | 4.85             |
|  |                      |                 | <b>233.67</b>    | <b>4,325.49</b>  |

**MICRO TECHNOLOGIES (I) LTD - STANDALONE**

**NOTES FORMING PART OF THE FINANCIAL STATEMENT**

**(13) FIXED ASSETS**

**Fixed Assets Consist of the following**

From : 01/04/2012 to 30/09/2013

(18 Months)

(Rupees in Lakhs)

| Particulars                     | Rate   | Gross Block         |                 |                | Depreciation        |                 |                | Net block           |                     |
|---------------------------------|--------|---------------------|-----------------|----------------|---------------------|-----------------|----------------|---------------------|---------------------|
|                                 |        | As at<br>01.04.2012 | During the Year |                | As at<br>01.04.2012 | During the Year |                | As On<br>30.09.2013 | As On<br>31.03.2012 |
|                                 |        |                     | Additions       | Deductions     |                     | Additions       | Deductions     |                     |                     |
| Leasehold Land                  |        | 178.41              | 0.00            | 0.00           | 178.41              | 0.00            | 0.00           | 178.41              | 178.41              |
| Office Premises                 | 3.34%  | 3.92                | 0.00            | 0.00           | 3.92                | 0.20            | 0.00           | 1.42                | 1.62                |
| Furniture & Fixtures            | 6.33%  | 120.60              | 6.52            | 0.00           | 127.12              | 11.58           | 0.00           | 41.81               | 90.37               |
| Vehicle                         | 9.50%  | 84.00               | 0.00            | 3.67           | 80.33               | 8.72            | 1.07           | 27.47               | 64.17               |
| Office Equipments               | 4.75%  | 129.43              | 35.02           | 0.00           | 164.45              | 9.82            | 0.00           | 31.53               | 107.73              |
| Computer Systems & Softwares    | 16.21% | 38231.67            | 10703.37        | 1234.17        | 47700.87            | 11843.47        | 1432.37        | 23850.39            | 24792.38            |
| Electrical Installations        | 4.75%  | 33.66               | 2.93            | 0.00           | 36.59               | 2.52            | 0.00           | 8.78                | 27.40               |
|                                 |        | <b>38781.69</b>     | <b>10747.84</b> | <b>1237.84</b> | <b>48291.69</b>     | <b>11876.31</b> | <b>1433.45</b> | <b>23962.48</b>     | <b>25262.07</b>     |
| Know-how, Licence & Copy Rights |        | 12.00               | 0.00            | 0.00           | 12.00               | 0.86            | 0.00           | 7.80                | 5.06                |
| Total                           |        | 12.00               | 0.00            | 0.00           | 12.00               | 0.86            | 0.00           | 7.80                | 5.06                |
| Capital WIP                     |        |                     |                 |                |                     |                 |                | 6792.59             |                     |
| <b>Total</b>                    |        | <b>38793.69</b>     | <b>10747.84</b> | <b>1237.84</b> | <b>48303.69</b>     | <b>11877.16</b> | <b>1433.45</b> | <b>23970.28</b>     | <b>25267.13</b>     |

**Note:** The addition in depreciations includes fluctuation on account of FCCB 428.94 lacs, ware and tare of software 755.75 lacs, software w/off 226.83 lacs, allocated to Dubai branch (-720.14) lacs, allocated to Buddy (-2091.06) lacs.



(Rupees in Lacs)

|  | <b>As at 30.09.2013<br/>(18 Months)</b> | <b>As on<br/>31.03.2012</b> |
|--|---|-----------------------------|
| <b>19. REVENUE FROM OPERATIONS</b>                     |   |                             |
| Revenue from Operations consist of:                    |   |                             |
| Sales of IT, Messaging & Security Products             | 48,253.42                               | 45,364.58                   |
| Installation & Service Charges                         | -                                       | 183.69                      |
|  | <b>48,253.42</b>                        | <b>45,548.27</b>            |
| <b>20. OTHER INCOME</b>                                |   |                             |
| Other income consist of the following :                |   |                             |
| Interest on Fixed Deposit                              | 43.41                                   | 59.96                       |
| Dividend Income  | -                                       | 120.95                      |
| Foreign Exchange Fluctuation (Net)                     | 3,588.98                                | 105.59                      |
| Profit on Sale of Investment                           | 216.18                                  | 89.99                       |
| Other Non Operating Income                             | 19.44                                   | 20.80                       |
|  | <b>3,868.01</b>                         | <b>397.29</b>               |
| <b>21. COST OF SALES</b>                               |   |                             |
| Cost of Sales Consist of the following:                |   |                             |
| Opening Stock of Finished Goods & Work in Progress     | 10,259.68                               | 7,783.99                    |
| Add: Purchases   | 75,153.63                               | 34,900.05                   |
|  | <b>85,413.31</b>                        | <b>42,684.05</b>            |
| Less: Closing Stock                                    | 45,398.25                               | 10,259.68                   |
| Cost of Sales  | <b>40,015.07</b>                        | <b>32,424.36</b>            |
| <b>22. EMPLOYEE BENEFIT EXPENSES</b>                   |   |                             |
| Employee benefits expense consist of the following :   |   |                             |
| Salaries and Wages                                     | 867.88                                  | 525.45                      |
| Contribution to :                                      |   |                             |
| Gratuity fund  | 33.00                                   | 18.03                       |
| Staff Welfare Expenses                                 | 43.22                                   | 51.20                       |
|  | <b>944.10</b>                           | <b>594.69</b>               |
| <b>23. OPERATION AND OTHER EXPENSES</b>                |   |                             |
| Operation and other expenses consist of the following: |   |                             |
| Office Expenses  | 60.07                                   | 29.96                       |
| Rent, Rates & Taxes                                    | 1,858.11                                | 10.41                       |
| Postage, Telegram & Courier Charges                    | 21.58                                   | 24.02                       |
| Printing & Stationery                                  | 36.73                                   | 28.72                       |
| Electricity Charges                                    | 21.25                                   | 15.54                       |
| Insurance Charges                                      | 22.66                                   | 5.90                        |
| Conveyance   | 28.50                                   | 20.17                       |
| Communication Expenses                                 | 76.61                                   | 34.79                       |
| Vehicle Running & Maintenance Charges                  | 32.34                                   | 21.33                       |
| Repairs & Maintenance                                  | 40.66                                   | 53.98                       |
| Membership Fees & Subscription Charges                 | 33.13                                   | 27.29                       |
| Security Charges                                       | 8.23                                    | 3.59                        |
| Professional & Consultancy Charges                     | 188.07                                  | 81.08                       |
| Software Development Charges                           | -                                       | 12.75                       |
| Transport, Freight & Clearing Charges                  | 3.27                                    | 4.06                        |
| Directors Sitting Fees                                 | -                                       | 0.48                        |
| Payment to Auditor (Refer details below)               | 43.50                                   | 9.30                        |
| Prior Period Expenses (Refer details below)            | 15.93                                   | -                           |
| Advertisement Expenses                                 | 441.82                                  | 118.77                      |
| Travelling ,Lodging , Boarding Expenses                | 83.53                                   | 60.68                       |
| Business Promotion Expenses                            | 20.75                                   | 33.86                       |
| Research & Development Charges                         | 76.22                                   |                             |
| Foreign Exchange Fluctuation (Net)                     | 1,031.61                                | -                           |
| Donation   | 2.09                                    | 30.00                       |
| Loss on Sale of fixed Asset                            | 2.05                                    | 2.22                        |
| Miscellaneous Expenses                                 | 66.61                                   | 127.65                      |
| Administration Charges (E)                             | (0.05)                                  |                             |
| Selling & Distribution Charges (E)                     | 1.12                                    |                             |
| Provision for Bad Debts                                | 31.00                                   |                             |
| Expenses for IOU                                       | 71.79                                   |                             |
|  | <b>4,319.19</b>                         | <b>756.54</b>               |

(Rupees in Lacs)

|   | <b>As at 30.09.2013<br/>(18 Months)</b> | <b>As on<br/>31.03.2012</b> |
|---|---|-----------------------------|
| <b>PAYMENT TO AUDITOR</b>                                       |   |                             |
| Payment to Auditor includes :                                   |   |                             |
| Statutory Audit Fees  | 28.06                                   | 6.00                        |
| Tax audit fees  | 7.02                                    | 1.50                        |
| Certification fees  | 8.42                                    | 1.80                        |
| <b>PRIOR PERIOD EXPENSES</b>                                    |   |                             |
| Prior Period Expenses includes :                                |   |                             |
| Sales Return  | 15.93                                   | -                           |
|   |   | -                           |
| <b>24. FINANCE COST</b>   |   |                             |
| Finance Cost Consist of the following:                          |   |                             |
| Interest Expenses on Borrowing From Banks                       | 6,790.48                                | 2,215.53                    |
| From Others   |   | 83.42                       |
|   | <b>6,790.48</b>                         | <b>2,298.94</b>             |
| <b>25. DEPRECIATION AND AMORTIZATION EXPENSES</b>               |   |                             |
| Depreciation and Amortization Expenses Consist of the following |   |                             |
| Depreciation of Tangible Assets                                 | 11,877.16                               | 3,746.65                    |
| Amortization of Intangible Assets                               |   | 0.57                        |
|   | <b>11,877.16</b>                        | <b>3,747.22</b>             |
| <b>26. EXCEPTIONAL ITEMS</b>                                    |   |                             |
| Foreign Exchange Fluctuation on FCCB**                          | -                                       | 1,969.01                    |
|   | <b>-</b>                                | <b>1,969.01</b>             |

\*\* The Company has provided for the exchange rate fluctuation on FCCB Outstanding on the Financial Statement date that are yet to be converted/ redeemed.

NOTES TO ACCOUNTS:

**27. 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 Lacs)

| Particulars  | For the 18 Months period ended September 30,2013 | For the year ended March 31,2012 |
|--|--|----------------------------------|
| Guarantees given by banks on behalf of the Company | Nil  | 366.61                           |
| Corporate Guarantee given by the Company           | 9510.24  | 5,948.35                         |
| <b>Total</b>                                       | <b>9510.24</b>                                   | <b>6,314.96</b>                  |

28. 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.

29. 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.

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

31. 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                  | (Rs. in Lacs) |
|-----------------------|---------------|
| 2006-2007             | 0.81          |
| 2007-2008             | 1.19          |
| 2008-2009             | 1.01          |
| 2009-2010             | 1.21          |
| 2010-2011             | 1.11          |
| 2011-2012             | 0.51          |
| 2012-2013 (18 Months) | 0.00          |
| <b>Total</b>          | <b>5.84</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)

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

33. 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.

**34. Expenditure in Foreign Exchange**

(Amount in Lacs)

| Particulars                      | For the 18 Months period ended September 30,2013 | For the year ended March 31,2012 |
|----------------------------------|--|----------------------------------|
| Value of Import of Capital Goods | 9005.41  | 10,335.29                        |
| Value of Import of Purchases     | 821.89   | 1,874.44                         |
| Traveling Expenses               | 2.59   | 14.80                            |
| Bank Charges                     | 0.00   | 0.28                             |
| Interest Paid on FCCB Bond       | 9.20   | 31.93                            |
| <b>Total</b>                     | <b>9839.09</b>                                   | <b>12,256.74</b>                 |

### 35.Value of Exports

(Amount in Lacs)

| Particulars             | For the 18 Months<br>period ended<br>September 30,2013 | For the year ended<br>March 31,2012 |
|-------------------------|--|-------------------------------------|
| Value of Goods Exported | 18,780.30  | 10,261.93                           |
| <b>Total</b>            | <b>18,780.30</b>                                       | <b>10,261.93</b>                    |

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

| Particulars | As at 30.09.2013 (18 Months) |           | As at 31.03.2012       |           |
|-------------|------------------------------|-----------|------------------------|-----------|
|             | In Foreign<br>Currency       | INR Lakhs | In Foreign<br>Currency | INR Lakhs |
| Debtors     | USD 0.01                     | 0.79      | USD 67,12,965          | 3,404.14  |
| Advances    | -                            | -         | -                      | -         |
| Creditors   | -                            | -         | USD 16,20,220          | 834.89    |

### 37.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   | 30.09.2013 (18 Months) | 31.03.2012             |
|---------------------|------------------------|------------------------|
| Retirement age      | 60 years               | 60 years               |
| Attrition Rate      | 2%                     | 2%                     |
| Future Salary Rise  | 6%                     | 6%                     |
| Rate of Discounting | 8.5%                   | 8.5%                   |
| Mortality Table     | L/C (1994-96) Ultimate | L/C (1994-96) Ultimate |

The actuarial value of gratuity as on 30.09.2013 calculated on the above assumptions works out to Rs.101.92 Lacs/- (PY 68.91 Lacs) and additional provision regarding the same has been made in the books

### 38.Details of Capacities, Production and Stocks:

(Amount in Lacs)

| Particulars  | 30.09.2013 (18 Months) | 31.03.2012 |
|--|------------------------|------------|
| Value of Closing Stock   | 45398.25               | 10,259.68  |
| Sale of Product/ Software during the Year<br>(comprises of System Integration, Software<br>Product /Solution and Technical Services) | 48253.42               | 45,548.27  |

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:

### 39.Related Party Disclosures as per Accounting Standard – 18:

1. Related Parties:

(i) Subsidiary Company

- Micro Secure Solutions Limited
- Micro Retail Limited
- Micro Technologies (I) Ltd FZE
- Micro Retail Ltd FZE\*

Micro Secure Solutions Limited Hong kong\*\*

\* Subsidiary of Micro Retail Limited

\*\* Subsidiary of Micro Secure Solutions Limited.

(ii) Associates

Micro Cloud Computing Private Limited  
Youth Promoters Private Limited

(iii) Key Managerial Personnel

Aditya Sekhar – Chairman & Managing Director  
Ganapathy V. – Executive Director

2. Transactions between the Company and related parties and the status of outstanding balances as at September 30, 2013 (18 Months): (Amount in Lacs)

| Particulars                           | Subsidiary Company    | Associates         | Key Managerial Personnel |
|---------------------------------------|-----------------------|--------------------|--------------------------|
| <b>Nature of Transaction:</b>         |                       |                    |                          |
| Salaries and other employee benefits  | -                     | -                  | 191.38<br>(206.24)       |
| Receipt against Share Warrant         | -                     | 469.12<br>(779.89) | 521.25<br>(277.47)       |
| Advance Received                      | (23.19)               | -                  | -                        |
| Sale of Goods                         | 4624.75<br>(11999.73) | -                  | -                        |
| Purchase of Goods                     | 2455.64<br>(68.20)    | -                  | -                        |
| Preferential Issue of Shares          | -                     | (808.18)           | (138.29)                 |
| Advance given                         | (6558.50)             | (502.48)           | -                        |
| Deposit                               | -                     | (11.00)            | -                        |
| <b>Outstanding Balances:</b>          |                       |                    |                          |
| Investment                            | 2438.00<br>(2438.00)  | -                  | -                        |
| Deposit Outstanding                   | -                     | 491.01<br>(491.01) | -                        |
| Outstanding towards Purchase of Goods | (4.94)                | -                  | -                        |
| Receivable against Sales of Goods     | (8067.93)             | -                  | -                        |
| Share Warrant Deposit                 | -                     | (78.18)            | (173.75)                 |
| Advance Received                      | (20.05)               | -                  | -                        |
| Advance Given                         | (6558.50)             | -                  | -                        |

Figure in bracket corresponds previous year figures.

#### 40. 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 :

| <b>Information for Secondary Segments:</b>                           |                       |                |                    |              |
|--|-----------------------|----------------|--------------------|--------------|
| <b>Particulars</b>   | <b>(Amt. in Lacs)</b> |                |                    |              |
|  | <b>Domestic</b>       | <b>Exports</b> | <b>Unallocated</b> | <b>Total</b> |
| Revenues from External   | 29,473.12             | 18,780.30      | -                  | 48,253.42    |
| Net Revenues from External Customers<br>(including sale of services) | (33,614.61)           | (11,933.66)    | -                  | (45,548.27)  |
| Segment Assets   | (42,740.34)           | (23,337.38)    | (17,023.18)        | (83,100.90)  |

Figure in bracket corresponds previous year figures.

#### **41. Leases as per Accounting Standard 19:**

Obligations on long-term, non-cancelable operating leases

The lease rentals charged during the year and the maximum obligations on long term, non-cancelable operating leases payable as per the rentals stated in the respective agreements are as follows:

| <b>Particulars</b>                       | <b>(Amt. in Lacs)</b>           |                   |
|--|---------------------------------|-------------------|
|  | <b>30.09.2013<br/>18 Months</b> | <b>31.03.2012</b> |
| Lease rentals recognized during the year | 1,858.11                        | 1,009.89          |

| <b>Particulars</b>                               | <b>(Amt. in Lacs)</b>           |                   |
|--|---------------------------------|-------------------|
|  | <b>30.09.2013<br/>18 Months</b> | <b>31.03.2012</b> |
| Within one year of the Balance Sheet date        | 724.00                          | 1,346.52          |
| Due in a period between one year and three years | Nil                             | 1,683.15          |

The operating lease arrangements are renewable on a periodic basis and can extend upto maximum of 4 years from their respective dates of inception and relate of renting of IT Equipments.

#### **42. 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 Earnings per Equity share is as under:

| <b>Particulars</b>                       | <b>(Amt. in Lacs)</b>   |   |
|--|---|---|
|  | <b>For the 18 Months<br/>period ended<br/>September 30,2013</b> | <b>For the year ended<br/>March 31,2012</b> |
| Profit/(loss) After Tax (Rs. in Lacs)    | (11,101.46)   | 2,738.15                                    |
| Weighted average number of Equity Shares |   |   |
| - Basic                                  | 34 104,146  | 1,44,39,323                                 |
| - Diluted                                | -   | 1,79,67,239                                 |
| Nominal Value of Equity Shares (Rs.)     | 10.00   | 10.00                                       |
| Earning per Share (Rs.)                  |   |   |
| - Basic                                  | <b>(32.55)</b>  | 18.96                                       |
| - Diluted                                | -   | 15.36                                       |

#### **43. 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 Laxmikant Kabra & Co.**  
Chartered Accountants  
Firm's Registration No. 117183W

Laxmikant Kabra  
Proprietor  
Membership No. 101839

Place : Thane  
Dated : 29th November, 2013

For and on Behalf of the Board  
**Aditya Sekhar**  
Chairman & Managing Director

**Ganapathy V.**  
Executive Director

**Independent Auditors' Report**

1. We have audited the accompanying Consolidated Financial Statements of Micro Technologies (India) Limited (the Company) and its subsidiaries, which comprise the Consolidated Balance Sheet 18 Month period 30th September, 2013 the Consolidated Statement of Profit & Loss and Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

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

2. Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statement.

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

**Opinion**

6. In our opinion and to the best of our information and according to the explanation given to us, 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 for 18 months period ended 30th September, 2013.
- b) In case of the Consolidated Statement of Profit and Loss Account, of the consolidated Loss of the Company and its subsidiaries for the 18 month period ended on 30th September 2013.
- c) In case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Company and its subsidiaries for the 18 months period ended on 30th September 2013.

**Laxmikant Kabra & Co,  
Chartered Accountants  
Firm's Registration No. 117183W**

**Laxmikant Kabra  
Proprietor  
Membership No.- 101839**

**Date:- 29th November , 2013  
Thane**

**MICRO TECHNOLOGIES (INDIA) LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT 30th September, 2013**

(Rupees in Lacs)

| Particulars  | Note No. | As At<br>30.09.2013 (18 Months) | As At<br>31.03.2012 |
|--|----------|---------------------------------|---------------------|
| <b>I. EQUITY AND LIABILITIES</b>                             |          |                                 |                     |
| (1) Shareholders' funds                                      |          |                                 |                     |
| (a) Share Capital  | 3        | 3,410.40                        | 1,612.71            |
| (b) Reserves and Surplus                                     | 4        | 52,293.17                       | 66,447.49           |
| (c) Money Received Against Share Warrants                    |          | -                               | 342.11              |
|  |          | <b>55,703.57</b>                | <b>68,402.31</b>    |
| (2) <b>Minority Interest</b>                                 |          | 62.58                           | 645.23              |
| (3) <b>Non-current Liabilities</b>                           |          |                                 |                     |
| (a) Long-Term Borrowings                                     | 5        | -                               | 6,825.74            |
| (b) Deferred Tax Liabilities (Net)                           | 6        | 1,728.27                        | 1,793.86            |
| (c) Other Long Term Liabilities                              | 7        | 5,493.32                        | 4,862.83            |
| (d) Long-Term Provisions                                     | 8        | 131.55                          | 89.05               |
|  |          | <b>7,415.72</b>                 | <b>13,571.48</b>    |
| (4) <b>Current Liabilities</b>                               |          |                                 |                     |
| (a) Short-Term Borrowings                                    | 9        | 38,437.94                       | 25,368.02           |
| (b) Trade Payables   | 10       | 3,297.78                        | 1,736.83            |
| (c) Other Current Liabilities                                | 11       | 11,680.39                       | 1,641.67            |
| (d) Short-Term Provisions                                    | 12       | -                               | 1,189.99            |
|  |          | <b>53,416.11</b>                | <b>29,936.51</b>    |
| <b>TOTAL</b>   |          | <b>116,535.40</b>               | <b>112,555.52</b>   |
| <b>II. ASSETS</b>  |          |                                 |                     |
| (1) <b>Non-Current Assets</b>                                |          |                                 |                     |
| (a) Fixed Assets   | 13       |                                 |                     |
| (i) Tangible Assets  |          | 35,707.76                       | 35,623.62           |
| (ii) Intangible Assets                                       |          | 4.20                            | 5.06                |
| (iii) Capital Work-in-Progress                               |          | 6,816.34                        | 14,043.75           |
| (iv) Goodwill on Consolidated                                |          | 821.00                          | 821.00              |
| (b) Non-Current Investments                                  | 14       | 0.51                            | 0.51                |
| (c) Long-term Loans and Advances                             | 15       | 475.87                          | 4,808.36            |
| (d) Other Non-Current Assets                                 | 16       | -                               | 2.47                |
|  |          | <b>43,825.68</b>                | <b>55,304.77</b>    |
| (2) <b>Current Assets</b>                                    |          |                                 |                     |
| (a) Inventories  | 17       | 64,560.19                       | 12,820.22           |
| (b) Trade Receivables  | 18       | 4,971.20                        | 27,479.93           |
| (c) Cash and Cash Equivalents                                | 19       | 306.96                          | 5,678.57            |
| (d) Short-Term Loans and Advances                            | 15       | 2,863.76                        | 11,271.99           |
| (e) Other Current Assets                                     | 16       | 7.60                            | 0.04                |
|  |          | <b>72,709.71</b>                | <b>57,250.75</b>    |
| <b>TOTAL</b>   |          | <b>116,535.40</b>               | <b>112,555.52</b>   |
| The Notes are an Integral Part of these Financial Statements | 1&2      |                                 |                     |

As per our Audit Report of even date

For and on behalf of the Board

**For Laxmikant Kabra & Co.**  
**Chartered Accountants**  
Firm Registration No: 117183W

**Laxmikant Kabra**  
Proprietor  
Membership No. 101839

**Ganapathy V**  
Director

**Aditya Sekhar**  
Chairman & Managing Director

Date: 29th November, 2013  
Thane



**MICRO TECHNOLOGIES (INDIA) LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE PERIOD 01 APRIL 2012 TO 30 SEPTEMBER 2013 (18 Months)**

(Rupees in Lacs)

|      | <b>PARTICULARS</b>   | <b>NOTE NO.</b> | <b>PERIOD ENDED<br/>30.09.2013<br/>(18 Months)</b> | <b>YEAR ENDED<br/>31.03.2012</b> |
|------|--|-----------------|--|----------------------------------|
| I    | Revenue from Operations                                      | 20              | 105,861.44   | 86,188.37                        |
| II   | Other Income   | 21              | 5,267.55   | 1,410.04                         |
| III  | Total Revenue (I + II)                                       |                 | <b>111,128.99</b>                                  | <b>87,598.41</b>                 |
| IV   | Expenses:  |                 |  |                                  |
|      | Cost of Sales  | 22              | 87,561.63  | 57,881.83                        |
|      | Employee Benefit expenses                                    | 23              | 1,959.53   | 1,255.63                         |
|      | Operation and Other expenses                                 | 24              | 7,070.91   | 1,755.61                         |
|      | Finance cost   | 25              | 8,823.05   | 3,090.64                         |
|      | Depreciation and Amortization expense                        | 26              | 16,682.42  | 5,212.17                         |
|      | Total Expenses   |                 | <b>122,097.54</b>                                  | <b>69,195.87</b>                 |
| V    | Profit/(Loss) before Exceptional Items and Tax               |                 | (10,968.55)  | 18,402.54                        |
| VI   | Less : Exceptional Items                                     | 27              | -  | 1,969.01                         |
| VII  | Profit/(Loss) before tax                                     |                 | <b>(10,968.55)</b>                                 | <b>16,433.53</b>                 |
| VIII | Tax expense:   |                 |  |                                  |
|      | Current tax  |                 | -  | 2,028.95                         |
|      | Deferred tax   |                 | (268.46)   | 1,025.29                         |
|      | Income Tax for Earlier Years                                 |                 | (838.63)   | 208.70                           |
|      | MAT Credit Entitlement                                       |                 | -  | (127.46)                         |
| IX   | Profit/(Loss) before Minority Interest                       |                 | <b>(9,861.46)</b>                                  | <b>13,298.05</b>                 |
| X    | Minority Interest  |                 |  | 303.84                           |
| XI   | Profit/(Loss) for the period                                 |                 | <b>(9,861.46)</b>                                  | <b>12,994.21</b>                 |
| XII  | Earnings per equity share (In Rupees)                        |                 |  |                                  |
|      | Equity Shares of Par Value Rs 10/- each                      |                 |  |                                  |
|      | Basic  |                 | <b>(68.30)</b>                                     | <b>89.99</b>                     |
|      | Diluted  |                 | <b>(54.89)</b>                                     | <b>72.44</b>                     |
|      | Number of Share used in Computing earning per share          |                 |  |                                  |
|      | Basic  |                 | <b>14,439,323</b>                                  | <b>14,439,323</b>                |
|      | Diluted  |                 | <b>17,967,239</b>                                  | <b>17,967,239</b>                |
|      | The Notes are an Integral Part of these Financial Statements | 1&2             |  |                                  |

As per our Audit Report of even date

For and on behalf of the Board

**For Laxmikant Kabra & Co.**  
**Chartered Accountants**  
Firm Registration No: 117183W

**Laxmikant Kabra**  
Proprietor  
Membership No. 101839

**Ganpathy V**  
Director

**Aditya Sekhar**  
Chairman & Managing Director

Date: 29th November, 2013  
Thane

**MICRO TECHNOLOGIES (INDIA) LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 01 APRIL 2012 TO 30 SEPTEMBER 2013**

(Rs. in Lacs )

| Particulars  | PERIOD ENDED 30.09.2013<br>(18 Months) |                    | YEAR ENDED 31.03.2012 |                    |
|--|--|--------------------|-----------------------|--------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>            |  |                    |                       |                    |
| Net Profit/Loss before Tax and Extraordinary Items         |  | <b>(10,968.55)</b> |                       | <b>16,433.53</b>   |
| Adjustments for:   |  |                    |                       |                    |
| Depreciation & Amortisation                                | 16,682.42                              |                    | 6,724.27              |                    |
| Income Tax of Earlier Years                                | 838.63                                 |                    |                       |                    |
| Deferred Tax   | 268.46                                 |                    |                       |                    |
| Loss on Discarding of Fixed Assets                         |  |                    | -                     |                    |
| Interest & Finance Charges Paid                            | 8,823.05                               |                    | 3,090.64              |                    |
| Dividend Received  |  |                    | 120.95                |                    |
| Provision for Gratuity                                     | 52.72                                  |                    | 23.28                 |                    |
| Foreign Exchange Fluctuation on FCCB                       |  |                    | 1,969.01              |                    |
| Profit on Sale of Investments                              | 216.18                                 |                    | (89.99)               |                    |
| Loss on Sale of Fixed Assets                               |  |                    | 2.22                  |                    |
| Preliminary Expenses Written off                           | 76.26                                  | 26,957.72          | 0.28                  | 11,840.65          |
| <b>Operating Profit Before Working Capital Changes</b>     |  | <b>15,989.17</b>   |                       | <b>28,274.18</b>   |
| Adjustments for:   |  |                    |                       |                    |
| (Increase)/Decrease in Trade & Other Receivables           | 22,508.73                              |                    | (3,027.01)            |                    |
| (Increase)/Decrease in Loans & Advances                    | 12,740.71                              |                    | (7,790.83)            |                    |
| (Increase)/Decrease in Inventories                         | (51,739.97)                            |                    | (3,529.36)            |                    |
| (Increase)/Decrease in Non Current Assets                  | (5.09)                                 |                    | 2.38                  |                    |
| Increase/(Decrease) in Trade Payables                      | 1,560.96                               |                    | (5,924.05)            |                    |
| Increase/(Decrease) in Current Liabilities & Provision     | 8,848.72                               |                    | (622.91)              |                    |
| Increase/(Decrease) in Non-Current Liabilities & Provision | 672.99                                 | <b>(5,412.94)</b>  | 5,182.45              | (15,709.33)        |
| <b>Cash Generated From Operations</b>                      |  | <b>10,576.23</b>   |                       | <b>12,564.85</b>   |
| Income Tax Paid  |  |                    |                       | 2,355.68           |
| <b>Net Cash From Operating Activities</b>                  |  | <b>10,576.23</b>   |                       | <b>10,209.17</b>   |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>            |  |                    |                       |                    |
| Sale of Fixed Assets                                       |  |                    | 0.95                  |                    |
| Dividend Income  |  |                    | (120.95)              |                    |
| Sale/ (Purchase) of Investments                            | (0.00)                                 |                    | 1,800.05              |                    |
| Purchase of Fixed Assets                                   | (9,538.30)                             | (9,538.30)         | (25,561.64)           | (23,881.59)        |
| <b>Net Cash Used In Investing Activities</b>               |  | <b>(9,538.30)</b>  |                       | <b>(23,881.59)</b> |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>            |  |                    |                       |                    |
| Issue of Shares (Including Share Premium)                  | 1,797.69                               |                    | 5,175.98              |                    |
| Issue of Share Warrant                                     | (342.11)                               |                    | 201.05                |                    |
| Issue of Fully Convertible Debentures                      | -                                      |                    | -                     |                    |
| Proceeds from long term/short term borrowings              | 6,244.19                               |                    | 6,719.69              |                    |
| Minority Interest Written Back                             | (582.65)                               |                    |                       |                    |
| Interest & Finance Charges Paid                            | (8,823.05)                             |                    | (3,090.64)            |                    |
| Securities Premium Adjustment                              | (2,066.64)                             |                    |                       |                    |
| General Reserve Adjustment                                 | (1,530.01)                             |                    |                       |                    |
| Foreign Exchange Fluctuation                               | 1,201.70                               |                    |                       |                    |
| Wrong Depreciation of Earlier Years Written Back           | (2,372.64)                             |                    |                       |                    |
| ROC Fees Increase in Share Capital                         | (17.50)                                |                    |                       |                    |
| Dividend Paid (Including Dividend Distribution Tax)        | 81.48                                  | (6,409.54)         | (449.08)              | 8,557.00           |
| <b>Net Cash From Financing Activities</b>                  |  | <b>(6,409.54)</b>  |                       | <b>8,557.00</b>    |
| Net Increase/(Decrease) in Cash & Cash Equivalents         |  | <b>(5,371.61)</b>  |                       | <b>(5,678.57)</b>  |
| Cash and Cash Equivalents at the beginning of the year     |  | 5,678.57           |                       | 6,775.12           |
| Cash and Cash Equivalents at the end of the year           |  | 306.96             |                       | 1,096.56           |
| Net Increase/(Decrease) in Cash & Cash Equivalents         |  | <b>(5,371.61)</b>  |                       | <b>(5,678.57)</b>  |

As per our Audit Report of even date

For and on behalf of the Board

**For Laxmikant Kabra & Co.**  
**Chartered Accountants**  
Firm Registration No: 117183W

**Laxmikant Kabra**  
Proprietor  
Membership No. 101839

**Ganpathy V**  
Director

**Aditya Sekhar**  
Chairman & Managing Director

Date: 29th November, 2013  
Thane

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS FOR THE 18 MONTHS PERIOD ENDED 30TH SEPTEMBER, 2013

**Company Overview**

1. Your company is primarily into Research and Development, resulting in introduction of more than 350 products. The core engine of your company is product development focused majorly on security sector. Your company has successfully utilized the software and embedded technology platforms to introduce products in various sectors. Company has successfully utilized the online downloadable platforms for enhancing the customer experience and utility. Its unique products ranges has enabled it to expand into global market with better market penetration and more tie-ups

**2. Statement of Significant Accounting Policies**

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

i. 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 comprise MICRO TECHNOLOGIES (INDIA) LIMITED (The Company) and its majority owned & controlled subsidiaries MICRO TECHNOLOGIES FZE, MICRO SECURE SOLUTIONS LIMITED, MICRO SECURE SOLUTIONS HK LIMITED (subsidiary of Micro Secure Solution Limited), MICRO RETAIL LIMITED & MICRO RETAIL FZE (Subsidiary of 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.

ii. 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 the Indian Generally Accepted Accounting Principles ('Indian GAAP')

iii. 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.

iv. 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.

v. Accounting policies not specifically referred to otherwise are consistent with the Generally Accepted Accounting Principles followed by the group.

vi. 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 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 XIII 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 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 financial statements.

## (iii) Exchange Difference:

Exchange difference arising on the settlement of transactions of monetary items or on reporting such monetary items at rates different 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.

## 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.

**(s) Leases:**

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the leases, whichever is lower. Lease payments under operating leases are recognised as an expense on a straight line basis in the statement of profit and loss over the lease term.

**MICRO TECHNOLOGIES (INDIA) LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

(Rupees in Lacs)

| <b>[3] SHARE CAPITAL :</b>   | <b>As at<br/>30.09.2013<br/>(18 Months)</b> | <b>As at<br/>31.03.2012</b> |
|--|---|-----------------------------|
| (a) The Authorised, Issued, Subscribed, and Fully paid-up share capital having a par value of Rs 10 each as follows: |   |                             |
| AUTHORISED   |   |                             |
| 2,50,00,000 Equity share of Rs 10/- each   | 2,500.00                                    | 2,500.00                    |
|  | <b>2,500.00</b>                             | <b>2,500.00</b>             |
| ISSUED   |   |                             |
| 1,61,80,473 (1,61,80,473) Equity Share of Rs 10/-each  | 1,618.05                                    | 1,618.05                    |
|  | <b>1,618.05</b>                             | <b>1,618.05</b>             |
| SUBSCRIBED   |   |                             |
| 1,61,66,173 (1,61,66,173) Equity Share of Rs 10/- each   | 1,616.62                                    | 1,616.62                    |
|  | <b>1,616.62</b>                             | <b>1,616.62</b>             |
| PAID UP  |   |                             |
| 3,41,04,146 (1,61,27,073) Equity Share of Rs 10/- each fully paid  | 3,410.40                                    | 1,612.71                    |
|  | <b>3,410.40</b>                             | <b>1,612.71</b>             |

The Company has only one class of share referred to as equity shares having a par value of Rs 10/-. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting .

# Price is after adjusting bonus in the ratio of 1:1

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts .

However , no such preferential amount exist currently . The distribution will be in proportion to number of equity shares held by the shareholders .

**(b) Reconciliation of the share outstanding at the beginning and at the end of the reporting period pursuant to Note no 6(A)(d) of Part 1 of Schedule VI to the Companies Act, 1956**

| <b>Particulars</b>                              | <b>Equity Share</b>     |              |                         |              |
|---|-------------------------|--------------|-------------------------|--------------|
|   | <b>As at 30.09.2013</b> |              | <b>As at 31.03.2012</b> |              |
|   | <b>Number</b>           | <b>Value</b> | <b>Number</b>           | <b>Value</b> |
| Shares outstanding at the beginning of the year | 16,127,073              | 1,612.71     | 13,919,634              | 1,391.96     |
| Shares Issued during the year                   | 17,977,073              | 1,797.70     | 2,207,439               | 220.74       |
| Shares bought back during the year              | -                       | -            | -                       | -            |
| Shares outstanding at the end of the year       | 34,104,146              | 3410.41      | 16,127,073              | 1,612.71     |

(c) Details of Shareholders holding more than 5% share in the Company pursuant to Note no 6(A)(g) of Part 1 Schedule VI to the Companies Act, 1956

| <b>Name of Shareholders</b>     | <b>As at 30.09.2013</b>      |                               | <b>As at 31.03.2012</b>       |                               |
|---------------------------------|------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                                 | <b>No of<br/>Shares held</b> | <b>% of Share<br/>Holding</b> | <b>No. of<br/>Shares held</b> | <b>% of Share<br/>Holding</b> |
| Dr. Padmanabhan Sekhar          | 5,481,674                    | 16.07                         | 2,340,837                     | 14.51                         |
| Micro Cloud Computing Pvt. Ltd. | 3,490,562                    | 10.24                         | 1,745,281                     | 10.82                         |
| Jayanthi Sekhar                 | 2,05,0000                    | 6.01                          | 925,000                       | 5.74                          |
| H.T Media Limited               | 2,359,022                    | 6.9                           | 1,224,439                     | 7.59                          |

**[4] RESERVE AND SURPLUS**

Reserve and Surplus consist of the following reserves

**(a) Capital Reserve**

|                                    | <b>As at<br/>30.09.2013</b> | <b>As at<br/>31.03.2012</b> |
|------------------------------------|-----------------------------|-----------------------------|
| Opening Balance                    | 793.75                      | 793.75                      |
| Add : Current year Transfer        |                             | -                           |
| Less :Written Back in Current year |                             | -                           |
| Closing Balance                    | <b>793.75</b>               | <b>793.75</b>               |

(Rupees in Lacs)

|  | <b>As at<br/>30.09.2013</b> | <b>As at<br/>31.03.2012</b> |                             |                             |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <b>(b) Securities Premium Account</b>  |                             |                             |                             |                             |
| Opening Balance  | 18,568.82                   | 13,652.65                   |                             |                             |
| Add: Received during the year  | 1,193.25                    | 4,916.16                    |                             |                             |
| Less: Converted during the year  | 3,259.89                    |                             |                             |                             |
| Closing Balance  | <b>16,502.19</b>            | <b>18,568.81</b>            |                             |                             |
| <b>(c) General Reserve</b>   |                             |                             |                             |                             |
| Opening Balance  | 2,319.40                    | 2,319.40                    |                             |                             |
| Less: Transfer for Issue of Shares   | 1,705.21                    |                             |                             |                             |
| Less : Minority Interest in Reserve & Surplus  | -                           | 170.56                      |                             |                             |
| Closing Balance  | <b>614.19</b>               | <b>2,148.84</b>             |                             |                             |
| <b>(d) Surplus</b>   |                             |                             |                             |                             |
| Opening Balance  | 44,396.09                   | 32,276.82                   |                             |                             |
| Add: Profit/(Loss) for the period  | (9,861.46)                  | 12994.21                    |                             |                             |
| Add: Dividend Account  | 81.48                       |                             |                             |                             |
| Add: Foreign Exchange Fluctuation  | 1,204.98                    |                             |                             |                             |
| Less: Wrong Depreciation of Earlier Period Written Back  | 2,372.64                    |                             |                             |                             |
| Less: Proposed final dividend on equity shares   | -                           | 288.19                      |                             |                             |
| Less: Tax on Dividend  | -                           | 46.75                       |                             |                             |
| Less: Transferred to General Reserve   | (412.10)                    | -                           |                             |                             |
| Less: ROC Fees Increase in Share Capital   | 17.50                       |                             |                             |                             |
| Closing Balance  | <b>34,383.04</b>            | <b>44396.08</b>             |                             |                             |
| <b>[5] LONG - TERM BORROWINGS</b>  | <b>Non- Current portion</b> | <b>Current Maturities</b>   |                             |                             |
| Long term borrowing consist of the following   |                             |                             |                             |                             |
|  | <b>As at<br/>30.09.2013</b> | <b>As at<br/>31.03.2012</b> | <b>As at<br/>30.09.2013</b> | <b>As at<br/>31.03.2012</b> |
| <b>(a) Secured Borrowing :</b>   |                             |                             |                             |                             |
| Vehicle loan from* :   |                             |                             |                             |                             |
| HDFC Bank Ltd  | -                           | 11.89                       | 13.36                       | 7.06                        |
| Kotak Mahindra Prime Ltd   | -                           | 2.38                        | 1.71                        | 2.32                        |
| ICICI Bank Ltd   | -                           | 1.67                        | 1.89                        | 0.78                        |
| <b>(b) Unsecured Borrowing</b>   |                             |                             |                             |                             |
| Foreign Currency Convertible Bonds   |                             | 6,809.81                    | 10,778.08                   | -                           |
| Loan from Directors  |                             | -                           | 0.10                        | -                           |
|  |                             | <b>6,825.74</b>             | <b>10,795.04</b>            | <b>10.16</b>                |
| *Vehicle loan is repayable in monthly instalments along with interest from the date of loan. The loan is secured against mortgage of respective vehicles |                             |                             |                             |                             |
| <b>[6] DEFERRED TAX LIABILITIES</b>  |                             |                             |                             |                             |
| Deferred Tax Liability   |                             |                             |                             |                             |
| Deferred Tax Liabilites relating to Fixed Asset  |                             |                             | 1,728.27                    | 1,801.41                    |
| Deferred Tax Asset   |                             |                             |                             | 7.55                        |
| Disallowance under Income tax Act, 1961  |                             |                             | <b>1,728.27</b>             | <b>1,793.86</b>             |



(Rupees in Lacs)

|  | <b>As at<br/>30.09.2013</b> | <b>As at<br/>31.03.2012</b> |
|--|-----------------------------|-----------------------------|
| <b>[7] OTHER LONG TERM LIABILITIES</b>   |                             |                             |
| Other long term liabilities consist of the following:  |                             |                             |
| Creditors for Capital Expenditure  | 5,493.32                    | 2,373.90                    |
| Other Liabilities (Refer details below)  | -                           | 2,488.93                    |
|  | <b>5,493.32</b>             | <b>4,862.83</b>             |
| Other Liabilities pertains to:   |                             |                             |
| Retention Salary   | 40.70                       | 2,217.65                    |
| Deposit  | 5,442.78                    | 271.29                      |
| <b>[8] LONG TERM PROVISION</b>   |                             |                             |
| Long term provision consists of the following  |                             |                             |
| Provision for Gratuity   | 131.55                      | 89.05                       |
|  | <b>131.55</b>               | <b>89.05</b>                |
| <b>[9] SHORT- TERM BORROWINGS</b>  |                             |                             |
| Short term borrowing consist of the followings   |                             |                             |
| (a) Secured Borrowings   |                             |                             |
| Axis Bank Ltd  | 2,912.57                    | 1,204.17                    |
| Bank of India  | 2,683.38                    |                             |
| HDFC Bank Ltd.   | 97.54                       |                             |
| ICICI Bank   | 992.38                      |                             |
| Indusind Bank Ltd  | 2,260.37                    | 1,432.93                    |
| State Bank of India  | 7,113.20                    | 4,677.81                    |
| Industrial Development Bank of India   | 774.43                      | 680.94                      |
| (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 gurantee of Micro Cloud Computing Pvt Ltd And Personal gurantee of Directors Dr. P Sekhar and Ms Jayanthi S) |                             |                             |
| Canara Bank  | 3,012.26                    | 1,880.12                    |
| (Secured against stocks and Book Debts of Micro Secure Solutions Limited, Corporate Gurantee of Micro Technologies (India) Ltd. and personal Gurantee of Directors Dr. P Sekhar and Mrs Jayanthi S)  |                             |                             |
| Bank of India  | 5,312.72                    | 3,088.79                    |
| (Secured against entire current assets, movable and immovable fixed assets of Micro Retail Ltd., both present and future Corporate Gurantee of Micro Technologies (India) Ltd. & personal gurantees of Dr. P. Sekhar & Ms Jayanthi S)  |                             |                             |
| Term Loan from :   |                             |                             |
| Canara Bank  | 48.91                       | 70.89                       |
| (Secured against Project asset/ Leasehold property in Marol Industrial area of Micro Secure Solutions Limited, Corporate Gurantee of Micro Technologies (India) Ltd. and personal Gurantee of Directors Dr. P Sekhar and Ms Jayanthi S )                                       |                             |                             |
| City Union Bank  | 1,027.18                    | 908.55                      |
| (Secured against Corporate Gurantee of Micro Technologies (India) Ltd. and personal Gurantee of Directors Dr. P Sekhar and Ms Jayanthi S )   |                             |                             |
| (b) Unsecured Borrowings   |                             |                             |
| From Banks   | 11,868.59                   | 8,405.27                    |
| From Others  | 334.41                      | 3,018.55                    |
|  | <b>38,437.94</b>            | <b>25,368.02</b>            |

(Rupees in Lacs)

| <b>[10] TRADE PAYABLES</b>   | <b>As at<br/>30.09.2013</b> | <b>As at<br/>31.03.2012</b> |
|--|-----------------------------|-----------------------------|
| Trade Payables   | 3,297.78                    | 1,736.83                    |
|  | <b>3,297.78</b>             | <b>1,736.83</b>             |
| <b>[11] OTHER CURRENT LIABILITIES</b>  |                             |                             |
| Other Current Liabilities Consist of the following:  |                             |                             |
| Current Maturity of Long Term Debt (Refer Note No. 5)  | 10,795.14                   | 10.16                       |
| Unclaimed Dividend   | 9.96                        | 10.43                       |
| Advance received from Customers  | -                           | 808.91                      |
| Creditors for Capital Expenditure  | -                           | 77.58                       |
| Interest accrued on borrowings   | -                           | 7.70                        |
| Other Payables (Refer details below)   | 875.29                      | 726.91                      |
|  | <b>11,680.39</b>            | <b>1,641.67</b>             |
| Statutory Liabilities  | 53.49                       | 91.82                       |
| Provision for expenses   | 678.11                      | 107.05                      |
| Others   | 143.68                      | 528.04                      |
| <b>[12] SHORT TERM PROVISIONS</b>  |                             |                             |
| Short term provisions consist of the following:  |                             |                             |
| Current Income Tax (Net)   | -                           | 835.73                      |
| Proposed final dividend on equity share  | -                           | 288.19                      |
| Tax on dividend  | -                           | 66.07                       |
|  | -                           | <b>1,189.99</b>             |
| <b>[14] NON- CURRENT INVESTMENTS</b>   |                             |                             |
| Non - Current Investments consist of the following   |                             |                             |
| <b>(A) TRADE INVESTMENTS (at cost)</b>   |                             |                             |
| (i) In Equity (Unquoted)   |                             |                             |
| (i) Subsidiary Companies   |                             |                             |
| Fully paid Equity shares (Unquoted)  |                             |                             |
| 80,20,000 Equity Shares of Micro Secure Solutions Limited of Rs 10/- each fully paid up          | 888.00                      |                             |
| 81,50,000 Equity Shares of Micro Retail Limited of Rs 10/- each fully paid up                    | 1,550.00                    |                             |
| 5,000 Equity shares of Micro Hash Security Systems Private Limited of Rs 10/- each fully paid up | 0.50                        | 0.50                        |
| <b>(B) NON- TRADE INVESTMENT (at cost)</b>   |                             |                             |
| (i) In Equity (Quoted)   | 0.01                        | 0.01                        |
| (i) Subsidiary Investments   | (2,438.00)                  |                             |
|  | <b>0.51</b>                 | <b>0.51</b>                 |

**MICRO TECHNOLOGIES (I) LTD - CONSOLIDATED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENT**

**(13) FIXED ASSETS**

Fixed Assets Consist of the following

From : 01/04/2012 to 30/09/2013

(Rupees in Lacs)  
(18 Months)

| Particulars                     | Rate   | Gross Block         |                 |            | Depreciation        |                 |            | Net block           |                     |
|---------------------------------|--------|---------------------|-----------------|------------|---------------------|-----------------|------------|---------------------|---------------------|
|                                 |        | As On<br>01.04.2012 | During the Year |            | As On<br>01.04.2012 | During the Year |            | As On<br>30.09.2013 | As On<br>31.03.2012 |
|                                 |        |                     | Additions       | Deductions |                     | Additions       | Deductions |                     |                     |
| Leasehold Land                  |        | 178.41              | 0.00            | 0.00       | 0.00                | 0.00            | 0.00       | 178.41              | 178.41              |
| Office Premises                 | 3.34%  | 186.68              | 0.00            | 0.00       | 186.68              | 9.36            | 0.00       | 152.73              | 162.09              |
| Furniture & Fixtures            | 6.33%  | 151.13              | 6.57            | 0.00       | 157.69              | 14.48           | 0.00       | 107.09              | 115.00              |
| Vehicle                         | 9.50%  | 84.00               | 0.00            | 3.67       | 80.33               | 8.72            | 1.07       | 52.85               | 64.17               |
| Office Equipments               | 4.75%  | 141.56              | 35.02           | 0.00       | 176.57              | 10.69           | 0.00       | 142.23              | 117.90              |
| Computer Systems & Softwares    | 16.21% | 50743.17            | 20282.63        | 9345.43    | 61680.38            | 16634.68        | 8284.68    | 35034.42            | 32447.21            |
| Electrical Installations        | 4.75%  | 49.27               | 2.93            | 0.00       | 52.20               | 3.64            | 0.00       | 40.03               | 40.73               |
|                                 |        | 51534.21            | 20327.15        | 9349.10    | 62512.26            | 16681.56        | 8285.75    | 35707.76            | 33125.52            |
| Know-how, Licence & Copy Rights |        | 12.00               | 0.00            | 0.00       | 12.00               | 0.86            | 0.00       | 4.20                | 5.06                |
| Total                           |        | 12.00               | 0.00            | 0.00       | 12.00               | 0.86            | 0.00       | 4.20                | 5.06                |
| Total                           |        | 51546.21            | 20327.15        | 9349.10    | 62524.26            | 16682.42        | 8285.75    | 35711.96            | 33130.57            |
| Capital WIP                     |        |                     |                 |            |                     |                 |            | 6816.34             |                     |
| Total                           |        |                     |                 |            |                     |                 |            | 42528.30            | 0.00                |

**Note:** The addition in depreciations includes fluctuation on account of FCCB 428.94 lacs, ware and tare of software 755.75 lacs, software w/off 226.83 lacs, allocated to Dubai branch (-720.14) lacs, allocated to Buddy (-2091.06) lacs.

(Rupees in Lacs)

| [15] LOANS AND ADVANCES<br>Loans and Advances consist of the following:  | Non - Current       |                     | Current             |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | As at<br>30.09.2013 | As at<br>31.03.2012 | As at<br>30.09.2013 | As at<br>31.03.2012 |
| <b>(A) Unsecured , considered good</b>                                   |                     |                     |                     |                     |
| (i) Capital Advaces  | -                   | 3,884.04            | -                   | -                   |
| (ii) Security Deposit  | 12.43               | 408.88              | 148.47              | 1.35                |
| (iii) Loans and advances to employees                                    | -                   | -                   | 41.84               | 90.03               |
| (iv) Loans and advances to related Parties (Refer details below)         | -                   | -                   | 128.46              | 474.77              |
| (v) MAT Credit entitlement   | -                   | 127.46              | -                   | -                   |
| (vi) Other Loans and Advances (Refer details below)                      | 463.45              | 387.99              | 2,149.04            | 10,705.84           |
| Current Income Tax (Net)   |                     |                     | 395.96              |                     |
| Other loans and Advances   |                     |                     |                     |                     |
|  | <b>475.87</b>       | <b>4,808.36</b>     | <b>2,863.76</b>     | <b>11,271.99</b>    |
| Loans and Advances to Related Parties Pertain to:                        |                     |                     |                     |                     |
| Micro Cloud Computing Pvt Ltd  |                     | -                   | -                   | 19.19               |
| Micro Cloud Computing Pvt Ltd  | -                   | -                   | -                   | 455.00              |
| Microtech Global Foundation  | -                   | -                   | -                   | 0.58                |
| Other loans and advances pertain to :                                    |                     |                     |                     |                     |
| Indirect Tax Recoverable   | 331.68              | 315.76              | -                   | -                   |
| Other Amounts Recoverable in cash or kind for value to be received.      | -                   | 20.96               | -                   | 2,492.24            |
| Advance to suppliers   | -                   | -                   | -                   | 1,387.92            |
| Prepaid Expenses   | -                   | -                   | -                   | 276.76              |
| Others   | 131.77              | 51.26               | -                   | 6,548.92            |
| <b>[16] OTHER ASSET</b>  |                     |                     |                     |                     |
| Other assets consist of the following :                                  |                     |                     |                     |                     |
| Long Term Bank Deposits  |                     | -                   | -                   | -                   |
|  |                     |                     |                     |                     |
| Unamortized Expenses   |                     | 2.47                | 7.60                | 0.04                |
|  | <b>-</b>            | <b>2.47</b>         | <b>7.60</b>         | <b>0.04</b>         |
| <b>[17] INVENTORIES</b>  |                     |                     |                     |                     |
| Inventories consist of the following:                                    |                     |                     |                     |                     |
| IT/ Messaging & Security Products  |                     |                     | 64,560.19           | 12,820.22           |
|  |                     |                     | <b>64,560.19</b>    | <b>12,820.22</b>    |
| (Inventories are carried at the lower of cost or net realisable value)   |                     |                     |                     |                     |
| <b>[18] TRADE RECEIVABLES (Unsecured, Considered Good)</b>               |                     |                     |                     |                     |
| Over Six Month   |                     |                     | 4,455.53            | 6,114.16            |
| Others   |                     |                     | 515.66              | 21,365.77           |
|  |                     |                     | <b>4,971.19</b>     | <b>27,479.93</b>    |
| <b>[19] CASH AND CASH EQUIVALENTS</b>                                    |                     |                     |                     |                     |
| Cash and bank balances consist of the following:                         |                     |                     |                     |                     |
| (A) Cash and cash equivalents  |                     |                     |                     |                     |
| (i) Balance with banks   |                     |                     |                     |                     |
| In Current Account   |                     |                     | 114.21              | 1,398.35            |
| In Unpaid Dividend Account   |                     |                     | 5.94                | 10.42               |
| In Deposit with original maturity of less than 3 months                  |                     |                     |                     | 3,042.08            |
| Cheque on Hand   |                     |                     |                     | 838.28              |
| (ii) Cash on hand  |                     |                     | 49.56               | 22.56               |
| <b>(B) Other Bank Balances</b>   |                     |                     |                     |                     |
| (i) Deposit with maturity for more than 3 Months but less than 12 months |                     |                     | 134.54              | 355.58              |
| (ii) Margin Money Deposit  |                     |                     | 2.71                | 11.30               |
|  |                     |                     | <b>306.96</b>       | <b>5,678.57</b>     |

**MICRO TECHNOLOGIES (INDIA) LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

( Rupees in Lacs)

| <b>[20] REVENUE FROM OPERATIONS</b>                      | <b>As at<br/>30.09.2013<br/>(18 Months)</b> | <b>As at<br/>31.03.2012</b> |
|--|---|-----------------------------|
| Revenue from Operations consist of revenue from:         |   |                             |
| Sales of IT, Messaging & Security Product                | 105,861.44                                  | 86,038.59                   |
| Installation & Service Charges                           | -   | 183.88                      |
|  | 105,861.44                                  | 86,222.47                   |
| Less : Excise Duty                                       | -   | (34.10)                     |
|  | 105,861.44                                  | 86,188.37                   |
| <b>[21] OTHER INCOME</b>                                 |   |                             |
| Other income consist of the following :                  |   |                             |
| Interest on Fixed Deposit                                | 62.77                                       | 79.89                       |
| Dividend Income  | -   | 120.95                      |
| Foreign Exchange Fluctuation                             | 4,184.21                                    | 797.69                      |
| Profit on sale of Investment                             | 216.18                                      | 89.99                       |
| Non Operating Income                                     | 804.40                                      | 321.51                      |
|  | 5,267.55                                    | 1,410.04                    |
| <b>[22] COST OF SALES</b>                                |   |                             |
| Cost of Sales Consist of the following:                  |   |                             |
| Opening stock of Finished Goods & Work in Progress       | 12,820.22                                   | 9,290.86                    |
| Add: Purchases   | 87,456.70                                   | 62,555.24                   |
|  | 100,276.92                                  | 71,846.10                   |
| Less: Closing Stock of Finished Goods & Work in Progress | 12,715.28                                   | 13,964.27                   |
| Cost of Sales  | 87,561.63                                   | 57,881.83                   |
| <b>[23] EMPLOYEE BENEFIT EXPENSE</b>                     |   |                             |
| Employee benefits expense consist of the following :     |   |                             |
| Salaries and Wages                                       | 1,896.28                                    | 1,179.30                    |
| Contribution to Gratuity fund                            | 52.72                                       | 18.38                       |
| Staff Welfare Expenses                                   | 10.52                                       | 57.95                       |
|  | 1,959.53                                    | 1,255.63                    |
| <b>[24] OPERATION AND OTHER EXPENSES</b>                 |   |                             |
| Operation and other expenses consist of the following    |   |                             |
| Office Expenses  | 344.87                                      | 56.58                       |
| Books & Periodicals                                      | 0.14  | -                           |
| Rent , Rates , Taxes                                     | 1,948.76                                    | 26.60                       |
| Postage, Telegram & Courier Charges                      | 31.71                                       | 42.37                       |
| Printing & Stationery                                    | 49.88                                       | 44.36                       |
| Electricity Charges                                      | 44.05                                       | 31.46                       |
| Insurance Charges  | 26.97                                       | 7.93                        |
| Conveyance   | 74.20                                       | 43.62                       |
| Communication Expenses                                   | 103.02                                      | 62.34                       |
| Contractor Charges                                       | 0.19  | -                           |
| Vehicle Running & Maintenance Charges                    | 82.38                                       | 51.87                       |
| Repairs & Maintenance                                    | 44.67                                       | 80.30                       |
| Membership Fees & Subscription Charges                   | 34.84                                       | 31.51                       |
| Security Charges   | 27.36                                       | 14.88                       |
| Professional & Consultancy Charges                       | 322.68                                      | 152.95                      |
| Software Development Charges                             | 0.11  | 24.50                       |
| Transport, Freight & Clearing Charges                    | 4.53  | 5.15                        |
| Directors Sitting Fees                                   | -   | 0.68                        |
| Payment to Auditor (Refer details below)                 | 48.47                                       | 20.31                       |
| Prior Period Expenses (Refer details below)              | 137.38                                      | 2.41                        |
| Advertisement Expenses                                   | 706.08                                      | 442.30                      |
| Travelling ,Lodging , Boarding Expenses                  | 93.06                                       | 92.36                       |
| Business Promotion Expenses                              | 22.69                                       | 39.81                       |
| Transportation and Packing Charges                       | 0.10  | -                           |
| Foreign Exchange Fluctuation (Net)                       | 1,099.58                                    | -                           |

(Rupees in Lacs)

|   | <b>As at<br/>30.09.2013<br/>(18 Months)</b> | <b>As at<br/>31.03.2012</b> |
|---|---|-----------------------------|
| Preliminary Expenses  | 76.26                                       | 0.28                        |
| Digital Signatory Expenses                                      | 3.64  | -                           |
| Amortization Expenses   | 578.99                                      | -                           |
| Donation  | 2.09  | 30.00                       |
| Labour Charges  | 24.38                                       | -                           |
| Service Tax   | 2.28  | -                           |
| Loss on sale of Assets  | 2.05  | 2.22                        |
| Miscellaneous Expenses  | 933.50                                      | 448.81                      |
| Administration Charges (E)                                      | (0.05)                                      | -                           |
| Selling & Distribution Charges (E)                              | 96.64                                       | -                           |
| Provision for Bad Debts   | 31.00                                       | -                           |
| Expenses for IOU  | 71.79                                       | -                           |
| Godown Rent   | 0.64  | -                           |
|   | <u>7,070.91</u>                             | <u>1,755.61</u>             |
| <b>PAYMENT TO AUDITOR</b>                                       |   |                             |
| Payment to Auditor includes :                                   |   |                             |
| Statutory Audit Fees  | 39.21                                       | 16.43                       |
| Tax audit fees  | 4.84  | 2.03                        |
| Certification fees  | 4.42  | 1.85                        |
| <b>PRIOR PERIOD EXPENSES</b>                                    |   |                             |
| Prior Period Expenses includes :                                |   |                             |
| Courier Charges   | -   | 1.01                        |
| Annual Service Instliation / Port Charges                       | -   | -                           |
| Electricity   | -   | 0.06                        |
| Communication Expenses  | -   | 0.78                        |
| Others  | -   | 0.56                        |
| Sales Return  | 137.38                                      |                             |
| <b>[25] FINANCE COST</b>  |   |                             |
| Finance Cost Consist of the following:                          |   |                             |
| Interest Expenses on Borrowing                                  |   |                             |
| From Banks  | 8,818.29                                    | 2,992.30                    |
| From Others   | 4.76  | 98.34                       |
|   | <u>8,823.05</u>                             | <u>3,090.64</u>             |
| <b>[26] DEPRECIATION AND AMORTIZATION EXPENSES</b>              |   |                             |
| Depreciation and Amortization Expenses Consist of the following |   |                             |
| Depreciation of Tangible Assets                                 | 16,682.42                                   | 5,211.60                    |
| Amortization of Intangible Assets                               |   | 0.57                        |
|   | <u>16,682.42</u>                            | <u>5,212.17</u>             |
| <b>[27] EXCEPTIONAL ITEMS</b>                                   |   |                             |
| Loss on Discarding of Fixed Assets*                             |   | -                           |
| Foreign Exchange Fluctuation on FCCB**                          | -   | 1,969.01                    |
|   | -   | 1,969.01                    |

\*\* The Company has provided for the exchange rate fluctuation on FCCB Outstanding on the Financial Statement date that are yet to be converted/ redeemed.

NOTES TO ACCOUNTS:

28. The Subsidiary Companies Considered in Consolidated Financial Statements are

| Name of Subsidiaries              | Country of Incorporation | Proportion of Ownership Interest |
|-----------------------------------|--------------------------|----------------------------------|
| Micro Secure Solutions Limited    | India                    | 93.38                            |
| Micro Retail Limited              | India                    | 99.31                            |
| Micro Secure Solutions HK Limited | Hong Kong, China         | 93.38                            |
| Micro Technologies FZE            | U.A.E.                   | 100.00                           |
| Micro Retail FZE                  | U.A.E.                   | 99.31                            |

29. 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 Lacs)

| Particulars  | For the 18 Months period ended September 30,2013 | For the year ended March 31,2012 |
|--|--|----------------------------------|
| Guarantees given by banks on behalf of the Company | Nil  | 366.61                           |
| Corporate Guarantee given by the company           | 9,510.24   | 5,948.35                         |
| <b>Total</b>                                       | <b>9,510.24</b>                                  | <b>6,314.96</b>                  |

30. 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.

31. 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, Inventories, deposits, in the ordinary course of business will not be less than the value stated in Balance Sheet.

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

33. Company has revalued some of the items of stocks based on technical and financial feasibility study. This has resulted into devaluation in the value of such stocks. The resulted devaluation of Rs. 5762.27 lacs on a standalone basis and Rs. 6649.64 lacs on a consolidated basis is shown as part of cost of material consumed.

34. To consolidate its operations, company has purchased stocks / work in progress lying with various dealer distributors and/ or at other locations amounting to Rs. 30598.67 Lacs on standalone basis and Rs. 46892.66 lacs on a consolidated basis, the same is shown as part of inventories as on 30th September 2013. Company is making all the efforts either to liquidate or to upgrade and liquidate or to make the commercial use of the same wherever possible.

35. Company has reversed the excess provision for Income tax pertaining to the Financial Year 2011-12 (Assessment year 2012-2013), to the extent of Rs. 338.12 lacs, on account of depreciation amounting to Rs. 957.53 lacs earlier allocated to Micro Technologies - FZE during the Financial Year 11-12, which was on account of Technology capitalisation and actually used by the Micro Technologies India Limited. Further, the company had also capitalized an amount of Rs. 2847.76 lacs spent towards the Research & Development Activities which was otherwise eligible for deduction under the provision of Income Tax Act, 1961. Therefore, company has reversed Rs. 2326.67 lacs (net of depreciation) adjusting the opening net block. The effect of both the adjustments is routed through inter company balances and accumulated reserves respectively.

36. 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         | (Rs. in Lacs) |
|--------------|---------------|
| 2006-2007    | 0.81          |
| 2007-2008    | 1.19          |
| 2008-2009    | 1.01          |
| 2009-2010    | 1.21          |
| 2010-2011    | 1.11          |
| 2011-2012    | 0.51          |
| 2012-2013    | 0.00          |
| <b>Total</b> | <b>5.84</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)



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

38. 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.

39. Expenditure in Foreign Exchange

(Amount in Lacs)

| Particulars                      | For the 18 Months period ended September 30,2013 | For the year ended March 31,2012 |
|----------------------------------|--|----------------------------------|
| Value of Import of Capital Goods | 13781.79   | 16460.85                         |
| Value of Import of Purchases     | 821.89   | 1874.44                          |
| Traveling Expenses               | 2.68   | 14.80                            |
| Bank Charges                     | 0.00   | 0.44                             |
| Interest Paid on FCCB Bond       | 9.20   | 31.93                            |
| <b>Total</b>                     | <b>14615.56</b>                                  | <b>18,382.46</b>                 |

40. Value of Exports

(Amount in Lacs)

| Particulars             | For the 18 Months period ended September 30,2013 | For the year ended March 31,2012 |
|-------------------------|--|----------------------------------|
| Value of Goods Exported | 37579.51   | 14,867.83                        |
| <b>Total</b>            | <b>37579.51</b>                                  | <b>14,867.83</b>                 |

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

| Particulars | As at 30.09.2013 (18 Months) |           | As at 31.03.2012    |           |
|-------------|------------------------------|-----------|---------------------|-----------|
|             | In Foreign Currency          | INR Lakhs | In Foreign Currency | INR Lakhs |
| Debtors     | USD 0.01                     | 0.79      | USD 1,06,15,104     | 5382.91   |
| Advances    | -                            | -         | USD 16,225          | 8.36      |
| Creditors   | -                            | -         | USD 36,80,391       | 1896.49   |

42. 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   | As at 30.09.2013 (18 Months) | As at 31.03.2012       |
|---------------------|------------------------------|------------------------|
| Retirement age      | 60 years                     | 60 years               |
| Attrition Rate      | 2%                           | 2%                     |
| Future Salary Rise  | 6%                           | 6%                     |
| Rate of Discounting | 8.5%                         | 8.5%                   |
| Mortality Table     | L/C (1994-96) Ultimate       | L/C (1994-96) Ultimate |

The actuarial value of gratuity as on 30.09.2013 calculated on the above assumptions works out to Rs. 131.55Lacs (PY 89.05 Lacs) and additional provision regarding the same has been made in the books.

43. 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 Lacs)

| Particulars  | As at 30.09.2013<br>(18 Months) | As at 31.03.2012 |
|--|---------------------------------|------------------|
| Value of Closing Stock   | 64560.19                        | 12,820.22        |
| Sale of Product/ Software during the Year<br>(comprises of System Integration, Software<br>Product /Solution and Technical Services) | 105861.44                       | 86,188.37        |

44. Related Party Disclosures as per Accounting Standard – 18:

1. Related Parties:

(i) Associates

Micro Cloud Computing Private Limited

Youth Promoters Private Limited

(ii) Key Managerial Personnel

Aditya Sekhar – Chairman & Managing Director

Ganapathy V. – Executive Director

Geetha V.- Executive Director (MRL)

Karthikeyan R. - Executive Director (MSSL)

2. Transactions between the Company and related parties and the status of outstanding balances as at September 30, 2013 (18 Months)

(Amount in Lacs)

| Particulars                          | Associates | Key Managerial Personnel |
|--------------------------------------|------------|--------------------------|
| <b>Nature of Transaction:</b>        |            |                          |
| Salaries and other employee benefits | -          | 191.38                   |
|                                      | -          | (206.24)                 |
| Receipt against Share Warrant        | 469.12     | 521.25                   |
|                                      | (779.89)   | (277.47)                 |
| Preferential Issue of Shares         | -          | -                        |
|                                      | (808.18)   | (138.29)                 |
| Advance given                        | -          | -                        |
|                                      | (502.48)   | -                        |
| Deposit                              | -          | -                        |
|                                      | (11.00)    | -                        |
| <b>Outstanding Balances:</b>         |            |                          |
| Deposit Outstanding                  | 491.01     | -                        |
|                                      | (491.01)   | -                        |
| Share Warrant Deposit                | -          | -                        |
|                                      | (78.18)    | (173.75)                 |
| Loan from Director                   | -          | -                        |
|                                      | -          | -                        |
| Advance Received                     | -          | -                        |
|                                      | -          | -                        |

Figure in bracket corresponds previous year figures.

45. 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 :

| <b>Information for Secondary Segments:</b>                       |                         |                |                    |               |
|--|-------------------------|----------------|--------------------|---------------|
|  | <b>(Amount in Lacs)</b> |                |                    |               |
| <b>Particulars</b>   | <b>Domestic</b>         | <b>Exports</b> | <b>Unallocated</b> | <b>Total</b>  |
| Revenues from External Net                                       | 68,281.93               | 37,579.51      | -                  | 1,05,861.44   |
| Revenues from External Customers<br>(including sale of services) | (71,320.54)             | (14,867.83)    |                    | (86,188.37)   |
| Segment Assets   | (60,612.06)             | (32,623.16)    | (19,320.30)        | (1,12,555.52) |

Figure in bracket corresponds previous year figures.

46. Leases as per Accounting Standard 19:

Obligations on long-term, non-cancelable operating leases

The lease rentals charged during the year and the maximum obligations on long term, non-cancelable operating leases payable as per the rentals stated in the respective agreements are as follows:

(Amount in Lacs)

| <b>Particulars</b>                       | <b>30.09.2013<br/>(18 Months)</b> | <b>31.03.2012</b> |
|--|-----------------------------------|-------------------|
| Lease rentals recognized during the year | 1,858.11                          | 1009.89           |

| <b>Particulars</b>                               | <b>30.09.2013<br/>(18 Months)</b> | <b>31.03.2012</b> |
|--|-----------------------------------|-------------------|
| Within one year of the Balance Sheet date        | 724.00                            | 1346.52           |
| Due in a period between one year and three years | Nil                               | 1683.15           |

The operating lease arrangements are renewable on a periodic basis and can extend upto maximum of 4 years from their respective dates of inception and relate of renting of IT Equipments.

47. 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 Earnings per Equity share is as under:

(Amount in Lacs)

| <b>Particulars</b>                       | <b>For the period ended<br/>September 30,2013</b> | <b>For the year ended<br/>March 31,2012</b> |
|--|---|---|
| Profit/(Loss) After Tax (Rs. in Lacs)    | (9,861.46)  | 12,994.21                                   |
| Weighted average number of Equity Shares |   |   |
| - Basic                                  | 3,41,04,146                                       | 1,44,39,323                                 |
| - Diluted                                | -   | 1,79,67,239                                 |
| Nominal Value of Equity Shares (Rs.)     | 10.00   | 10.00                                       |
| Earning per Share (Rs.)                  |   |   |
| - Basic                                  | (28.92)   | 89.99                                       |
| - Diluted                                | -   | 72.44                                       |

48. 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 Laxmikant Kabra & Co.**  
Chartered Accountants  
Firm Registration No: 117183W

**Laxmikant Kabra**  
Proprietor  
Membership No. 101839

**Ganapathy V**  
Executive Director

**Aditya Sekhar**  
Chairman & Managing Director

Date: 29th November, 2013  
Thane



**MICRO TECHNOLOGIES (INDIA) LTD.**

46-C, Electronic Sadan No. 1, MIDC, Mahape, Navi Mumbai - 400 705.

E-mail : [enquiry@microtechnologies.net](mailto:enquiry@microtechnologies.net)

[www.microtechnologies.net](http://www.microtechnologies.net)

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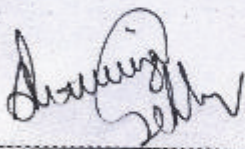
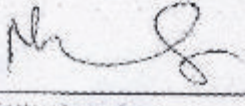


Micro Technologies (India) Ltd.

(An ISO 9001 & 27001 Company)  
REGD. OFFICE: 46/C, TTC Electronic Sadan - 1, MIDC, Mahape, Navi Mumbai 400 705

Form A

Format of covering letter of the annual audit report to be filed with the stock exchange

|    |  |   |
|----|--|---|
| 1. | Name of the Company  | Micro Technologies (India) Ltd.   |
| 2. | Annual financial statement for the year ended                              | 30 <sup>th</sup> September, 2013  |
| 3. | Type of Audit Observation  | Unqualified   |
| 4. | Frequency of observation   | NA  |
| 5. | To be signed by-   |   |
|    | <ul style="list-style-type: none"><li>• CEO/Managing Director</li></ul>    | <br>_____<br>Aditya Sekhar<br>Managing Director       |
|    | <ul style="list-style-type: none"><li>• Chief Financial Officer</li></ul>  | <br>_____<br>Milind Mehta<br>Chief Financial Officer |
|    | <ul style="list-style-type: none"><li>• Auditor of the Company</li></ul>   | For Laxmikant Kabra & Co.<br><br>_____<br>Sd/-<br>Proprietor  |
|    | <ul style="list-style-type: none"><li>• Audit Committee Chairman</li></ul> | _____<br>Sd/-<br>Chairman of Audit Committee  |

Date: 29<sup>th</sup> November, 2013

Place: Navi Mumbai

