



# MIC ELECTRONICS LIMITED

26<sup>th</sup> ANNUAL REPORT 2013-14

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

## Dear Shareholders,

The highlight of this year's operations, without a doubt, has been the Design, Development and Supply of LED based 3D-Holographic Displays. In all probability, this Development is the first of its kind in the world. The uniqueness of day-light visibility of 2D LED displays is extended to 3D displays, which provide Auto Stereoscopic Vision rendering them as Naked eye 3D displays which can be viewed without wearing any special glasses. This feature enormously enhances their application potential. In addition to the political campaigns for which these displays were deployed in the last General Elections, it is expected that the 3D and 2D Displays will have a great role to play as information dissemination devices in the domains of Education, Agriculture, Health Care, Governance, Rural Commence and a host of other applications in addition to the traditional ones like product Advertising, Entertainment etc. The export of LED displays are continuing at a steady pace.

The development of the 3D Holographic displays is yet another milestone reached by your company which amply demonstrates its R&D capabilities. Development of small-pitch displays is yet another R&D achievement of the year. Continuous steps are being taken to protect the Intellectual Property that is getting generated, which will eventually enable your company in the creation of a comprehensive LED Ecosystem.

I am particularly happy to inform you that the supplies have commenced for the prestigious Nashik Municipality street lighting project, in the state of Maharashtra. The installation operations will commence very soon and the project is expected to be completed before the end of the current financial year. The success achieved in respect of this is particularly gratifying because your company had to battle several legal hurdles, which it did successfully, based on its technical and technological strengths.

Lot of importance is being given to bring in energy efficiency in the public lighting systems of the Country. The Nashik project, it is strongly believed, will be a show case example in this regard and will open up several similar business opportunities for your company. Supplies have already commenced for a similar project

in Visakhapatnam in the state of Andhra Pradesh. Another gratifying development is the opportunities that are coming our way in the export of LED street lights.

The newly formed states of Telangana and Andhra Pradesh, unfortunately, have been affected by serious power shortages. Energy efficient lighting and solar powered lighting will be of great relevance to these states and your company will endeavour to render its best possible service to these states in the area of LED lighting.

Industry analysts have been observing that Railways and street lighting offer the best business opportunities, in the short term, for LED lighting. Your company, by dint of the pioneering work done already, is positioned well to make its presence strongly felt in these important market segments.

Government of India is committed to enhance the manufacturing operations in the Country. Hon'ble Prime Minister of India, in his Independence Day speech made a fervent appeal to 'Sell Globally but Make in India'. This National support and the initiatives launched by the Department of Electronics and Information Technology (DeitY) to promote Indigenous manufacture and self-

sufficient in the Country augur well for an R&D and Technology driven company like yours. I would like to assure you that we will fully leverage on the opportunities that present themselves.

The business potential in the domain of Coach lighting for Indian Railways has been dormant in the last 4-5 years despite the fact that your company has been the first and only company to supply these coach lighting products which have successfully undergone field trails for extended periods of time. The administrative issues that were delaying the purchase process have since been resolved and your company can look forward to sizeable business from this segment, sooner than later. In respect of Display products, again in the Railway sector,

decisions taken to introduce Multi-Colour / True-Colour displays to substitute single colour displays as Coach Guidance and Platform Displays will open up fresh business opportunities for your company. Further, certain pending issues regarding Passenger Information Systems (PIS) in the Eastern region are getting resolved on a priority basis. The technical clearance for the next generation PIS is also expected to be received by your company shortly. These are welcome developments in respect business enhancement in the Railway Sector for display products.

I once again sincerely thank all the shareholders for the trust reposed in your company.

With best wishes,

Sd/-

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

Chairman and Managing Director

**NOTICE** is hereby given that the 26<sup>th</sup> Annual General Meeting of the Members of the Company will be held on Tuesday, the 30<sup>th</sup> day of September 2014 at 11.00 AM at the registered office of the Company situated at A-4/II, Electronic Complex, Kushaiguda, Hyderabad – 500062 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March 2014 and Profit & Loss Account for the Period ended on that date along with Notes forming part of it and the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Shri L N Malleswara Rao (DIN 00010318), who retires by rotation, and being eligible offers himself for re-appointment.
3. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.

“RESOLVED THAT, pursuant to the provisions of section 139 of the Companies Act, 2013 and the Rules framed there under and pursuant to the recommendations of the audit committee of the Board of Directors, Pavuluri & Co, Chartered Accountants, Hyderabad (Registration No.012194S), be and are hereby re-appointed as the auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the 29<sup>th</sup> Annual General Meeting to be held in year 2017, subject to ratification by the members at every AGM hereafter, and the Board of Directors be and are hereby authorized to fix their remuneration, in accordance with the recommendation of the Audit Committee in consultation with the Auditors.”

**SPECIAL BUSINESS:**

4. **To appoint Shri N Srinivasa Rao (DIN: 00014636) as Director of the Company and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 149, 152, all other applicable provisions of the Companies Act, 2013, and the rules framed there under read with Schedule IV to the Companies Act, 2013, and Listing Agreement, **Shri. N Srinivasa Rao (DIN: 00014636)**, who was earlier appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose **Shri N Srinivasa Rao (DIN: 00014636)** as director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office from **30<sup>th</sup> September 2014 up to 29<sup>th</sup> September 2019**, whose period of office shall not be liable to retire by rotation.”

5. **To appoint Shri A A V S S C B Sekhar Babu (DIN: 00692448) as Director of the Company and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 149, 152, all other applicable provisions of the Companies Act, 2013, and the rules framed there under read with Schedule IV to the Companies Act, 2013, and Listing Agreement, **Shri A A V S S C B Sekhar Babu (DIN: 00692448)**, who was earlier appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose **Shri A A V S S C B Sekhar Babu (DIN: 00692448)** as director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office from **30<sup>th</sup> September 2014 up to 29<sup>th</sup> September 2019**, whose period of office shall not be liable to retire by rotation.”

**6. Ratification to the amendments made by the board to the resolutions passed by the members at their general meeting held on 22nd November 2013 for issue of Convertible Share Warrants to Promoters and Investors.**

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

“RESOLVED THAT pursuant to the provisions of Section 62 (1) (c) and other applicable provisions, if any, of the Companies Act, 2013 (the “Act”) (including any statutory modification or re-enactment thereof), the listing agreements entered into by the Company with the various stock exchanges where the shares of the Company are listed or to be listed, the applicable guidelines and clarifications issued by the Government of India (GOI), Securities and Exchange Board of India (SEBI) and pursuant to the consent shareholders at the AGM held on 22<sup>nd</sup> November 2013 For issue, offer and allot upto 77477070. (Seven Crores Seventy Four Lakhs Seventy Seven Thousand Seventy only) warrants (the “Warrants”) to the promoters and Investors, and pursuant to the BSE Letter date on 21<sup>st</sup> August 2014 and any other statutory or regulatory authorities and clarifications thereon issued from time to time and subject to all statutory, regulatory and government approvals, consents, permissions and/or sanctions as may be necessary and subject to any such conditions and modifications as may be prescribed or imposed by any one or more of them while granting any such approvals, consents, permissions or sanctions agreed to by the Board of Directors of the Company (the “Board”, which term shall be deemed to include any committee which the Board may have constituted or may hereinafter constitute to exercise its powers including powers conferred on the Board by this resolution) and in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended/modified from time to time (the “SEBI ICDR Regulations”), the consent of the Company be and is hereby accorded the relevant date for the purpose of determining the price for the issue of warrants to the promoters and investors (and the equity shares to be allotted on exercise thereof) as per the list given in the explanatory Statement be fixed as **23<sup>rd</sup> October 2013** being the 30th day prior to **22<sup>nd</sup> November 2013** (i.e. the 30th day prior to the date on which meeting of the general body of shareholders to consider the proposed issue) on such other terms and conditions and in such manner as the Board may think fit.

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

By order of the Board  
For MIC Electronics Limited

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

Place: Hyderabad  
Date: 03/09/2014

**NOTES:**

- a) A member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself/ herself and the proxy need not be a member of the company. The enclosed instrument of proxy in order to be effective, must be deposited at the registered office of the Company, duly completed and signed not less than 48 hours before the meeting.
- b) Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of Board Resolution authorizing their representatives to attend and vote on their behalf in the meeting.
- c) Members attending the meeting are requested to complete and bring the attendance slip enclosed with the Annual Report and hand over the attendance slip duly signed at the entrance of the meeting hall.
- d) The Register of Members and Share Transfer Books of the Company will remain closed from **26<sup>th</sup> September 2014 to 30<sup>th</sup> September 2014** (both days inclusive) for the Annual Meeting.
- e) The relevant Explanatory Statement in respect of the Special Business set out above, as required by **Sec.102 (2) of the Companies Act, 2013** is annexed hereto.
- f) Documents referred to in the accompanying Notice and Explanatory Statement is available for inspection at the Registered Office of the Company during office hours between 9.30 a.m. and 6.00 p.m. on all working days prior to the date of the Annual General Meeting.
- g) Members may address their Correspondence to Registrar and Share Transfer Agents of the Company M/s. Venture Capital and Corporate Investments Private Limited Unit: MIC Electronics Limited H.No:12-10-167, Bharatnagar, Hyderabad - 500018 or to the registered office of the company.
- h) The shareholders who have not en-cashed the dividend warrant(s) so far for the financial years 2006-07, 2007-08 & 2008-09 are requested to make their claim to the Company.
- i) Pursuant to provisions of Sec 123 of the Companies Act, 2013, the amount of dividend remaining unclaimed for the period of 7 years from the date that becomes due for payment are required to be transferred by the company to the Investor Education and Protection fund.
- j) The Company has designated an exclusive email id viz. [investors@mic.co.in](mailto:investors@mic.co.in) to enable the investors to post their grievances.
- k) **The instructions for members for voting electronically are as under:**
  - (A) **In case of members receiving e-mail:**
    - i) If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and casted your vote earlier for EVSN of any Company, then your existing login id and password are to be used.
    - ii) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
    - iii) Click on "Shareholders" tab to cast your votes.
    - iv) Now, select the Electronic Voting Sequence Number - "140908064" along with company name - "MIC ELECTRONICS LIMITED" from the drop down menu and click on "SUBMIT"
    - v) Now, fill up the following details in the appropriate boxes:

	<b>For Members holding shares in Demat Form</b>	<b>For Members holding shares in Physical Form</b>
User ID	For NSDL: 8 Character DP ID followed by 8 Digits Client ID For CDSL: 16 digits beneficiary ID	Folio Number registered with the Company
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department when prompted by the system while e-voting (applicable for both demat shareholders as well as physical shareholders)	
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.	
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.	

\* Members who have not updated their PAN with the Company/Depository Participant are requested to use the default number: <Default Value> in the PAN field.

# Please enter any one of the details in order to login. In case either of the details are not recorded with the depository please enter the value <Default Value> in the DOB column or the <Default Value> in the Dividend Bank details field.

- vi) After entering these details appropriately, click on "SUBMIT" tab.
- vii) Members holding shares in physical form will then reach directly the EVSN selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@ # \$ % & \*). Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Kindly note that this changed password is to be also used by the Demat holders for voting for resolutions for the Company or any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform.
- viii) Click on the relevant EVSN on which you choose to vote.
- ix) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- x) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- xi) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.



- (II) **In case of members receiving the physical copy of Notice of AGM [for members whose e-mail IDs are not registered with the company/ depository participant(s) or requesting physical copy]:**
- (B) Please follow all steps from sl. no. (ii) to sl. no. (xii) above, to cast vote.
- (C) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution in PDF format in the system for the scrutinizer to verify the vote.
- (D) The voting period begins on 22<sup>nd</sup> September 2014 at 9.00 AM and ends on 24<sup>th</sup> September 2014 at 6.00 PM. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 5<sup>th</sup> September 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- (E) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- l) Mr. D V M Gopal - M/s dvmgopal & associates Company Secretaries (COP No. 6798) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

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

#### Item No. – 3 & 4

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

Name of the Director	L N Malleswara Rao	N Srinivasa Rao	A V V S S C B Sekhar Babu
Date of Birth	15-05-1960	25.07.1953	<b>01-06-1963</b>
Earlier date of Appointment as Independent Director	25 <sup>th</sup> May 1996	4 <sup>th</sup> December 2004	27 <sup>th</sup> February 2012
Qualification Experience	Bachelor of Technology (Mechanical Engineering) from Jawaharlal Nehru Technological University (JNTU). Prior to joining the company, he is having experience in Design, Development and Quality assurance for more than a decade in Andhra Pradesh Heavy Machinery	Double post graduate in public administration and politics He is having reach experience in various administrative positions of different departments of Andhra University and more than 25 of experience in teaching at various prestigious colleges. He is	FCS and he is practicing as Company Secretary Since 1990 and he has handled about 35 public issues during first half of 1990s. He is also on the board of directors of M/s. Alufluoride Limited Further, he is acting as consultant for some of the leading group of Companies located in and around Vizag

Engineering Limited (APHMEL) - a subsidiary of Andhra Pradesh Industrial Development Corporation Limited. Associated with several prestigious projects in their design development and execution in the areas of electrical and mechanical engineering. He joined MIC Electronics Limited in 1994. He is on board of the company since 1995 and contributed to the operations of the company in several areas- design, development and execution of LED Displays specifically in up gradation of mechanical designs for True colour LED video walls and other LED lighting applications. Presently he is responsible for Mechanical Design and Administration activities of the Company.

advising the company in the areas of employee welfare, HR and general administration. He is Vice Chairman of DVR & Dr HS MIC College of Technology, a famous Engineering college in A.P. near Vijayawada, under Jawaharlal Nehru Technological University (JNTU), approved by All India Council for Technical Education (AICTE) and certified by ISO9000:2000. He is an over all in charge and looking after the financial and management activities of the College

Relationship with other Directors	None	None
Directorship in Other Companies	Lakshmi Sarada Hatcheries Private Limited	Alufluoride Limited

The Members are informed that Shri N Srinivasa Rao and Shri A V V S S C B Sekhar Babu bouth are appointed as Independent Directors of the Company from **30<sup>th</sup> September 2014 up to 29<sup>th</sup> September 2019** according to the provisions of Section 149, 152, all other applicable provisions of the Companies Act, 2013, and the rules framed there under read with Schedule IV to the Companies Act, 2013, and Listing Agreement

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

#### Item No. 6:

You have given consent at the AGM held on 22<sup>nd</sup> November 2013 for issue, offer and allot upto 77477070. (Seven Crores Seventy Four Lakhs Seventy Seven Thousand Seventy only) warrants (the "Warrants") to the promoters and Investors. Subsequently, the company has approached both BSE and NSE for their in-principal approval for the said issue of warrants. BSE Limited by vide its letter dated on 21st August 2014 has communicated their consent for issue of the following Warrants to the Promoters and Investors. However, the relevant date that the company has taken earlier for issue of warrants shall needs to be modified to ensure the compliance with the ICDR Regulations. The Change of relevant date is again subject to your consent at this Annual General Meeting by Special Resolution.

## 02 NOTICE

i) The beneficiary owners of body corporate are as follows.

IDEAMAX CONSULTANCY SERVICES PRIVATE LIMITED

i) Gopalakrishnamurthy M

ii) Nageswara Rao N

PINNAMANENI ESTATES PRIVATE LIMITED

i) Veera Venkata Satyanarayana Pinnamaneni

ii) The Pre and post preferential holding of allottees are as below along with beneficiary owners in case of body corporate.

S.No.	Name of the Proposed Allottee	Pre-preferential shareholding (No. of equity shares)	%	No. of Warrants to be allotted / Equity shares allotted after conversion 1:1	%	Total No. of equity shares after conversion	%
1	Usha Rani Maganti	205010	0.20	9000000	11.62	9205010	5.11
2	Chaitanya Deepthi Maganti	575000	0.56	5000000	6.45	5575000	3.10
3	Chaitanya Keerthi Maganti	575000	0.56	6500000	8.39	7075000	3.93
4	Chithanya Pavan Maganti	1800000	1.76	6495070	8.38	8295070	4.61
5	Venkata Ram Atluri	1052255	1.03	1600000	2.07	2652255	1.47
6	Naga Malleswara Rao Lingamaneni	124234	0.12	2300000	2.97	2424234	1.35
7	Srinivasa Rao Nimmagadda	65	0.00	1950000	2.52	1950065	1.08
8	Rei Atluri	0	0.00	2400000	3.10	2400000	1.33
9	Nimmagadda Venkata Surendra	0	0.00	950000	1.23	950000	0.53
10	Sahil Khosla	225000	0.22	1050000	1.36	1275000	0.71
11	Venkata Satya Arun Kovelanmudi	0	0.00	700000	0.90	700000	0.39
12	M.Venkata Suhas	0	0.00	500000	0.65	500000	0.28
13	Raghu Veer Yarlagadda	0	0.00	5950000	7.68	5950000	3.31
14	Pavuluri Lakshmi	15000	0.01	150000	0.19	165000	0.09
15	Pavuluri Bala Krishna	21500	0.02	165000	0.21	186500	0.10
16	Venkata Saitya Subba Rao Talluri	0	0.00	175000	0.23	175000	0.10
17	Pradeep Vundavalli	0	0.00	175000	0.23	175000	0.10
18	Koneru Lakshmi Tulasi	255656	0.25	100000	0.13	355656	0.20
19	Sridevi Chitturi	0	0.00	200000	0.26	200000	0.11
20	Peda Rathayya Makineni	38000	0.04	300000	0.39	338000	0.19
21	MV Subbayamma	500	0.00	300000	0.39	300500	0.17
22	Ganesan Mudaliar Rajaretnam	0	0.00	200000	0.26	200000	0.11
23	Srikanth Paladugu	700	0.00	125000	0.16	125700	0.07
24	V Nagendra Babu Lingamaneni	0	0.00	125000	0.16	125000	0.07
25	Duggirala Panduranga Rao	5000	0.00	150000	0.19	155000	0.09
26	Bandi Krishna Kumari	3608	0.00	1925000	2.48	1928608	1.07
27	K Siva Kumari	50550	0.05	250000	0.32	300550	0.17

S.No.	Name of the Proposed Allottee	Pre-preferential shareholding (No. of equity shares)	%	No. of Warrants to be allotted / Equity shares allotted after conversion 1:1	%	Total No. of equity shares after conversion	%
28	B Usha Rani	112500	0.11	300000	0.39	412500	0.23
29	Rama Devi	0	0.00	300000	0.39	300000	0.17
30	Garimella Venkata Krishna Rao	120000	0.12	150000	0.19	270000	0.15
31	J.N.Bhushan	47500	0.05	250000	0.32	297500	0.17
32	Mohana Rao Mullapudi	126750	0.12	300000	0.39	426750	0.24
33	Girijesh Kumar Agrwal	0	0.00	1400000	1.81	1400000	0.78
34	Venkateswara Rao Golla	0	0.00	300000	0.39	300000	0.17
35	Pinnamneni Estates Pvt Ltd						
	<b>Beneficiary Owners:</b>						
	Veera Venkata Satyanarayana						
	Pinnamaneni	0	0.00	450000	0.58	450000	0.25
36	Y Madhu Seshu	0	0.00	150000	0.19	150000	0.08
37	Parul H Gandhi	0	0.00	250000	0.32	250000	0.14
38	Ideamax Consultancy Services Pvt Ltd						
	<b>Beneficiary Owners:</b>						
	Gopalakrishnamurty Maganti						
	Nageswara Rao Nimmagadda	0	0.00	24892000	32.13	24892000	13.83
		<b>5353828</b>	<b>5.22</b>	<b>77477070</b>	<b>100</b>	<b>82830898</b>	<b>46.02</b>

The Resolutions set out in Item No. 6 may be considered accordingly and the Board of Directors recommended the same for your approval. Dr. Venkata Ramana Rao Maganti is interested in Resolution No. 6 the extent of the Warrants (and on exercise the equity shares) and shares allotted to promoters group.

Other than above, None of the Directors and Key Management Personnel may be deemed to be interested in this resolution. The Board recommends the Resolutions set out at Item No. 6 of the Notice for approval by the shareholders.

By order of the Board  
For MIC Electronics Limited

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

Place: Hyderabad  
Date: 03/09/2014

**To**  
The Members,  
MIC Electronics Limited

**Dear Shareholders,**

Your Directors have pleasure in presenting the 26<sup>th</sup> Annual Report on the business and operations of the Company along with the Audited Balance Sheet and Profit & Loss Account for the period ended 31<sup>st</sup> March 2014 (9 months).

### FINANCIAL RESULTS

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

Particulars	(Rs. in crores)	
	2013-14 (9 Months)	2012-13 (9 Months)
Net Sales / Income from Operations	87.79	71.51
Other Income	1.75	5.08
Total income	89.54	76.59
Profit / Loss before interest, depreciation & tax	(4.09)	9.12
Less : Interest	8.64	12.12
Depreciation	4.44	4.48
Profit / (Loss) before Extra Ordinary items & Tax	(62.88)	(7.48)
Less: Extra Ordinary Items	0.00	0.00
Profit / (Loss) before Tax	(62.88)	(7.48)
Tax Expenses :		
Current Tax	0.00	0.00
Taxes of earlier years written back	6.54	0.00
Deferred Tax Liability / (Asset)	11.86	7.39
Net Profit / (Loss) after Tax	(44.47)	(14.87)
Add : Balance Carried form Profit & Loss A/c	163.99	178.86
Profit available for appropriation	119.51	163.99
Dividends	0.00	0.00
Transfer to General Reserve	0.00	0.00
Balance Carried to the Balance Sheet	119.51	163.99
EPS - Basic	-4.34	(1.45)
Diluted	-2.47	(1.45)

### REVIEW OF OPERATIONS

During the 9 months period under review the turnover is increased to Rs. 87.79 Crores as compared to previous 9 months' period turnover of Rs. 71.51 cores. During the period the company has incurred an operating loss of Rs. 62.88 Crores as against operating loss of Rs. 7.48 Crores in the previous period which includes bad debts of Rs. 22 crores were written off and also prior period expenses incurred Rs. 31.88 crores.

**DIVIDEND**

For the financial year 2013-14 Company didn't declare any Dividend.

**TRANSFER TO RESERVES**

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

**CONSOLIDATED FINANCIAL STATEMENTS**

The audited stand alone and Consolidated Financial Statements of the company which form part of the annual report have been prepared in accordance with the provisions of the Companies Act, 2013, the Listing Agreement, the Accounting Standards (AS-21) on Consolidated Financial Standard and the Accounting Standard (AS-23) on Accounting for Investments in Associates.

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

In terms of Section 205C of the Companies Act, 2013, there is no due for remittance to the Investor Education and Protection Fund established by the Central Government.

**MARKETING AND EXPORT**

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

**SUBSIDIARIES**

The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company and its subsidiaries who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection by any investor at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include financial results of its subsidiary companies.

The company has four subsidiaries

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

**RIGHTS ISSUES**

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

**HEALTH, SAFETY AND ENVIRONMENTAL PROTECTION**

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

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

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

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

Pursuant to the provisions of Guideline 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee stock purchase Scheme), Guidelines, 1999, the details of stock options as on 30th November 2013 under the MIC Electronics Ltd Employees Stock Options Plan, 2006 are as under:

ESOP 2006 scheme was ended on 24-10-2009, however 7,49,100 shares were lying in the trust because of Non-exercise of the options due to heavy disproportion to price of the scrip and few options because of resignation of employees in general.

**DIRECTORS**

In accordance with the provisions of the Companies Act, 2013 read with the Articles of Association of the Company, Shri L N Malleswara Rao (DIN 00010318), will retire by rotation at the forthcoming Annual General Meeting is eligible for re-appointment.

Shri N Srinivasa Rao (DIN No. 00014636) and Shri A V V S S C B Sekhar Babu (DIN No. 00692448) both are appointed as Independent Directors of the Company from **30<sup>th</sup> September 2014 up to 29<sup>th</sup> September 2019** according to the provisions of Section 149, 152, all other applicable provisions of the Companies Act, 2013, and the rules framed there under read with Schedule IV to the Companies Act, 2013, and Listing Agreement.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Directors' Responsibility Statement as required under the provisions of Section 217 (2AA) of the Companies Act, 1956, is given in the Annexure (I) attached hereto and forms part of this Report

Directors confirm to the best of their knowledge and belief that:

- I. In the preparation of annual accounts, the applicable accounting standards have been followed and there were no material departures;
- II. The accounting policies selected have been applied consistently, judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March 2014 and of the profit/loss of the Company for the period ended 31<sup>st</sup> March 2014;
- III. Proper and sufficient care is taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- IV. The annual accounts have been prepared for the year ended 31<sup>st</sup> March 2014 on a 'going concern' basis;
- V. Necessary steps have been taken to regularize the qualifications mentioned by the Auditor in his report.

**AUDITOR'S AND THEIR REPORT**

The Company proposes to Re-appoint M/s. Pavuluri & Co. as Statutory Auditor of the company from the conclusion of 26<sup>th</sup> Annual General Meeting till the conclusion of this Annual General Meeting until the conclusion of the 29<sup>th</sup> Annual General Meeting to be held in year 2017.



M/s Pavuluri & Co. Chartered Accountants have confirmed that their Re-appointment, if made, shall be in accordance with the provisions of Section 139 of the Companies Act, 2013.

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

S. No.	Basis for Qualified Opinion	Explanation
1.	Reference is invited to Note 3.07 of the financial statements, The Company has not provided the interest on unsecured loans for Rs 3.17 crores and interest on term loans for Rs 2.94 crores for the nine months period ended 31 <sup>st</sup> March 2014, since the company is pursuing the matter for settlement. Had the Company provided provision for the same, the loss for the period would have been higher by Rs 6.11 crores.	Due to tight liquidity position, company has approached the lenders of unsecured loans for one time settlement. Since the company is of the opinion that the lenders will consider favourably, interest has not been provided on such unsecured loans.
2.	Reference is invited to Note 3.13 of the financial statements, the Company's Capital Advances to the extent of Rs 12.18 crores, "we are unable to ascertain whether such balances as at balance sheet date are fully recoverable. Accordingly, we are unable to ascertain the impact, if any, that may arise in case any of these advances are subsequently determined to be doubtful of recovery. Had the Company provided provision for the same, the loss for the period would have been higher by the said amount	Company has given advances to various suppliers for supply of capital goods for its LED Display Division's expansion projects. The management is closely pursuing with such suppliers for supply of such capital goods and insisting such suppliers to either supply the goods or refund the advance amount without further delay. The management is confident of adjustment of such capital advances and hence no provision has been made.
3.	Reference is invited to Note 3.16 of the financial statements, the Company's Trade Receivables to the extent of Rs 47.05 crores are more than three years old and "we are unable to ascertain whether such balances as at balance sheet date are fully recoverable. Accordingly, we are unable to ascertain the impact, if any, that may arise in case any of these receivables are subsequently determined to be doubtful of recovery. Had the Company provided provision for the same, the loss for the period would have been higher by the said amount.	Due to the prevailing recessionary trend in the industry in the last 3 to 4 years, significant portion of trade receivables remain uncollected. The management is closely monitoring for collection of such overdue receivables. The management is confident of collecting such overdue trade receivables over a period of time and hence no provision has been made.
4.	Reference is invited to Note 3.18 of the financial statements, the Company's Other Advances to the extent of Rs 6.12 crores, "we are unable to ascertain whether such balances as at balance sheet date are fully recoverable. Accordingly, we are unable to ascertain the impact, if any, that may arise in case any of these advances are subsequently determined to be doubtful of recovery. Had the Company provided provision for the same, the loss for the period would have been higher by the said amount.	The above advances include advances given to various suppliers for supply of materials / services in the ordinary course of business and other purposes. The management is closely pursuing with such suppliers for supply of materials / services. We are insisting such suppliers to either supply the materials / services or refund the advance amount without further delay. The management is confident if adjustment of such advances and hence no provision has been made.



**INSURANCE**

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

**DEPOSITS**

There are no Fixed Deposits accepted by the Company in the financial year 2013-14.

**CORPORATE GOVERNANCE**

Pursuant to the provisions of Clause 49 of the Listing Agreement and Section **179 of the Companies Act, 2013**, a report on Corporate Governance and Management Discussion and Analysis figures as a part of the Annual Report.

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

Your Company is committed to good Corporate Governance Practices and following the guidelines prescribed by the SEBI and Stock Exchanges from time to time. The Company has implemented all of its major stipulations as applicable to the Company. The Statutory Auditor's Certificate dated 3<sup>rd</sup> September, 2014 in accordance with Clause 49 of the Listing Agreement and report on Corporate Governance is annexed to and forming part of the Directors' Report.

**MANAGEMENT DISCUSSION AND ANALYSIS**

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

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

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required under section 217(1)(e) of the Companies Act, 2013, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is as given below and forms part of the Directors' Report.

**Conservation of energy:**

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

**Research and Development and technology absorption**

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

**Foreign exchange earnings and outgo**

(Rs. In Crores )

Particulars	2013-14 (9months ended 31 <sup>st</sup> March 2014	2012-13 (9months ended 30 <sup>th</sup> June 2013
Outgo	3.59	2.75
Earnings	4.19	2.44

**LISTING AGREEMENT COMPLIANCE**

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

Applications submitted to National Stock Exchange of India Limited and Bombay Stock Exchange Limited to obtain In-principal approval to issue preferential convertible share warrants to

1. 2,69,95,070 Warrants to Promoters.
2. 5,04,82,000 Warrants to Investors.

The same was pending with NSE & BSE as on 31<sup>st</sup> March 2014. We received approval from BSE on 21<sup>st</sup> August 2014 and NSE approval to be received.

The Company has paid Listing Fee for the Financial Year 2014-15 to each of the said stock exchanges and had currently complied with the conditions of the Listing Agreement.

**ACKNOWLEDGMENT**

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

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

**For and on behalf of the Board**

Place: Hyderabad  
Date: 03/09/2014

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

Sd/-  
Shri L N Malleswara Rao  
Executive Director

The era of LED lighting has come to stay in India and has already taken firm roots in the Country. The industry analysts are projecting a conservative 38% CAGR over the next few years while there are many who feel that there will be a far more aggressive penetration. M/s Frost and Sullivan, who have been making focused studies on the Indian LED lighting market, are envisaging a US \$1.6 Billion LED lighting market by the year 2018. This does not include off-grid solar powered LED lighting business opportunity. Based on the incentives being offered for local manufacture by the Department of Electronics and Information Technology (DeitY), Government of India, Indian industry associations are anticipating even bigger business opportunities, considering the energy saving potential of LED lighting for the energy strapped Country.

The market space, therefore, is already crowded with giant Multi-National Companies, lighting majors in India of long standing history, Joint Venture Companies, Domestic Manufacturers, Importers and Traders. While there will be shake-out and consolidation eventually, all the players will be vying frantically for maximising their market share.

Central organisations like Bureau of Energy Efficiency (BEE), Energy Efficiency Services Limited (EESL), Bureau of Indian Standards (BIS) and Ministry of New and Renewable Energy (MNRE) will function both as promotional and regulating agencies. Specifications and performance standards of the luminaires as such, will only be qualifiers. Prices, delivery cycle times, pre-sale and post-sale services, warranties and guarantees offered will be the differentiators in addition to other distinguishing factors like longevity, elegance and futuristic features.

Against this backdrop, a company like MIC Electronics Limited, which is essentially an R&D driven technology oriented company will do well to create its own rich market position based on its established USPs and chances of success in the market place. Varying marketing strategies and channels need to be put in position to optimise on the resources available concurrent with maximisation of market reach and share.

The domain of LED lighting has gone beyond the phases of concept proving and experimentation. The users are convinced that the 'first-cost-barriers' can be overcome by the energy savings that these lights offer and the pay-back periods are proving more and more effective. The industry has already entered the realm of 'Price-Performance' benefits to the end users and 'economy of scales' for the manufacturers. It is in this context that MIC Electronics Ltd, with its inherent R&D capabilities and established manufacturing capabilities, has to look at the National perspective to benefit its own corporate interests. Such a holistic view will help the company to formulate its own long term objectives and in firming up its business verticals concurrent with the degree of integration levels of manufacturing. The 'Preferential Purchase Policy' enunciated by the Government of India and incentives offered and concessions announced for R&D and Indigenous manufacture will be the guide for the company in shaping its Business Policy.

In respect of the Display products too, 'Value for Money' will be decision parameter for the customers independent of the market segment to which they belong. However, MIC needs to substantially expand its market share by consciously exploiting the application potential of its display products - both the 2D and 3D varieties. While the LED based 3D Holographic Display developed by MIC is certainly a technological milestone, lot of promotional work needs to be carried out to maximise these business potential of this wonderful, day-light visible, life-like display product. In respect of the 2D displays, focused and targeted cultivation of the customers will help positioning these products as excellent information dissemination devices in several societally beneficial application domains.

Energy efficiency is not just a National priority now. The awareness in the user communities in the rural parts of the country in this regard are very high today. Related diversification and creation of an ecosystem with respect to both energy efficient devices and devices that can be powered by solar energy can be a relevant option provided such a step makes commercial and economic sense.

The uptrend of the economy and the relevance of MIC's LED lighting products in the energy starved states of India offer the Company excellent business opportunities. Strong foundations are needed to be laid now on the organisational, financial and marketing fronts concurrent with introduction of effective systems and procedures for ensuring sustainable growth and desired performance levels.

Place: Hyderabad  
Date: 03/09/2014

By order of the Board  
For MIC Electronics Limited  
Sd/-  
Dr. M V Ramana Rao  
(Chairman & Managing Director)

## ANNEXURE'S TO DIRECTORS' REPORT

### REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement)

#### 1) COMPANY PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

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

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

#### 2) BOARD OF DIRECTORS

##### Composition and size of the Board:

Presently, the Board of Directors comprises Six Directors out of which two of them are Executive Directors one of them is Non-Independent & Non-Executive and the Two are Non-executive & Independent Directors. The names and categories of the Directors on the Board and also the number of Directorship and committee memberships held by them in other Companies are given below.

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

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

S. No.	Name of the Director	Category
1	Dr. M V Ramana Rao	Promoter, Chairman & Managing Director
2	Shri Atluri Venkata Ram	Non-Independent, Non Executive Director
3	Shri L N Malleswara Rao	Non-Independent, Executive Director
4	Shri N Sreenivasa Rao	Independent, Non Executive Director
5	Shri Veera Venkata Satya Surya Chandra Bhima Sekhar Babu Alla	Independent, Non Executive Director
6	J N Prasanna Kumar Setty	Independent, Non Executive Director

**Meetings held and Attendance of Board Meetings:**

During the period Board Meetings were held from 1<sup>st</sup> July 2013 to 31<sup>st</sup> March 2014.

The Dates on which the Board Meetings were held are: 10-Jul-13, 27-Aug-13, 26-Oct-13, 13-Nov-13, 13-Feb-14

Attendance of Directors in the above said meetings:

Sr. No	Director	Attendance Particulars	
		Board Meetings & Attendance	Presence at the Last AGM
1	Dr. M V Ramana Rao	5(5)	Yes
2	Shri Atluri Venkata Ram	3(5)	No
3	Shri L N Malleswara Rao	4(5)	Yes
4	Shri N Sreenivasa Rao	5(5)	Yes
5	Shri Veera Venkata Satya Surya Chandra Bhima Sekhar Babu Alla	4(5)	No
6	J N Prasanna Kumar Setty	2(5)	No

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

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

**Number of other Directorships and Committee Member / Chairmanships as on 31.03.2014:**

S.No.	Director	Category	Other Directorship	Committee Membership	Committee Chairmanship
1	Dr. M V Ramana Rao	Promoter, Executive Director	7	-	-
2	Shri Atluri Venkata Ram	Non Independent, Non Executive	2	-	-
3	Shri L N Malleswara Rao	Non Independent, Executive	-	-	-
4	Shri N Sreenivasa Rao	Independent, Non-Executive	1	-	-
5	Shri Veera Venkata Satya Surya Chandra Bhima Sekhar Babu Alla	Independent, Non-Executive	1	-	-
6	J N Prasanna Kumar Setty	Independent, Non Executive	2	-	-

**1) BOARD COMMITTEES**

**The Company has the following standing committees on the Board**

**1 A) Audit Committee**

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

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
- 5A. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.

10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- 12A. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

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

Name of the Director	Designation	Nature of Directorship
Shri Veera Venkata Satya Surya Chandra Bhima Sekhar Babu Alla	Chairman	Independent Non Executive Director
Shri N Srinivasa Rao	Member	Independent Non Executive Director
Dr. M V Ramana Rao	Member	Promoter, Chairman & Managing Director

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

**Audit Committee Meetings and Attendance:**

During the Period Audit Committee Meetings were held from 1<sup>st</sup> July 2013 to 31<sup>st</sup> March 2014.

The Dates on which the Audit Committee Meetings were held are: 27-Aug-2013, 13-Nov-2013, 13-Feb-2014.

Sr. No.	Director	No. of Meeting Attended
1.	Shri Veera Venkata Satya Surya Chandra Bhima Sekhar Babu Alla	3(3)
2	Shri N Srinivasa Rao	3(3)
3.	Dr. M V Ramana Rao	3(3)

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

**1) SUBSIDIARY COMPANIES:**

1. MIC Electronics Inc (USA) in which Dr M V Ramana Rao and Atluri Venkata Ram are Directors.
2. Maave Electronics Private Limited (India)

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

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

## 2) REMUNERATION COMMITTEE

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

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

Composition of the committee:

Name of the Director	Designation	Nature of Directorship	Profession
Shri Veera Venkata Satya Surya Chandra Bhima Sekhar Babu Alla	Chairman	Independent Director	Practicing Company Secretary
Shri N Srinivasa Rao	Member	Independent Director	Business
Shri J N Prasanna Kumar Setty	Member	Independent Director	Practicing Chartered Accountant

Remuneration Committee Meetings and Attendance:

During the period no Remuneration Committee Meeting was held from 1<sup>st</sup> July 2013 to 31<sup>st</sup> March 2014.

Details of remuneration paid to the Executive Directors during the Period 2013-14 are given below:

Name of the Director	Relationship with other Directors	Business Relationship with company if any	Loans and advances from company	Total Remuneration (Rs.)
Dr. M V Ramana Rao	None	None	None	1800000
Shri L N Malleswara Rao	None	None	None	1125000

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

### Non-Executive Directors Compensation:

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



**1) SHAREHOLDERS'S TRANSFER & GRIEVANCE COMMITTEE:**

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

Composition of the Committee:

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

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

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

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

**At the begging of the financial year pending complaints are 2 during the period, the Company has received 1 complaints and resolved 1 complaint. Pending complaints as on 31<sup>st</sup> March 2014 are 2 pending from the investors.**

During the Period there is no Sharehodlers's Transfer & Grievance Committee Meetings held from 1<sup>st</sup> July 2013 to 31<sup>st</sup> March 2014.

**The details of shares held by the Directors as on 31<sup>st</sup> March, 2014**

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

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

Location and time of the last three AGM's.

Financial Year	Date & Time	Venue	Nature of special resolutions, if any passed
2012-13	22-11-2013 11.00 AM	A-4/II, Electronic Complex, Kushaiguda, Hyderabad-62	<ol style="list-style-type: none"> <li>1. <b>Preferential Allotment of 2,69,95,070 Warrants to Promoters.</b></li> <li>2. <b>Preferential Allotment of 5,04,82,000 Warrants to Investors.</b></li> <li>3. <b>Employee Stock Option Scheme 2013 to Issue of 50,00,000 Shares of Rs. 2/- each.</b></li> <li>4. <b>Issue of Shares of to employees / directors of the holding and subsidiary companies.</b></li> <li>5. <b>Approval for issue of shares to specified employees more than 1%.</b></li> </ol>
2011-12	29-12-2012 11.00 AM	- Do -	<b>Revision in Remuneration of Dr. M V Ramana Rao, Reduced from Rs. 36 lakhs to 24 lakhs per annum.</b>
2010-2011	30-12-2011 11.00 AM	- Do -	<b>Reduction of Price from Rs.6 to Rs. 4/- of Issue of shares to Subsidiary Company Employees through Employee Stock Option Plan – 2010. Remuneration of CEO Shri Atluri Venkata Ram</b>

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

**8) DISCLOSURES**

- Related party transactions:

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

- Penalties:

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

- Disclosure of Accounting Treatment

The Company follows the accounting standards as specified in the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The significant accounting policies which are consistently applied have been set out in the Notes to the Accounts of the Audited Financial Statements for the Period ended 31<sup>st</sup> March 2014.

- Code of Conduct

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

## 05 REPORT ON CORPORATE GOVERNANCE

- CEO/CFO Certification

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

- Appointment of Directors

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

- Compliance Reports:

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

- Audit Qualifications:

There are some qualifications in the Financial Statements of the Company for the Period ended 31<sup>st</sup> March 2014.

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

S. No.	Basis for Qualified Opinion	Explanation
1.	Reference is invited to Note 3.07 of the financial statements, The Company has not provided the interest on unsecured loans for Rs 3.17 crores and interest on term loans for Rs 2.94 crores for the nine months period ended 31 <sup>st</sup> March 2014, since the company is pursuing the matter for settlement. Had the Company provided provision for the same, the loss for the period would have been higher by Rs 6.11 crores.	Due to tight liquidity position, company has approached the lenders of unsecured loans for one time settlement. Since the company is of the opinion that the lenders will consider favourably, interest has not been provided on such unsecured loans.
2.	Reference is invited to Note 3.13 of the financial statements, the Company's Capital Advances to the extent of Rs 12.18 crores, "we are unable to ascertain whether such balances as at balance sheet date are fully recoverable. Accordingly, we are unable to ascertain the impact, if any, that may arise in case any of these advances are subsequently determined to be doubtful of recovery. Had the Company provided provision for the same, the loss for the period would have been higher by the said amount	Company has given advances to various suppliers for supply of capital goods for its LED Display Division's expansion projects. The management is closely pursuing with such suppliers for supply of such capital goods and insisting such suppliers to either supply the goods or refund the advance amount without further delay. The management is confident of adjustment of such capital advances and hence no provision has been made.
3.	Reference is invited to Note 3.16 of the financial statements, the Company's Trade Receivables to the extent of Rs 47.05 crores are more than three years old and "we are unable to ascertain whether such balances as at balance sheet date are fully recoverable. Accordingly, we are unable to ascertain the impact, if any, that may arise in case any of these receivables are subsequently determined to be doubtful of recovery. Had the Company provided provision for the same, the loss for the period would have been higher by the said amount.	Due to the prevailing recessionary trend in the industry in the last 3 to 4 years, significant portion of trade receivables remain uncollected. The management is closely monitoring for collection of such overdue receivables. The management is confident of collecting such overdue trade receivables over a period of time and hence no provision has been made.

S. No.	Basis for Qualified Opinion	Explanation
4.	Reference is invited to Note 3.18 of the financial statements, the Company's Other Advances to the extent of Rs 6.12 crores, "we are unable to ascertain whether such balances as at balance sheet date are fully recoverable. Accordingly, we are unable to ascertain the impact, if any, that may arise in case any of these advances are subsequently determined to be doubtful of recovery. Had the Company provided provision for the same, the loss for the period would have been higher by the said amount.	The above advances include advances given to various suppliers for supply of materials / services in the ordinary course of business and other purposes. The management is closely pursuing with such suppliers for supply of materials / services. We are insisting such suppliers to either supply the materials / services or refund the advance amount without further delay. The management is confident if adjustment of such advances and hence no provision has been made.

- Whistle Blower Policy:

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

- Risk Management

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

## 9) MEANS OF COMMUNICATION

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

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

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

**10) GENERAL SHAREHOLDER INFORMATION**

Date & Venue of AGM	30 <sup>th</sup> September 2014 at A-4/II, Electronic Complex, Kushaiguda, Hyderabad-500062 Andhra Pradesh
Financial Year	1 <sup>st</sup> 1 <sup>st</sup> July 2013 to 31 <sup>st</sup> March 2014
Tentative Calendar of Events for the FY 2013-2014 (July- March)	1 <sup>st</sup> Quarter ending 30 <sup>th</sup> September 2013 - before 13 <sup>th</sup> November 2013 2 <sup>nd</sup> Quarter ending 30 <sup>th</sup> December 2013 - before 13 <sup>th</sup> February 2014 3 <sup>rd</sup> Quarter ending 31 <sup>st</sup> March 2014 - before 27 <sup>th</sup> May 2014
Book Closure for AGM	26 <sup>th</sup> September 2014 to 30 <sup>th</sup> September 2014 (Both days Inclusive)
Dividend Payment Date (if declared & approved)	NIL
Listing on Stock Exchanges	National Stock Exchange Ltd (NSE) Stock Code - MIC Bombay Stock Exchange Ltd (BSE) Stock Code - 532850
Registrars & Transfer Agents (RTA)	Venture Capital and Corporate Investments Pvt. Ltd.12-10-167, Bharatnagar, Hyderabad-500018Tel: 040-23868257/258
Share Transfer System	Physical share transfers are processed and share certificates are returned to the Shareholders with in a maximum Period of twenty one days from the date of receipt, Subject to the documents being valid and complete in all respects.
Dematerialization of shares	Company had Provided Demat facility through National Securities Depository Ltd & Central Depository Services Ltd ISIN: INE287C01029
CIN Number	L31909AP1988PLC008652
Outstanding GDRs / ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity	NIL
Address for Correspondence	Vijay Kumar Naidu Ch, Company Secretary, MIC Electronics Limited, A-4/II, Electronic Complex, Kushaiguda, Hyderabad-500062, Telangana. <b>cs@mic.co.in</b>

- Market Price data: High / Low during each month in the Period 2013-14 and performance in comparison to broad based indices such as NSE Nifty and BSE SENSEX.

MONTH & YEAR	NSE (IN RS.)		NIFTY		BSE (IN RS.)		SENSEX	
	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
July - 2013	3.15	2.05	6093.35	5675.75	3.18	2.1	20351.06	19126.82
August -2013	2.7	1.75	5808.5	5118.85	2.64	1.72	19569.2	17448.71
September -2013	2.45	2	6142.5	5318.9	2.4	1.85	20739.69	18166.17
October -2013	4.05	2.15	6309.05	5700.95	4.04	2.15	21205.44	19264.72
November -2013	3.45	2.75	6342.95	5972.45	3.49	2.85	21321.53	20137.67
December -2013	3.3	2.75	6415.25	6129.95	3.39	2.8	21483.74	20568.7
January -2014	3.6	2.7	6358.3	6027.25	3.55	2.72	21409.66	20343.78
February -2014	3	2.3	6282.7	5933.3	2.95	2.3	21140.51	19963.12
March - 2014	3.4	2.3	6730.05	6212.25	3.36	2.33	22467.21	20920.98

- Distribution of Shareholding as on 31<sup>st</sup> March 2014

Shares	Holders		Shares	
	Number	% To Total	No Of Shares	% To Total
Upto - 500	31846	68.64	6005397	5.86
501 - 1000	6071	13.09	5157834	5.03
1001 - 2000	3543	7.64	5632485	5.50
2001 - 3000	1483	3.2	3861463	3.77
3001 - 4000	703	1.52	2560937	2.50
4001 - 5000	677	1.46	3241681	3.16
5001 - 10000	1036	2.23	7780642	7.59
10001 and above	1034	2.23	68257836	66.59
Total	46393	100	102498275	100.00

- **Share holding pattern as on 31<sup>st</sup> March 2014.**

Category	Holding as on 31 <sup>st</sup> March 2014	%
BODIES CORPORATE	7528672	7.35
CLEARING MEMBER	1326338	1.29
CENTRAL/STATE GOVERNMENT(S)	0	
FINANCIAL INSTITUTIONS/BANKS	0	
FOREIGN BODIES CORPORATE	0	
FOREIGN INSTITUTIONAL INVESTORS	0	
INSURANCE COMPANIES	0	
MUTUAL FUNDS/UTI	0	
NON RESIDENTIAL INDIVIDUALS	7278886	7.10
PROMOTER AND PROMOTER GROUP	8242277	8.04
PUBLIC	77361832	75.48
TRUST	760270	0.74
<b>TOTAL</b>	<b>102498275</b>	<b>100.00</b>

BY ORDER OF THE BOARD OF DIRECTORS

**For MIC ELECTRONICS LIMITED**

Sd/-

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

Chairman & Managing Director

Place: Hyderabad  
Date: 3/09/2014

### DECLARATION

As provide under clause 49 of the Listing Agreement with the Stock Exchange, the Board of Directors and the Senior Management personnel have confirmed compliance with the Code of Conduct and Ethics for the Period ended 31<sup>st</sup> March 2014.

Sd/-

Dr. M V Ramana Rao

Chairman & Managing Director

To  
The Members of  
MIC Electronics Limited

We have reviewed the records concerning the Company's compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into, by the Company, with the Stock Exchanges of India, for the Financial Year ended 31<sup>st</sup> March 2014.

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

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

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

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

For **Pavuluri & Co.,**  
Chartered Accountants  
Firm Reg. No. 012194S

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

Place:Hyderabad  
Date: 03.09.2014



To  
The Board of Directors  
MIC Electronics Limited

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

We certify that :

1. We have reviewed financial statements and the Cash Flow statement for the period ended on 31<sup>st</sup> March, 2014 and that to the best of our knowledge and belief :
  - i) These statements do not contain any materially untrue statement of omit any material fact or contain statements that might be misleading.
  - ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or volatile of the company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the auditors and the Audit committee that there are no :
  - i) Significant changes in internal control over financial reporting during the year.
  - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For MIC Electronics Limited

Place: Hyderabad  
Date:03.09. 2014

Sd/-  
Dr. M V Ramana Rao  
Managing Director

Sd/-  
L N Malleswara Rao  
Executive Director

**To**  
**The Members of,**  
**M/s. MIC ELECTRONICS LIMITED,**

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

We have audited the accompanying financial statements of M/s. MIC Electronics Ltd, which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the nine months period ended on that date and a summary of significant accounting policies and other explanatory information.

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

The Company's 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 notified under the Companies Act, 1956 ("The Act") read with the general circular 15/2013, dated 13<sup>th</sup> September 2013 of the Ministry of Corporate Affairs in respect of Sec 133 of the Companies Act 2013 and in accordance with the 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

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

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

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

### **Basis for Qualified Opinion**

- (1) Reference is invited to Note 3.07 of the financial statements, The Company has not provided the interest on unsecured loans for Rs 3.17 crores and interest on term loans for Rs 2.94 crores for the nine months period ended 31<sup>st</sup> March 2014, since the company is pursuing the matter for settlement. Had the Company provided provision for the same, the loss for the period would have been higher by Rs 6.11 crores."
- (2) Reference is invited to Note 3.13 of the financial statements, the Company's Capital Advances to the extent of Rs 12.18 crores, "we are unable to ascertain whether such balances as at balance sheet date are fully recoverable. Accordingly, we are unable to ascertain the impact, if any, that may arise in case any of these advances are subsequently determined to be doubtful of recovery. Had the Company provided provision for the same, the loss for the period would have been higher by the said amount."
- (3) Reference is invited to Note 3.16 of the financial statements, the Company's Trade Receivables to the extent of Rs 47.05 crores are more than three years old and "we are unable to ascertain whether such balances as at balance sheet date are fully recoverable. Accordingly, we are unable to ascertain the impact, if any, that may arise in case any of these receivables are subsequently determined to be doubtful of recovery. Had the Company provided provision for the same, the loss for the period would have been higher by the said amount."
- (4) Reference is invited to Note 3.18 of the financial statements, the Company's Other Advances to the extent of Rs 6.12 crores, "we are unable to

ascertain whether such balances as at balance sheet date are fully recoverable. Accordingly, we are unable to ascertain the impact, if any, that may arise in case any of these advances are subsequently determined to be doubtful of recovery. Had the Company provided provision for the same, the loss for the period would have been higher by the said amount.”

### Qualified Opinion

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

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) In the case of the Statement of Profit and Loss, of the loss for the nine months period ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the nine months period ended on that date.

### Report on Other Legal and Regulatory Requirements:

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

- b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c. The Balance Sheet, the Statement of Profit and Loss, and the Cash flow Statement dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the act read with the general circular 15/2013 dated 13<sup>th</sup> September 2013 of the Ministry of Corporate Affairs in respect of Sec 133 of Companies Act 2013.
- e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f. Since the Central Government has neither issued any notification as to the rate at which the cess is to be paid under Section 441A of the Act nor has it issued any Rules under the said Section prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

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

Place: Hyderabad  
Date : 27.05.2014

**REFERRED TO IN PARAGRAPH (1) IN OUR REPORT OF EVEN DATE FOR THE PERIOD ENDED 31.03.2014.**

1.
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) As informed to us, most of the fixed assets have been physically verified by the management. There is annual verification of fixed assets, which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies have been noticed on such verification.
  - (c) During the year, the company has not disposed off substantial part of the assets. According to the information and explanations given to us, we are of the opinion that no transactions are made involving disposal of assets so as to affect going concern status of the company.
2.
  - (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of the verification is reasonable.
  - (b) The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) The company is maintaining proper records of inventory. The discrepancies noted on physical verification between the physical stocks and book records were not material.
3.
  - (a) The Company has granted unsecured loan to two of its subsidiaries covered in the register maintained under section 301 of the companies Act, 1956. The maximum amount outstanding during the year was Rs.23,665,564/- and the year-end balance of loan granted to such party was Rs. 17,212,472/-.
  - (b) In our opinion and according to the information and explanations given to us, the terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
  - (c) As the terms of repayment have not been stipulated in respect of loans given as above, we are not in a position to make any specific comment regarding the repayment of principle and also interest.
  - (d) In respect of the said loan, we are not in a position to make any specific comment regarding any overdue amount.
  - (e) As informed, the Company has taken unsecured loan of Rs.52,98,573/- from the party covered in the register maintained under section 301 of the companies Act, 1956. In our opinion and according to the information and explanations given to us, the terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of the stores, raw materials including components, plants and machinery, equipment and other assets and with regard to the sale of goods.
5. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:

- (a) According to the information and explanation given to us we are of the opinion, that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 aggregating during the 9 months period to Rs.5,00,000/- or more in respect of any party have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. According to the information and explanations given to us, the provisions of Section 58-A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975, do not apply to this Company, as it has not accepted deposits from the public other than corporate bodies and directors of the company.
7. The Company has an adequate internal Audit system commensurate with the size and nature of the business.
8. We have broadly reviewed the Cost Records maintained by the Company pursuant to the Company's (Cost Accounting Records) Rules 2011 prescribed by the Central Government for maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed cost records have been maintained. However, we have not carried out a detailed examination of the cost records with a view to determine whether they are accurate or complete.
9. (a) According to the information and explanations given to us, the company is not regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, the following are the undisputed amounts of Income Tax, Wealth Tax, Customs Duty, Sales Tax, Excise Duty, Provident Fund, Employees State Insurance and Professional tax outstanding as at 31<sup>st</sup> March, 2014 for a period of more than 6 months from the date they became payable.

Sl.No.	Nature of the dues	Amount (Rs)
1.	Service Tax	30,48,488
2.	Excise Duty	94,96,803
3.	Provident Fund	1,14,77,424
4.	Employee State Insurance	29,83,960
5.	Professional Tax	8,43,460
6.	TDS	1,86,39,478
7.	Sales Tax	18,14,742
8.	Income Tax	46,59,841

- (c) According to the information and explanations given to us following are the disputed dues relating to Customs Duty, Sales Tax and Excise Duty as on 31<sup>st</sup> March, 2014.

Name of the Statue	Nature of the Dispute	Amount (Rs)	Period to which the amounts relate (F.Y)	Forum where the dispute is pending and amount deposited
Central 1944 Excise Act,	Excise Duty	3,896,982/-	2008-2009	Customs, Excise & Service Tax Appellate tribunal, south zonal bench, Bangalore vide appeal No.C/2303 of 2010 Amt. deposited : ' 2,896,982/-
Customs Act, 1962	Customs Duty	1,801,111/-	2008-2009	O/o. The Commissioner of Customs, Central Excise and Service Tax, Hyderabad III Commissionerate vide Appeal No.C/2302 of 2010
The A.P. VAT Act, 2005	APVAT	840,705/-	2008-2009	Appellate Deputy Commissioner (CT), Secunderabad Division vide Appeal No.S/23/09-10/V Amt. deposited : ' 840,705/-
The A.P. VAT Act, 2005	APVAT	545,677/-	2007-2008	Appellate Deputy Commissioner (CT), Secunderabad Division Amt. deposited : '545,677/-
The A.P. VAT Act, 2005	APVAT	1,809,145/-	2005-2006	WP No.14764/2009 filed with High Court, AP Amt. deposited : '1,809,145/-
The A.P. VAT Act, 2005	APVAT	127,666/-	2007-2008	Appellate Deputy Commissioner (CT) vide Appeal No.S/101/10-11/V Amt. deposited : '127,666/-
The A.P. VAT Act, 2005	APVAT	483,509/-	2008-2009	Appellate Deputy Commissioner (CT) vide Appeal No.S/102/10-11/V Amt. deposited : '483,509/-
The A.P. VAT Act, 2005	APVAT	1,496,129/-	2009-2010	Appellate Deputy Commissioner (CT) vide Appeal No.S/103/10-11/V Amt. deposited : '1,496,129/-

10. The Company has no accumulated losses as at the end of the 9 months period. The Company has incurred cash losses during the period covered by our audit and also has incurred cash losses in the immediately preceding financial year.
11. As per the records of the Company and according to the information and explanations given to us, the company has defaulted in repayment of dues including interest and principal to the following as on 31<sup>st</sup> March 2014.

S.No.	Name of the bank/institution	Amount (Rs.)	Due since
1.	UCO Bank	7,20,44,205	Since June 2013
2.	Technology Development Board	15,99,22,891	Since January 2013
3.	L&T Finance Ltd	11,99,83,091	Since January 2012
4.	State Bank of India	1,10,40,234	Since March 2014
5.	Standard Chartered Bank	5,89,69,026	Since September 2012
6.	Srei Equipment Finance Pvt Ltd	17,69,21,857	Since July 2013

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

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

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

Place: Hyderabad  
 Date : 27.05.2014



(Amount in Rs.)

Particulars	Note.	As at 31.03.2014	As at 30.06.2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's funds:</b>			
Share capital	3.01	204,996,550	204,996,550
Reserves and surplus	3.02	2,801,580,896	3,246,299,694
		<b>3,006,577,446</b>	<b>3,451,296,244</b>
<b>(2) Non-current liabilities</b>			
Long-term borrowings	3.03	436,290	340,988,244
Long-term provisions	3.04	17,380,521	17,683,315
		<b>17,816,811</b>	<b>358,671,559</b>
<b>(3) Current liabilities</b>			
Short-term borrowings	3.05	957,187,458	914,244,152
Trade payables	3.06	677,571,347	696,771,904
Other current liabilities	3.07	947,672,773	561,237,273
Short-term provisions	3.08	4,659,841	77,430,737
		<b>2,587,091,419</b>	<b>2,249,684,066</b>
<b>TOTAL</b>		<b>5,611,485,676</b>	<b>6,059,651,869</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
Fixed assets	3.09		
(i) Tangible assets		1,352,506,851	1,401,127,847
(ii) Intangible assets		1,828,923	2,769,145
(iii) Capital Work in Progress		172,365,474	401,404,072
(iv) Intangible assets under development	3.10	-	89,840,672
Deferred Tax asset (Net)	3.11	144,073,869	25,451,539
Non current Investments	3.12	55,415,453	55,415,453
Long-term loans and advances	3.13	474,210,910	479,017,417
Other Non-current assets	3.14	5,669,427	9,523,335
		<b>2,206,070,907</b>	<b>2,464,549,480</b>



(Amount in Rs.)

Particulars	Note.	As at 31.03.2014		As at 30.06.2013	
<b>(2) Current assets</b>					
Inventories	3.15	1,819,348,730		1,747,315,096	
Trade receivables	3.16	883,484,608		1,117,925,330	
Cash and cash equivalents	3.17	13,837,818		21,814,663	
Short-term loans and advances	3.18	665,587,265		685,050,954	
Other current assets	3.19	23,156,348	<b>3,405,414,769</b>	22,996,346	<b>3,595,102,389</b>
<b>TOTAL</b>			<b>5,611,485,676</b>		<b>6,059,651,869</b>
Notes forming part of financial statements	1-3.40				

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

For and on behalf of the Board of Directors

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

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

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

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

Place : Hyderabad  
Date : 27.05.2014

STATEMENT OF PROFIT & LOSS FOR 9 MONTHS ENDED 31<sup>st</sup> MARCH 2014

(Amount in Rs.)

Particulars	Note.	9 months ending 31.03.2014	9 months ending 30.06.2013
<b>I INCOME :</b>			
Revenue from operations	3.20	877,918,286	715,141,292
Other income	3.21	17,514,201	50,856,738
<b>Total Revenue</b>		<b>895,432,487</b>	<b>765,998,030</b>
<b>II EXPENDITURE :</b>			
Cost of material consumed	3.22	71,964,611	269,013,570
Purchase of traded goods		748,281,265	383,845,264
(Increase)/ Decrease in Inventories	3.23	(93,022,905)	(167,852,283)
Employee benefits expense	3.24	33,962,715	39,967,581
Finance costs	3.25	86,433,761	121,220,124
Depreciation and amortization expense	3.09	44,481,000	44,831,517
Other expenses	3.26	93,299,750	134,298,255
<b>Total expenses</b>		<b>985,400,197</b>	<b>825,324,028</b>
<b>III Loss before exceptional items and tax (I - II)</b>		<b>(89,967,710)</b>	<b>(59,325,998)</b>
<b>IV Exceptional Items</b>		<b>-</b>	<b>-</b>
Prior period Expenses		318,879,270	
Bad Debts written off		219,967,398	15,470,059
		538,846,668	15,470,059
<b>V Loss before tax (III-IV)</b>		<b>(628,814,378)</b>	<b>(74,796,057)</b>
<b>VI Tax expenses:</b>			
Current tax		-	-
Taxes of earlier years written back		65,473,250	-
Deferred tax Asset (Liability)		118,622,330	(73,878,792)
		184,095,580	(73,878,792)
<b>VII Loss for the period (V - VI)</b>		<b>(444,718,798)</b>	<b>(148,674,849)</b>
<b>VIII Earnings per equity share of par value Rs 10/- each</b>			
Basic		<b>-4.34</b>	<b>-1.45</b>
Diluted		<b>-2.47</b>	<b>-1.45</b>

STATEMENT OF PROFIT & LOSS FOR 9 MONTHS ENDED 31<sup>st</sup> MARCH 2014

(Amount in Rs.)

Particulars	Note.	9 months ending 31.03.2014	9 months ending 30.06.2013
<b>IX No.of shares used in computing earnings per share</b>			
Basic		102,498,275	102,498,275
Diluted		179,975,345	102,498,275
Notes forming part of financial statements	1-3.40		

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

For and on behalf of the Board of Directors

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

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

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

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

Place : Hyderabad  
Date : 27.05.2014

## 1. Basis of accounting and preparation of financial statements

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

## 2. Significant accounting policies

### 2.1. Disclosure of Accounting Policies:

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

### 2.2. Use of Estimates:

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

### 2.3. Valuation of Inventories:

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

### 2.4. Cash Flow Statements:

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

flows from operating, investing and financing activities of the companies are segregated based on the available information.

### 2.5. Accounting for Fixed Assets

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

### 2.6. Depreciation Accounting:

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

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

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

### 2.8. Revenue Recognition

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

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

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

### 2.10. Accounting for Investments :

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term

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

#### 2.11. Accounting for Retirement Benefits :

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

#### 2.12. Borrowing Cost :

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

#### 2.13. Segment Reporting :

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

#### 2.14. Related party Disclosure :

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

#### 2.15. Operating Leases :

Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

**Where the Company is the lessee :** Operating lease payments are recognised as an expense in the Statement of profit and loss on a straight-line basis over the lease term.

**Where the Company is the lessor :** Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Statement of profit and loss. Costs, including depreciation are recognised as an expense in the Statement of profit and loss.

#### 2.16. Earnings Per Share :

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

#### 2.17. Consolidated Financial Statements :

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

#### 2.18. Deferred Taxation :

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

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

Investment in associates is valued at cost of investment.

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

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

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

	As at 31.03.2014		As at 30.06.2013	
	No. of Shares	Amount (Rs)	No. of Shares	Amount (Rs)
<b>I. Authorised:</b>				
Equity shares of Rs 2/- each with voting rights	200,000,000	400,000,000	200,000,000	400,000,000
<b>II. Issued,Subscribed and Paid up:</b>				
Equity shares of Rs 2/- each with voting rights	102,498,275	204,996,550	102,498,275	204,996,550
	<b>102,498,275</b>	<b>204,996,550</b>	<b>102,498,275</b>	<b>204,996,550</b>

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

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

Particulars	As at 31st March, 2014		As at 30th June, 2013	
	No. of Shares	Amount (Rs)	No. of Shares	Amount (Rs)
<b>Equity shares with voting rights:</b>				
Opening Balance	102,498,275	204,996,550	102,498,275	204,996,550
Fresh Issue			-	-
<b>Closing Balance</b>	<b>102,498,275</b>	<b>204,996,550</b>	<b>102,498,275</b>	<b>204,996,550</b>

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

Sr No.	Class of shares / Name of shareholder	As at 31st March, 2014		As at 30th June, 2013	
		Number of shares held	% holding	Number of shares held	% holding
1.	<b>Equity shares with voting rights</b> Prabhakar Rao Mandava	7,693,153	7.51%	7,693,153	7.50%

(Amount in Rs.)

Particulars	As at 31.03.2014	As at 30.06.2013
<b>NOTE - 3.02</b>		
<b>Reserves and Surplus</b>		
<b>Share Premium Account</b>		
As at Commencement of the Year	1,030,555,610	1,030,555,610
Add : Received on further issue of shares	-	-
	1,030,555,610	1,030,555,610
<b>Profit and Loss Account</b>		
As at Commencement of the Year	1,639,896,039	1,788,570,888
Add : Transferred from Profit & Loss Account	(444,718,798)	(148,674,849)
	1,195,177,241	1,639,896,039
<b>Share warrants for feited</b>		
As at Commencement of the Year	377,581,045	377,581,045
Add : Additions during the year	-	-
	377,581,045	377,581,045
<b>Capital Reserve</b>		
As at Commencement of the Year	267,000	267,000
Add : Additions during the year	-	-
	267,000	267,000
<b>Amalgamation Reserve</b>		
As at Commencement of the Year	18,000,000	18,000,000
Add : Additions during the year	-	-
	18,000,000	18,000,000
<b>General Reserve</b>		
As at Commencement of the Year	180,000,000	180,000,000
Add : Additions during the year	-	-
	180,000,000	180,000,000
	<b>2,801,580,896</b>	<b>3,246,299,694</b>

**NOTE - 3.03****Long Term Borrowings**

	Current Portion (*)	Non-Current Portion	Current Portion (*)	Non-Current Portion
<b>Secured Loans</b>				
<b>Long Term Loans - From Banks</b>				
UCO Bank	71,231,180	-	20,310,000	52,798,075
<b>Long Term Loans - Others</b>				
Technology Development Board	150,000,000	-	49,500,000	100,500,000
L&T Finance Ltd	110,000,000	-	100,000,000	10,000,000
Srei Equipment Finance P Ltd	176,921,857	-	-	176,921,857
Loans Under hire purchase against vehicles	471,589	436,290	406,106	768,312
	<b>508,624,626</b>	<b>436,290</b>	<b>170,216,106</b>	<b>340,988,244</b>

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

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

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

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

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

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

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

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

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



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

(Amount in Rs.)

Particulars	As at 31.03.2014	As at 30.06.2013
<b>NOTE- 3.04</b>		
<b>Long Term Provisions</b>		
Provision for employee benefits		
- Provision for gratuity	14,444,101	14,016,495
- Provision for leave encashment	2,936,420	3,666,820
	<u>17,380,521</u>	<u>17,683,315</u>
<b>NOTE - 3.05</b>		
<b>Short Term Borrowings</b>		
<b>(A) Secured Loans</b>		
<b>Working capital loans - From Banks</b>		
State Bank of India-Cash Credit	601,040,234	561,520,180
Standard Chartered Bank	58,969,026	56,160,774
	<u>660,009,260</u>	<u>617,680,954</u>
<b>(B) UnSecured Loans</b>		
<b>(i) Loans from Directors</b>		
	5,298,573	4,683,573
<b>(ii) Intercorporate Deposits</b>		
Malaxmi Infra Ventures (India) Pvt Ltd	185,879,625	185,879,625
Sriba Seabase Pvt Ltd	6,000,000	6,000,000
Arkay Energy (Rameswarm) Limited	100,000,000	100,000,000
	<u>297,178,198</u>	<u>296,563,198</u>
<b>Total Short Term Borrowings (A+B)</b>	<u>957,187,458</u>	<u>914,244,152</u>

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

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

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

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

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

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

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

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

(Amount in Rs.)

Particulars	As at 31.03.2014	As at 30.06.2013
<b>NOTE - 3.06</b>		
<b>Trade Payables</b>		
Payables for materials	541,996,501	566,956,006
Payables for services	135,574,846	129,815,898
	677,571,347	696,771,904
	<b>677,571,347</b>	<b>696,771,904</b>
<b>NOTE - 3.07</b>		
<b>Other Current Liabilities</b>		
<b>(i) Interest accrued and due on borrowings</b>		
Interest accrued and due on long term borrowings	20,726,798	10,787,258
Interest accrued and due on short term borrowings	18,958,050	18,958,050
<b>(ii) Interest accrued but not due on borrowings</b>		
Interest accrued but not due on long term borrowings	5,628,888	12,584,079
<b>(iii) Other payables</b>		
Current maturities of long term borrowings (Refer Note No : 3.03)	508,624,626	170,216,106
Statutory remittances	51,149,228	51,494,074
Payables on purchase of fixed assets	8,749,163	8,807,432
Payables for expenses	42,224,604	37,029,000
Salaries Payable	84,586,106	73,726,347
Directors remuneration Payable	7,479,912	4,638,952
Audit Fees Payable	3,380,340	2,818,540
Share Warrants Application Money refundable	128,023,671	128,023,671
Advances from related parties	26,564,723	26,564,723
Advance from customers & Others	41,576,664	15,589,041
	<b>947,672,773</b>	<b>561,237,273</b>

Note : Interest on unsecured loans - Rs. 3.17 crores and interest on term loans of Rs 2.94 crores is not provided in the books since the company is pursuing the matter for settlement with the lenders and company is of the view that interest will be waived off.

Particulars	As at 31.03.2014	As at 30.06.2013
<b>NOTE - 3.08</b>		
<b>Short Term Provisions :</b>		
Provision for Income Tax	4,659,841	77,430,737
	<b>4,659,841</b>	<b>77,430,737</b>

**NOTE- 3.09**  
**Fixed assets**

(Amount in Rs.)

	Name of the asset	Rate of dep.	Gross Block			Accumulated Depreciation				Net Block		
			Balance as at 1st July 2013	Additions	Deletions	Balance as at 31st March 2014	Balance as at 1st July 2013	Depreciation charge for the year	On deletions	Balance as at 31st March 2014	Balance as at 30th June 2013	
<b>A</b>	<b>Tangible Assets</b>											
	Land & Land Development	0.00%	19,235,119		3,722,635	15,512,484	-	-	15,512,484	19,235,119		
	Buildings	3.34%	130,989,924			130,989,924	22,109,246	3,304,091	105,576,587	108,880,678		
	Plant & Machinery	5.38%	306,464,335	48,000		306,512,335	112,953,160	12,258,646	181,300,529	193,511,175		
	Plant and Machinery	4.75%	653,843,887			653,843,887	96,013,951	23,314,225	534,515,711	557,829,936		
	Furniture and Fixtures	6.33%	18,547,452			18,547,452	8,859,867	760,032	8,927,553	9,687,585		
	Office equipment	4.75%	3,087,583			3,087,583	1,171,900	106,411	1,809,272	1,915,683		
	Electrical Installations	6.33%	13,145,831			13,145,831	5,001,594	619,736	7,524,501	8,144,237		
	D.G.Set	6.33%	1,228,230			1,228,230	373,381	58,363	796,486	854,849		
	Transformer	6.33%	1,109,125			1,109,125	333,919	52,704	722,502	775,206		
	Furniture and Fixtures-Others	6.33%	1,201,571			1,201,571	1,021,476	26,560	153,535	180,095		
	Vehicles	9.50%	22,157,496		3,104,882	19,052,614	11,585,266	1,277,780	7,888,867	10,572,230		
	Computers	16.21%	37,378,843			37,378,843	33,189,145	1,762,230	2,427,468	4,189,698		
	Display Equipment (not put to use)	0.00%	485,351,356			485,351,356	-	-	485,351,356	485,351,356		
	<b>SUB TOTAL (A)</b>		<b>1,693,740,752</b>	<b>48,000</b>	<b>6,827,517</b>	<b>1,686,961,235</b>	<b>292,612,905</b>	<b>43,540,778</b>	<b>1,699,299</b>	<b>1,401,127,847</b>		
<b>B</b>	<b>Intangible assets</b>											
	Computer Software		12,832,251		-	12,832,251	10,063,106	940,222	1,828,923	2,769,145		
	<b>SUB TOTAL (B)</b>		<b>12,832,251</b>	<b>0</b>	<b>-</b>	<b>12,832,251</b>	<b>10,063,106</b>	<b>940,222</b>	<b>-</b>	<b>2,769,145</b>		
	<b>Total [A + B]</b>											
	<b>(Current Year)</b>		<b>1,706,573,003</b>	<b>48,000</b>	<b>6,827,517</b>	<b>1,699,793,486</b>	<b>302,676,011</b>	<b>44,481,000</b>	<b>1,699,299</b>	<b>1,354,335,774</b>	<b>1,403,896,992</b>	
	<b>(Previous Year)</b>		<b>1,706,133,749</b>	<b>2,026,225</b>	<b>1,586,971</b>	<b>1,706,573,003</b>	<b>258,642,897</b>	<b>44,831,517</b>	<b>798,403</b>	<b>1,403,896,992</b>	<b>1,447,490,852</b>	

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

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

(Amount in Rs.)

Particulars	As at 31.03.2014	As at 30.06.2013
<b>NOTE - 3.11</b>		
<b>Deferred Tax Asset</b>		
On Depreciation (Difference as per Books & as Per Income Tax Act)	(105,720,644)	(93,988,669)
On Accrued compensation to employees	5,370,581	5,604,693
On IT Disallowances	63,804,735	53,678,007
On Others	180,619,197	60,157,508
	<b>144,073,869</b>	<b>25,451,539</b>
<b>NOTE - 3.12</b>		
<b>Non Current Investments</b>		
<b>UNQUOTED</b>		
<b>in subsidiaries:</b>		
MIC Electronics Inc., USA	19,691,544	19,691,544
(10,00,000 No of ordinary shares of \$0.10 each fully paid up purchased at a premium of \$0.40 each converted into Indian Rupees using the conversion rate of 45.3945)	22,697,250	22,697,250
Maave Electronics Pvt Ltd	12,826,659	12,826,659
(7,95,165 no. of equity shares of Rs. 10/- each at par fully paid up) 2,51,506 no. of equity shares of Rs. 10/- each purchased at Rs.19.38 each)		
MIC Green Energy Solutions Pvt. Ltd	100,000	100,000
10,000 equity shares of Rs. 10/- each		
MIC Candilux Pvt Ltd	100,000	100,000
10,000 equity shares of Rs. 10/- each		
<b>in other corporate bodies :</b>		
Hyperion Green Energy India Pvt Ltd	19,691,544	19,691,544
(40,922 equity shares of Rs.100/- each with premium of Rs.252/- each 7,300 equity shares of Rs.100/- each purchased at Rs.532/- each 2,700 equity shares of Rs.100/- each purchased at Rs.519/- each)		
	<b>55,415,453</b>	<b>55,415,453</b>

(Amount in Rs.)

Particulars	As at 31.03.2014	As at 30.06.2013
<b>NOTE- 3.13</b>		
<b>Long-Term Loans and advances</b>		
<b>Unsecured, Considered Good :</b>		
Capital advances	154,408,548	152,332,015
Deposit-Delhi Metro Rail Corpn	55,150,887	55,150,887
Retention Money-BSNL	112,418,655	112,418,655
Share Application money pending allotment in other companies	61,507,650	61,507,650
Loans & Advances to Subsidiaries	17,212,472	477,257
Other Secured Deposits	72,485,041	72,931,989
Other Loans and advances	1,027,657	1,010,657
	<b>474,210,910</b>	<b>479,017,417</b>
<b>NOTE- 3.14</b>		
<b>Other Non Current Assets</b>		
Deferred Revenue Expenditure to the extent not written off	1,320,851	5,174,759
Pre-operative expenses - Lighting expansion (IREDA) Project	4,348,576	4,348,576
	<b>5,669,427</b>	<b>9,523,335</b>
<b>NOTE- 3.15</b>		
<b>Inventories</b>		
Raw Material	132,707,419	153,762,029
Work-in-Progress	1,524,119,862	1,454,195,218
Finished Goods	161,312,944	138,214,683
Stores and Spares	1,208,505	1,143,166
	<b>1,819,348,730</b>	<b>1,747,315,096</b>
<b>NOTE- 3.16</b>		
<b>Trade Receivables</b>		
<b>Unsecured Considered Good</b>		
Debtors outstanding for a period exceeding six months	661,588,721	848,644,789
Other Debtors	221,895,887	269,280,541
	<b>883,484,608</b>	<b>1,117,925,330</b>
Note: Trade receivables include debts due from:		
MIC Electronics Inc, USA - 100% Subsidiary	18,811,000	22,923,873
Maave Electronics Pvt Ltd - 100% Subsidiary	11,188,989	-

Trade receivables include Rs.47.05 Crores which are long overdue and the recovery of which is doubtful. However, the management is of the opinion that no provision is necessary during the year as they are persuing with debtors and the amounts may be recovered.

(Amount in Rs.)

Particulars	As at 31.03.2014	As at 30.06.2013
<b>NOTE- 3.17</b>		
<b>Cash &amp; Cash equivalents</b>		
Cash in Hand	649,635	587,430
<b>Balance with Banks :</b>		
In Current Accounts	1,687,381	912,760
In Margin Money Accounts	11,500,802	20,314,473
	<u>13,188,183</u>	<u>21,227,233</u>
	<b><u>13,837,818</u></b>	<b><u>21,814,663</u></b>
<b>NOTE- 3.18</b>		
<b>Short-term Loans &amp; Advances</b>		
<b>Unsecured Advances - Considered good</b>		
(i) Loans and advances to employees	9,268,319	21,624,391
(ii) Prepaid Expenses	1,305,455	879,789
(iii) Balances with Govt Authorities		
Cenvat Deposit	5,542,234	7,757,135
Cenvat credit receivable	1,985,693	1,582,376
Service tax receivable	1,451,689	1,250,444
VAT credit	2,647,677	3,707,627
(iv) Others		
Advance for Materials	19,093,136	22,903,104
Advance for Services	2,087,394	1,529,469
Other advances	604,882,365	604,878,281
TDS receivable	13,679,275	15,294,310
Entry Tax & Octroi Deposit	605,940	605,940
VAT deposit refundable	3,038,088	3,038,088
	<u>665,587,265</u>	<u>85,050,954</u>
<b>NOTE- 3.19</b>		
<b>Other Current Assets</b>		
Amounts receivable against sale of investments	18,017,802	17,857,800
Deferred Revenue Expenditure to the extent not written off	5,138,546	5,138,546
	<u>23,156,348</u>	<u>22,996,346</u>

(Amount in Rs.)

Particulars	9 months ending 31.03.2014	9 months ending 30.06.2013
<b>NOTE- 3.20</b>		
<b>Revenue from Operations</b>		
<b>(A) Revenue from Sales</b>		
Exports	41,941,734	24,410,414
Deemed Export	1,969,590	3,717,020
Domestic	57,855,363	136,446,834
	<u>101,766,687</u>	<u>164,574,268</u>
Less : Excise Duty Traded Goods	2,009,972	99,756,715
	<u>770,220,406</u>	12,644,795
	<u>869,977,121</u>	<u>151,929,473</u>
		<u>550,029,408</u>
		<u>701,958,881</u>
<b>(B) Other Operating Incomes</b>		
Equipment Lease Rentals	-	382,477
AMC Charges & Service Charges	6,726,768	8,989,534
Installation Charges	1,214,397	3,810,400
	<u>7,941,165</u>	<u>13,182,411</u>
	<u>7,941,165</u>	<u>13,182,411</u>
<b>Total Revenue from Operations (A+B)</b>	<u>877,918,286</u>	<u>715,141,292</u>
<b>NOTE- 3.21</b>		
<b>Other Incomes</b>		
Interest Received	2,932,504	5,527,963
Credit Balances written back	6,245	1,671,695
Prior Period Income	3,678,700	51,400
Rents received	1,019,667	797,715
Excess Provisions Written back	730,400	476,930
Foreign exchange gain	9,146,685	42,331,035
	<u>17,514,201</u>	<u>50,856,738</u>
<b>NOTE- 3.22</b>		
<b>Cost of Materials Consumed</b>		
<b>A) Raw Material Consumed</b>		
Opening Stock	153,762,030	160,832,447
Purchases	50,316,840	261,133,374
Less : Material consumed for R&D	518,654	1,700,320
	<u>49,798,186</u>	<u>259,433,054</u>
	<u>203,560,216</u>	<u>420,265,501</u>
Less : Closing Stock	132,707,419	153,762,029
<b>Raw Material Consumed</b>	<u>70,852,797</u>	<u>266,503,472</u>

(Amount in Rs.)

Particulars	9 months ending 31.03.2014	9 months ending 30.06.2013
<b>B) Packing Materials and consumables</b>		
Opening Stock	1,143,166	2,590,667
Purchase of packing material & consumables	1,126,525	1,000,846
Freight & Carriage Inwards	50,628	61,751
	<b>2,320,319</b>	<b>3,653,264</b>
Less : Closing Stock	1,208,505	1,143,166
<b>Consumption</b>	<b>1,111,814</b>	<b>2,510,098</b>
<b>Total Cost of material consumed</b>	<b>71,964,611</b>	<b>269,013,570</b>
<b>NOTE- 3.23</b>		
<b>Changes in Inventory</b>		
<b>Closing Stock of :</b>		
Work-in-Progress	1,524,119,862	1,454,195,218
Finished Goods	161,312,944	138,214,683
Total (A)	<b>1,685,432,806</b>	<b>1,592,409,901</b>
<b>Opening Stock of :</b>		
Work-in-Progress	1,454,195,218	1,147,822,735
Finished Goods	138,214,683	276,734,883
Total (B)	<b>1,592,409,901</b>	<b>1,424,557,618</b>
<b>Increase/(Decrease) in Stock (A-B)</b>	<b>93,022,905</b>	<b>167,852,283</b>
<b>NOTE- 3.24</b>		
<b>Employee Benefit expense</b>		
Salary, Wages, Allowances & other Benefits	28,166,324	34,291,682
Directors Remuneration	2,925,000	3,115,000
Gratuity	996,594	56,167
Leave Salary	-	205,800
P. F. & ESI Contribution	1,413,680	1,611,814
Staff Welfare Expenses	461,117	687,118
	<b>33,962,715</b>	<b>39,967,581</b>
<b>NOTE- 3.25</b>		
<b>Financial Cost</b>		
Bank Charges	4,624,266	4,601,413
<b>Interest on :</b>		
Term Loan	8,125,448	48,490,678
Working Capital Loans	73,269,669	60,336,447
Others - Interest on other loans/ICDs & Financial Charges	414,378	7,791,586
	<b>86,433,761</b>	<b>121,220,124</b>



(Amount in Rs.)

Particulars	9 months ending 31.03.2014	9 months ending 30.06.2013
<b>NOTE- 3.26</b>		
<b>Other Expenses</b>		
Job-work Charges	3,670,410	20,956,071
Power and Fuel	3,019,376	2,247,951
Insurance	1,123,441	1,509,671
Repairs & Maintenance	352,390	1,062,203
Printing & Stationary	171,203	606,946
Postage, Telegrams & Telephones	1,093,197	1,750,311
Rent	854,500	990,687
Rates & Taxes	4,227,375	1,579,760
Professional Charges	5,691,541	8,821,422
Auditors Remuneration		
As Statutory Auditors	350,000	350,000
As Tax auditors	150,000	150,000
General Expenses	8,804,889	14,279,703
Prior Period Expenses	3,819,559	1,000,000
Security Expenses	375,682	451,201
Board Meeting Expenses	403,103	251,430
Travelling & Conveyance	5,845,255	15,567,209
Vehicle Maintenance	816,851	1,275,106
Sales Tax	39,396,030	33,841,823
Selling & Distribution Expenses	922,468	2,430,745
Deferred Expenses written off	3,853,908	3,853,908
R & D Expenses	8,358,572	11,322,108
	<b>93,299,750</b>	<b>134,298,255</b>

**NOTE- 3.27**

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

**NOTE- 3.28**

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

(Amount in Rs.)

Sl No.	Particulars	As at 31st March 2014	As at 30th June, 2013
1	Counter guarantees given by the company to banks towards issue of B.Gs.	41,076,799	60,857,283
2	Counter guarantees given by the company to banks towards issue of B.Gs to Customs & Central Excise Dept.	7,096,982	7,096,982
3	Bonds executed to Customs & Central Excise Dept. (net of BGs)	82,300,000	82,300,000
4	Letter of credits issued by bankers	-	32,346,929
5	Corporate Guarantees given by the company to banks on behalf of subsidiaries & associates	70,000,000	70,000,000
6	Claims against the company , not acknowledged:	1,014,767,760	1,014,924,475
<b>TAX Matters in Appeals</b>			
1	Excise Duty	3,896,982	3,896,982
2	Customs Duty	1,801,111	1,801,111
3	Sales Tax	5,302,831	5,302,831

**NOTE- 3.29**

**Managerial Remuneration :**

(Amount in Rs.)

Particulars	For 9 months ended 31st March 2014	For 9 months ended 30th June 2013
<b>Managing Director</b>		
Remuneration	1,800,000	1,990,000
Perquisite value of Rent	270,000	270,000
<b>Director</b>		
Remuneration	1,125,000	1,125,000
<b>Total</b>	<b>3,195,000</b>	<b>3,385,000</b>

**NOTE- 3.30**

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

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

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

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

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

**b. Aggregated Related party disclosures for the 9 months period from July 13 to March 14 :**

## i) Particulars of transactions during the year

		(Amount in Rs.)	
SI No.	Nature of Transaction	As at 31st March 2014	As at 30th June, 2013
1.	Expenditure during the year:		
	• Remunerations to Management personnel	2,925,000	31,15,000
	• Rents paid towards accommodation provided to Management Personnel	270,000	270,000
	• Sitting Fee and other expenses reimbursed to Directors	403,103	251,430
2.	Sales to Subsidiaries :		
	M/s.MIC Electronics Inc., USA	366,940	2,25,78,833
	M/s.Maave Electronics Pvt Ltd	12,676,724	4,874,851

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

(Amount in Rs.)

Sl No.	Nature of Transaction	As at 31st March 2014	As at 30th June, 2013
1	Advances to Subsidiaries :		
	M/s.MIC Green Energy Solutions Pvt Ltd	837,967	837,967
	M/s.Maave Electronics Pvt Ltd	16,374,505	22,827,597
	M/s.MIC Electronics Inc. USA	52,657,650	52,657,650
2	Advances from Associates (Towards Sales) :		
	M/s.Hyperion Green Energy India Pvt Ltd	26,564,723	26,564,723
3	Outstanding balances receivable from Subsidiaries		
	M/s.Maave Electronics Pvt Ltd	11,188,989	-
	M/s.MIC Electronics Inc., USA	18,811,000	22923873
4	Outstanding balances Payable to Subsidiaries		
	M/s.MIC Electronics Inc., USA	4,405,824	1,743,394
5	Outstanding balances payable to Management Personnel		
	Unsecured Loan payable to Management personnel	5,298,573	4,683,573
	Remuneration payable to Management personnel	7,479,912	4,638,952
	Sitting fee and other expenses payable to Directors	843,973	572,400

### NOTE - 3.32

Disclosure in respect of operating lease:

- i) A general description of leasing arrangements : Leasing arrangement for LED Display Systems
- ii) Lease payment recognized in the statement of Profit & Loss Account for the year: Rs.Nil (Previous year- Rs.Nil)
- iii) **lease amounts not recognised during the year** : First Leasing Company of India Ltd transferred the lease rentals receivables from MIC Electronics Ltd to Reliance Capital Ltd. MIC Electronics Ltd received a notice from Reliance Capital Ltd on 20.01.2012 about the loan agreement termination for delay in payment of lease rentals. Subsequently First Leasing Company stopped billing lease rentals w.e.f 01.04.2012. Hence MIC Electronics Ltd stopped recognizing lease rentals in the books from 01.04.2012. The unrecognized lease rentals from Jul'13 to Mar'14 amount to Rs 47,196,000/-.(previous year - Rs.47,196,000/-)

**NOTE - 3.33****Calculation of earnings per share :**

(Amount in Rs.)

Particulars	For 9 months ended 31st March 2014	For 9 months ended 30th June 2013
Profit attributable to Share Holders	(444,718,798)	(148,674,849)
No. of Equity Shares Outstanding	102,498,275	102,498,275
Convertible Share Warrants	77,477,070	-
Weighted No. of Equity Shares	179,975,345	102,498,275
Nominal Value of Equity Share	2.00	2.00
Basic EPS	(4.34)	(1.45)
Diluted EPS	(2.47)	(1.45)

**NOTE - 3.34**

In accordance with the AS-22 'Accounting for taxes on Income issued by the Institute of Chartered Accountants of India, during the current year the company has accounted for the effect of deferred Tax against the income pertaining to current year and has accordingly provided for deferred tax asset of Rs.118,622,330/- (Previous Year Rs.73,878,792/- deferred tax liability) on account of current year's deferred tax.

(Amount in Rs.)

Particulars	For 9 months ended 31st March 2014	For 9 months ended 30th June 2013
Opening Balance Deferred tax asset	25,451,539	99,330,331
Less : Deferred tax asset (Liability)	118,622,330	(73,878,792)
<b>Closing Balance</b>	<b>144,073,869</b>	<b>25,451,539</b>

**NOTE - 3.35**

(i) The company has incurred one time expenditure of Rs.16,361,609/- during the Year 2009-10 towards leased assets which is being amortised over a period of 5 years. During the year an amount of Rs.2,454,240/- (Previous year Rs.2,454,240/-) has been amortised.

(ii) The company has incurred one time expenditure of Rs.9,331,130/- during the Year 2010-11 towards DMRC project finance which is being amortised over a period of 5 years. During the period an amount of Rs.1,399,668/- (Previous year Rs.1,399,668/-) has been amortised.

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

(Amount in Rs.)

Sl No.	Nature of Transaction	As at 31st March, 2014	As at 30th June, 2013
1	Excess Provision of Income Tax written back	65,473,250	-
2	Prior period income	3,678,700	51,400
3	Prior period expenditure	3,819,559	1,000,000
4	Prior period expenditure grouped under exceptional items	318,879,270	-
	<b>Total</b>	<b>(253,546,879)</b>	<b>(948,600)</b>

Note : Revenue expenditure of Rs.31.88 crores relating to financial year 2010-11 erroneously treated as capital expenditure is now accounted as revenue expenditure (prior period) and grouped under exceptional items.

**NOTE - 3.37**

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

**NOTE - 3.38****Value of Imported and Indigenous Materials Consumed and their Percentage to total consumption:**

(Amount in Rs.)

Particulars	For 9 months ended 31st March 2014		For 9 months ended 30th June 2013	
	Value	%	Value	%
Imported	37,403,212	4.56%	27,550,643	4.22%
Indigeneous (including purchase of traded goods)	782,842,664	95.44%	625,308,191	95.78%
<b>Total</b>	<b>820,245,876</b>	<b>100.00%</b>	<b>652,858,834</b>	<b>100.00%</b>

**NOTE - 3.39****Foreign Currency / Exchange Transactions :**

(Amount in Rs.)

Sl No.	Particulars	For 9 months ended 31st March, 2014	For 9 months ended 30th June, 2013
A)	<b>Value of Imports on CIF Basis</b> Components	35,899,022	26,560,269
		<b>35,899,022</b>	<b>26,560,269</b>
B)	<b>Expenditure</b> Travelling	785,908	941,019
		<b>785,908</b>	<b>941,019</b>
C)	<b>Earnings in Foreign Exchange</b> FOB Value of Exports	41,941,734	24,410,414
		<b>41,941,734</b>	<b>24,410,414</b>

**NOTE - 3.40**

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

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

For and on behalf of the Board of Directors

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

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

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

Sd/-  
 Ch.Vijay Kumar Naidu  
 Company Secretary

Place : Hyderabad  
 Date : 27.05.2014

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2014

(Amount in Rs)

Particulars	For 9 months ended 31.03.2014	For 9 months ended 30.06.2013
Net Profit before tax and extraordinary items	(89,967,710)	(74,796,057)
<b>Adjustments for:</b>		
Depreciation	44,481,000	44,831,517
Financial Charges	86,433,761	121,220,124
Interest received /Other Income	2,932,504	5,527,963
Profit on sale of investments		
<b>Operating Profit before Working Capital Changes</b>	<b>43,879,555</b>	<b>96,783,547</b>
Changes in Working Capital		
(Increase)/Decrease in Trade Receivables	234,440,722	33,172,673
(Increase)/Decrease in Inventories	(72,033,634)	(159,334,364)
(increase)/Decrease in Long Term Loans & Advances	4,806,507	(9,377,164)
(increase)/Decrease in Short Term Loans & Advances	19,463,689	12,229,344
(increase)/Decrease in Other Current Assets	(160,002)	(2,003,400)
(increase)/Decrease in Other Non Current Assets	3,853,908	3,853,908
Increase/(Decrease) in Long Term Provisions	(302,794)	(1,679,878)
Increase/(Decrease) in Short Term Provisions	(72,770,896)	(3,636,410)
Increase/(Decrease) in Trade Payables	(19,200,557)	51,454,545
Increase/(Decrease) in Other Current Liabilities	386,435,500	113,156,781
Increase/(Decrease) in Deferred Tax Asset	118,622,330	(73,878,792)
<b>Cash generated from Operations</b>	<b>603,154,773</b>	<b>(36,042,757)</b>
Financial Charges paid	(86,433,761)	(121,220,124)
Extraordinary items	(538,846,668)	0
Direct Taxes paid	(53,149,080)	73,878,792
<b>Net Cash provided/(Used) from operating activities</b>	<b>(31,395,181)</b>	<b>13,399,458</b>
(Increase) / Decrease of Current Investments	0	0
(Increase) / Decrease of Non Current Investments	0	0
(Increase) / Decrease of Fixed Assets	5,080,218	(1,237,657)
(Increase) / Decrease of Capital Work-in-Progress	318,879,270	(61,615)
Interest Received/Other Income	(2,932,504)	(5,527,963)
<b>Net Cash used in Investing Activities</b>	<b>321,026,984</b>	<b>(6,827,235)</b>



(Amount in Rs)

Particulars	For 9 months ended 31.03.2014	For 9 months ended 30.06.2013
Proceeds from long term borrowings	(340,551,954)	(23,013,428)
Increase/(Decrease) in Short Term borrowings	42,943,306	50,862,805
Increase/(Decrease) in Share Capital	0	0
Increase/(Decrease) in forfeiture of Share warrants	0	0
Increase/(Decrease) in Share Warrants Application Money	0	(46,638,340)
<b>Net Cash provided/(Used) from financing activities</b>	<b>(297,608,648)</b>	<b>(18,788,963)</b>
Net Increase in Cash and Cash equivalents	(7,976,845)	(12,216,740)
Cash and Cash equivalents as at the commencement of the year	21,814,663	34,031,403
<b>Cash and Cash equivalents as at the close of the year</b>	<b>13,837,818</b>	<b>21,814,663</b>

per our report of even date

**For PAVULURI & CO**

Chartered Accountants

Firm Reg. No: 012194S

For and on behalf of the Board of Directors

Sd/-

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

Managing Director

Sd/-

**L.N.Malleswara Rao**

Executive Director

Sd/-

**CA.N.Rajesh**

Partner

M.No : 223169

Sd/-

**Ch.Vijay Kumar Naidu**

Company Secretary

Place : Hyderabad.

Date : 27.05.2014

## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO COMPANY'S INTEREST IN SUBSIDIARY COMPANIES

SL. No.	Particulars	Name of the Subsidiary Company			
		Maave Electronics Private Limited	MIC Electronics Inc, USA	MIC Green Energy Solutions Private Limited	MIC Candilux Private Limited
1	The financial year of the Subsidiary Company ended on	31.03.2014	31.03.2014	31.03.2014	31.03.2014
2	(a) Number of shares held by MIC Electronics Limited: with its nominees in the subsidiaries at the end of the financial year of the subsidiary companies	10,46,671 equity Shares of Rs.10/- each fully paid up	10,00,000 ordinary shares of \$ 0.10/- each fully paid up	10,000 equity shares of Rs.10/- each fully paid up	10,000 equity Shares of Rs.10/- each fully paid up
	(b) Extent of interest of holding company at the end of the financial year of the subsidiary companies	100%	100%	100%	100%
	The net aggregate amount of the subsidiary companies Profit/Loss so far as it concerns the members of the holding company:				
	(a) Not dealt in the holding companies accounts				
	i) For the financial year 31st March, 2014	-	-	-	-
	ii) For the previous financial years of the subsidiary company's since they became the holding company subsidiaries	-	-	-	-
	(b) Dealt in the holding companies accounts				
	i) For the financial year 31st March, 2014 (net)	Rs. 613340/- (Loss)	Rs.5302345/- (Loss)	-	-
	ii) For the previous financial years of the subsidiary companies since they became the holding company's subsidiaries.	Rs.6624483/-	Rs.11647578/- (loss)	-	-

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

(Amount in Rs.)

Sl. No.	Name of Subsidiary	Reporting Currency	Exchange Rate		Issued & Subscribed Share Capital	Reserves #	Total Assets	Total Liabilities	Investments included in total assets	Turnover	Profit/(loss) before taxation	Provision for taxation	Profit/(loss) after taxation	Proposed Dividend	Country
			Average	Closing											
1	MIC Electronics Inc. USA	USD	61.812	59.758	4,539,450	1,207,877	77,259,266	71,511,939	61,431,224	53,368,080	(5,302,345)	0	(5,302,345)	0	USA
2	Maave Elec. Pvt Ltd, India	INR	1.00	1.00	10,466,710	6,011,143	204,983,859	188,506,006	0	42,495,869	154,043	767,383	(613,340)	0	INDIA
3	MIC Green Energy Solutions Pvt Ltd, India	INR	1.00	1.00	100,000	0	974,739	874,739	0	0	0	0	0	0	INDIA
4	MIC Candilux Pvt Ltd, India	INR	1.00	1.00	100,000	0	115,000	15,000	0	0	0	0	0	0	INDIA

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

**To The Members of,  
M/s. MIC ELECTRONICS LIMITED,**

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

We have audited the accompanying Consolidated financial statements of M/s. MIC Electronics Limited, which comprise the Consolidated Balance Sheet as at March 31, 2014, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the nine months period ended on that date and a summary of significant accounting policies and other explanatory information.

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

The company's 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 notified under the Companies Act, 1956 ("the Act") read with the general circular 15/2013, dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Sec 133 of the Companies Act 2013 and in accordance with the 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the

consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### **Basis for Qualified Opinion**

- (1) Reference is invited to Note 3.07 of the consolidated financial statements, The Company has not provided the interest on unsecured loans for Rs 3.17 crores and interest on term loans for Rs 2.94 crores for the nine months period ended 31<sup>st</sup> March 2014, since the company is pursuing the matter for settlement. Had the Company provided provision for the same, the loss for the period would have been higher by Rs 6.11 crores."
- (2) Reference is invited to Note 3.13 of the consolidated financial statements, the Company's Capital Advances to the extent of Rs 12.18 crores, "we are unable to ascertain whether such balances as at balance sheet date are fully recoverable. Accordingly, we are unable to ascertain the impact, if any, that may arise in case any of these advances are subsequently determined to be doubtful of recovery. Had the Company provided provision for the same, the loss for the period would have been higher by the said amount."
- (3) Reference is invited to Note 3.16 of the consolidated financial statements, the Company's Trade Receivables to the extent of Rs 47.05 crores are more than three years old and "we are unable to ascertain whether such balances as at balance sheet date are fully recoverable. Accordingly, we are unable to ascertain the impact, if any, that may arise in case any of these receivables are

subsequently determined to be doubtful of recovery. Had the Company provided provision for the same, the loss for the period would have been higher by the said amount.”

- (4) Reference is invited to Note 3.18 of the consolidated financial statements, the Company's Other Advances to the extent of Rs 6.12 crores, “we are unable to ascertain whether such balances as at balance sheet date are fully recoverable. Accordingly, we are unable to ascertain the impact, if any, that may arise in case any of these advances are subsequently determined to be doubtful of recovery. Had the Company provided provision for the same, the loss for the period would have been higher by the said amount.”

### Qualified Opinion

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

- a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) In the case of the Consolidated Statement of Profit and Loss, of the loss for the nine months period ended on that date; and
- c) In the case of the Consolidated Cash Flow Statement, of the cash flows for the nine months period ended on that date.

### Other Matters:

- (1) We did not audit the financial statements of the subsidiary companies M/s. Maave Electronics Pvt Ltd for Nine months ended 31<sup>st</sup> March 2014, M/s.MIC Green Energy Solutions Pvt Ltd for year ended 31<sup>st</sup> March 2014 and M/s.MIC Candilux Pvt Ltd for year ended 31<sup>st</sup> March 2014. These financial statements and financial information have been audited by other auditors whose

reports have been furnished to us, and our opinion is based solely on the report of other auditors.

- (2) We have also relied on the unaudited financial statements of subsidiary M/s.MIC Electronics Inc., USA for Nine months ended 31<sup>st</sup> March 2014. These unaudited financial statements approved by the respective Board of Directors of these companies have been furnished to us by the Management and our report in so far as it relates to the amounts included in respect of this subsidiary company is based solely on such approved unaudited financial statements.

Our Opinion is not qualified in respect of other matters.

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

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

Place: Hyderabad  
Date: 27.05.2014

(Amount in Rs.)

Particulars	Note.	As at 31.03.2014	As at 30.06.2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's funds:</b>			
Share capital	3.01	204,996,550	204,996,550
Reserves and surplus	3.02	2,790,642,116	3,241,117,357
		<b>2,995,638,666</b>	<b>3,446,113,907</b>
<b>(2) Non-current liabilities</b>			
Long-term borrowings	3.03	38,705,934	399,682,422
Long-term provisions	3.04	17,380,521	17,683,315
		<b>56,086,455</b>	<b>417,365,737</b>
<b>(3) Current liabilities</b>			
Short-term borrowings	3.05	1,004,949,802	960,267,519
Trade payables	3.06	712,227,959	735,248,196
Other current liabilities	3.07	980,733,777	575,163,789
Short-term provisions	3.08	5,398,599	77,783,607
		<b>2,703,310,137</b>	<b>2,348,463,111</b>
<b>TOTAL</b>		<b>5,755,035,258</b>	<b>6,211,942,755</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
Fixed assets	3.09		
(i) Tangible assets		1,445,612,575	1,495,693,487
(ii) Intangible assets		1,828,923	2,769,145
(iii) Capital Work in Progress		172,365,474	401,404,072
(iv) Intangible assets under development	3.10	-	89,840,672
Goodwill on consolidation and acquisitions		2,359,949	2,359,949
Deferred Tax asset (Net)	3.11	143,384,974	24,791,269
Non current Investments	3.12	81,122,768	80,884,272
Long-term loans and advances	3.13	405,521,662	404,033,324
Other Non-current assets	3.14	6,703,279	10,557,187
		<b>2,258,899,604</b>	<b>2,512,333,377</b>

# CONSOLIDATED BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2014

(Amount in Rs.)

Particulars	Note.	As at 31.03.2014		As at 30.06.2013	
<b>(2) Current assets</b>					
Inventories	3.15	1,876,951,907		1,797,388,632	
Trade receivables	3.16	902,109,947		1,153,624,717	
Cash and cash equivalents	3.17	21,143,024		22,964,851	
Short-term loans and advances	3.18	672,774,428		702,634,832	
Other current assets	3.19	23,156,348	<b>3,496,135,654</b>	22,996,346	<b>3,699,609,378</b>
<b>TOTAL</b>			<b>5,755,035,258</b>		<b>6,211,942,755</b>
Notes forming part of financial statements	1-3.38				

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

For and on behalf of the Board of Directors

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

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

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

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

Place : Hyderabad.  
 Date : 27.05.2014

(Amount in Rs.)

Particulars	Note.	9 months ending 31.03.2014	9 months ending 30.06.2013
<b>I INCOME :</b>			
Revenue from operations	3.20	959,110,261	794,897,055
Other income	3.21	19,142,511	53,163,893
<b>Total Revenue</b>		<b>978,252,772</b>	<b>848,060,948</b>
<b>II EXPENDITURE :</b>			
Cost of material consumed	3.22	119,332,983	290,426,291
Purchase of traded goods		748,281,265	421,306,639
(Increase)/ Decrease in Inventories	3.23	(86,254,700)	(172,697,988)
Employee benefits expense	3.24	43,873,009	51,146,932
Finance costs	3.25	92,769,944	126,824,044
Depreciation and amortization expense	3.09	46,010,916	46,251,348
Other expenses	3.26	101,072,051	141,732,520
<b>Total expenses</b>		<b>1,065,085,468</b>	<b>904,989,786</b>
<b>III Profit before exceptional items and tax (I - II)</b>		<b>(86,832,696)</b>	<b>(56,928,838)</b>
<b>IV Exceptional Items</b>		-	
Prior period Expenses		327,162,586	
Bad Debts Written off		219,967,398	15,470,059
		547,129,984	15,470,059
<b>V Profit before tax (III-IV)</b>		<b>(633,962,680)</b>	<b>(72,398,897)</b>
<b>VI Tax expenses:</b>			
Current tax		738,758	182,870
Taxes of earlier years written back		(65,473,250)	-
Deffered tax Asset (Liability)		(118,593,705)	73,946,181
		(183,328,197)	74,129,051
<b>VII Profit/(Loss) for the period (V - VI)</b>		<b>(450,634,483)</b>	<b>(146,527,948)</b>

# CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR 9 MONTHS END 31<sup>st</sup> MARCH 2014

(Amount in Rs.)

Particulars	Note.	9 months ending 31.03.2014	9 months ending 30.06.2013
<b>VIII Earnings per equity share of par value Rs 10/- each</b>			
Basic		-4.40	-1.43
Diluted		-2.50	-1.43
<b>IX No.of shares used in computing earnings per share</b>			
Basic		102,498,275	102,498,275
Diluted		179,975,345	102,498,275
Notes forming part of financial statements	1-3.38		

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

For and on behalf of the Board of Directors

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

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

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

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

Place : Hyderabad  
 Date : 27.05.2014



**1 Basis of Consolidation :**

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

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

**The subsidiaries considered in the financial statements are :**

Company Name	As at 31-03-14	As at 30-06-13
MIC Electronics Inc.	100%	100%
Maave Electronics Pvt. Ltd	100%	100%
MIC Green Energy Solutions Pvt. Ltd	100%	100%
MIC Candilux Pvt Ltd	100%	100%

The financial statements of the subsidiaries, considered in the consolidated accounts, are drawn upto 31st March, 2014.

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

**2. Significant accounting policies****2.1. Disclosure of Accounting Policies:**

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

**2.2. Use of Estimates:**

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

**2.3. Valuation of Inventories:**

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

**2.4. Cash Flow Statements:**

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

**2.5. Accounting for Fixed Assets**

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

**2.6. Depreciation Accounting:**

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

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

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

**2.8. Revenue Recognition**

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

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

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

**2.10. Accounting for Investments :**

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

**2.11. Accounting for Retirement Benefits :**

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

**2.12. Borrowing Cost :**

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

**2.13 Related party Disclosure :**

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

**2.14 Operating Leases :**

Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

**Where the Company is the lessee :** Operating lease payments are recognised as an expense in the Statement of profit and loss on a straight-line basis over the lease term.

**Where the Company is the lessor :** Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Statement of profit and loss. Costs, including depreciation are recognised as an expense in the Statement of profit and loss.

**2.15 Earnings Per Share :**

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

**2.16 Deferred Taxation :**

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

**2.17 Accounting for investments in associates :**

Investment in associates is valued at cost of investment.

**2.18 Contingencies and events occurring after the balance sheet date :**

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

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

	As at 31.03.2014		As at 30.06.2013	
	No.of Shares	Amount (Rs)	No.of Shares	Amount (Rs)
<b>I. Authorised:</b>				
Equity shares of Rs 2/- each with voting rights	200,000,000	400,000,000	200,000,000	400,000,000
<b>II. Issued,Subscribed and Paid up:</b>				
Equity shares of Rs 2/- each with voting rights	102,498,275	204,996,550	102,498,275	204,996,550
	<b>102,498,275</b>	<b>204,996,550</b>	<b>102,498,275</b>	<b>204,996,550</b>

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

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

Particulars	As at 31st March, 2014		As at 30th June, 2013	
	No. of Shares	Amount (Rs)	No. of Shares	Amount (Rs)
<b>Equity shares with voting rights:</b>				
Opening Balance	102,498,275	204,996,550	102,498,275	204,996,550
Fresh Issue			-	-
<b>Closing Balance</b>	<b>102,498,275</b>	<b>204,996,550</b>	<b>102,498,275</b>	<b>204,996,550</b>

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

Sr No.	Class of shares / Name of shareholder	As at 31st March, 2014		As at 30th June, 2013	
		Number of shares held	% holding	Number of shares held	% holding
1.	<b>Equity shares with voting rights</b> Prabhakar Rao Mandava	7,693,153	7.50%	7,693,153	7.51%

(Amount in Rs.)

Particulars	As at 31.03.2014	As at 30.06.2013
<b>NOTE - 3.02</b>		
<b>Reserves and Surplus</b>		
<b>Share Premium Account</b>		
As at Commencement of the Year	1,030,555,610	1,030,555,610
Add : Received on further issue of shares	-	-
	1,030,555,610	1,030,555,610
<b>Profit and Loss Account</b>		
As at Commencement of the Year	1,634,713,702	1,778,327,747
Less : Effect of currency translation on consolidation	(159,242)	(2,913,904)
Add : Transferred from Profit & Loss Account	(450,634,483)	(146,527,948)
	1,184,238,461	1,634,713,702
<b>Share warrants forfeited</b>		
As at Commencement of the Year	377,581,045	377,581,045
Add : Additions during the year	-	-
	377,581,045	377,581,045
<b>Capital Reserve</b>		
As at Commencement of the Year	267,000	267,000
Add : Additions during the year	-	-
	267,000	267,000
<b>Amalgamation Reserve</b>		
As at Commencement of the Year	18,000,000	18,000,000
Add : Additions during the year	-	-
	18,000,000	18,000,000
<b>General Reserve</b>		
As at Commencement of the Year	180,000,000	180,000,000
Add : Additions during the year	-	-
	180,000,000	180,000,000
	<b>2,790,642,116</b>	<b>3,241,117,357</b>

**NOTE - 3.03****Long Term Borrowings**

	Current Portion (*)	Non-Current Portion	Current Portion (*)	Non-Current Portion
<b>Secured Loans</b>				
<b>Long Term Loans - From Banks</b>				
UCO Bank	71,231,180	-	20,310,000	52,798,075
<b>Long Term Loans - Others</b>				
Technology Development Board	150,000,000	-	49,500,000	100,500,000
L&T Finance Ltd	110,000,000	-	100,000,000	10,000,000
Srei Equipment Finance P Ltd	208,390,243	38,067,252	11,194,810	235,262,685
Loans Under hire purchase against vehicles	670,151	638,682	588,890	1,121,662
	<b>540,291,574</b>	<b>38,705,934</b>	<b>181,593,700</b>	<b>399,682,422</b>

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

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

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

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

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

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

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

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

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

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

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

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

(Amount in Rs.)

Particulars	As at 31.03.2014	As at 30.06.2013
<b>NOTE- 3.04</b>		
<b>Long Term Provisions</b>		
Provision for employee benefits		
- Provision for gratuity	14,444,101	14,016,495
- Provision for leave encashment	2,936,420	3,666,820
	<b>17,380,521</b>	<b>17,683,315</b>
<b>NOTE - 3.05</b>		
<b>Short Term Borrowings</b>		
<b>(A) Secured Loans</b>		
<b>Working capital loans - From Banks</b>		
State Bank of India-Cash Credit	601,040,234	561,520,180
State Bank of India-Buyers Credit	-	-
Standard Chartered Bank	58,969,026	56,160,774
Andhra Bank, Kapra, Sainikpuri	40,708,815	39,802,798
Loan against bill discounting (AB)	7,053,529	6,220,569
	<b>707,771,604</b>	<b>663,704,321</b>
<b>(B) UnSecured Loans</b>		
<b>(i) Loans from Directors</b>	5,298,573	4,683,573
<b>(ii) Intercorporate Deposits</b>		
Malaxmi Infra Ventures (India) Pvt Ltd	185,879,625	185,879,625
Sriba Seabase Pvt Ltd	6,000,000	6,000,000
Arkay Energy (Rameswarm) Limited	100,000,000	100,000,000
	<b>297,178,198</b>	<b>296,563,198</b>
<b>Total Short Term Borrowings (A+B)</b>	<b>1,004,949,802</b>	<b>960,267,519</b>

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

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

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

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

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

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

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

**iv) Andhra Bank working capital limits relating to M/S Maave Electronics Pvt Ltd are secured by :**

i) Primary Security :1st hypothecation of stock (Raw Material, Semi finished goods and Finished Goods) and Book Debts. ii) Collateral Security : (a) EMD of Ac 14.58 dry land situated at Kanchikacherla, Krishna Dt, AP (b) Personal Guarantee of Managing Director of MIC Electronics Ltd (c) Corporate Guarantee of MIC Electronics Limited

(Amount in Rs.)

Particulars	As at 31.03.2014	As at 30.06.2013
<b>NOTE - 3.06</b>		
<b>Trade Payables</b>		
Payables for materials	581,971,940	606,243,394
Payables for services	130,256,019	129,004,802
	712,227,959	735,248,196
	<b>712,227,959</b>	<b>735,248,196</b>
<b>NOTE - 3.07</b>		
<b>Other Current Liabilities</b>		
<b>(i) Interest accrued and due on borrowings</b>		
Interest accrued and due on long term borrowings	20,726,798	10,787,258
Interest accrued and due on short term borrowings	18,958,050	18,958,050
<b>(ii) Interest accrued but not due on borrowings</b>		
Interest accrued but not due on long term borrowings	5,628,888	12,584,079
<b>(iii) Other payables</b>		
Current maturities of long term borrowings (Refer Note No : 3.03)	540,291,574	181,593,700
Statutory remittances	51,609,086	51,674,812
Payables on purchase of fixed assets	8,749,163	8,807,432
Payables for expenses	42,540,691	37,108,124
Salaries Payable	84,748,022	73,911,503



(Amount in Rs.)

Particulars	As at 31.03.2014	As at 30.06.2013
Directors remuneration Payable	7,808,608	5,149,706
Audit Fees Payable	3,507,840	2,923,540
Share Warrants Application Money refundable	128,023,671	128,023,671
Advances from related parties	26,564,722	26,564,723
Advance from customers & Others	41,576,664	17,077,191
	<b>980,733,777</b>	<b>575,163,989</b>

Note : Interest on unsecured loans - Rs. 3.17 crores and interest on term loans of Rs 2.94 crores is not provided in the books since the company is persuing the matter for settlement with the lenders and company is of the view that interest will be waived off.

(Amount in Rs.)

Particulars	As at 31.03.2014	As at 30.06.2013
<b>NOTE - 3.08</b>		
<b>Short Term Provisions :</b>		
Provision for Income Tax	5,398,599	77,783,607
	<b>5,398,599</b>	<b>77,783,607</b>

## NOTE - 3.09 Fixed Assets

(Amount in Rs.)

	Name of the asset	Rate of dep.	Gross Block				Accumulated Depreciation				Net Block		
			Balance as at 1st July 2013	Additions	Deletions	Balance as at 31st March 2014	Balance as at 1st July 2013	Depreciation charge for the year	On deletions	Balance as at 31st March 2014	Balance as at 31st March 2014	Balance as at 30th June 2013	
A	<b>Tangible Assets</b>												
	Land & Land Development	0.00%	19,235,119	-	3,722,635	15,512,484	-	-	-	-	-	15,512,484	19,235,119
	Buildings	3.34%	130,989,924	-	-	130,989,924	22,109,246	3,304,091	-	25,413,337	105,576,587	108,880,678	108,880,678
	Plant & Machinery	5.38%	318,348,538	48,000	-	318,396,538	117,835,389	13,487,267	-	131,322,656	187,073,882	200,513,148	200,513,148
	Plant and Machinery	4.75%	653,843,887	-	-	653,843,887	96,013,951	23,314,225	-	119,328,176	534,515,711	557,829,936	557,829,936
	Furniture and Fixtures	6.33%	19,198,518	70,000	-	19,268,518	9,036,541	791,186	-	9,827,727	9,440,791	10,161,977	10,161,977
	Office equipment	4.75%	3,087,583	-	-	3,087,583	1,171,900	106,411	-	1,278,311	1,809,272	1,915,683	1,915,683
	Electrical Installations	6.33%	13,145,831	-	-	13,145,831	5,001,594	619,736	-	5,621,330	7,524,501	8,144,237	8,144,237
	D.G.Set	6.33%	1,228,230	-	-	1,228,230	373,381	58,363	-	431,744	796,486	854,849	854,849
	Transformer	6.33%	1,109,125	-	-	1,109,125	333,919	52,704	-	386,623	722,502	775,206	775,206
	Furniture and Fixtures-Others	6.33%	1,201,571	-	-	1,201,571	1,021,476	26,560	-	1,048,036	153,535	180,095	180,095
	Vehicles	9.50%	25,351,655	-	3,104,882	22,246,773	12,398,517	1,502,246	1,699,299	12,201,464	10,045,309	12,953,138	12,953,138
	Computers	16.21%	37,759,760	-	-	37,759,760	33,445,218	1,807,905	-	35,253,123	2,506,637	4,314,542	4,314,542
Display Equipment (not put to use)	0.00%	562,684,878	-	-	562,684,878	-	-	-	-	562,684,878	562,684,878	562,684,878	
Goodwill		7,250,000	-	-	7,250,000	-	-	-	-	7,250,000	7,250,000	7,250,000	
	<b>SUB TOTAL (A)</b>		1,794,434,619	118,000	6,827,517	1,787,725,102	298,741,132	45,070,694	1,699,299	342,112,527	1,445,612,575	1,495,693,487	1,495,693,487
B	<b>Intangible assets</b>												
	Computer Software		12,832,251	-	-	12,832,251	10,063,106	940,222	-	11,003,328	1,828,923	2,769,145	2,769,145
	<b>SUB TOTAL (B)</b>		12,832,251	0	-	12,832,251	10,063,106	940,222	-	11,003,328	1,828,923	2,769,145	2,769,145
	<b>Total [A + B] (Current Year)</b>		1,807,266,870	118,000	6,827,517	1,800,557,353	308,804,238	46,010,916	1,699,299	353,115,855	1,447,441,498	1,498,462,632	1,498,462,632
	<b>(Previous Year)</b>		1,729,494,094	79,359,747	1,586,971	1,807,266,870	263,351,296	46,251,348	798,403	308,804,238	1,498,462,632	1,466,142,801	1,466,142,801

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

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

(Amount in Rs.)

Particulars	As at 31.03.2014	As at 30.06.2013
<b>NOTE - 3.11</b>		
<b>Deferred Tax Asset</b>		
On Depreciation (Difference as per Books & as Per Income Tax Act)	(106,409,539)	(94,648,939)
On Accrued compensation to employees	5,370,581	5,604,693
On IT Disallowances	63,804,735	53,678,007
On Others	180,619,197	60,157,508
	<b>143,384,974</b>	<b>24,791,269</b>
<b>NOTE - 3.12</b>		
<b>Non Current Investments</b>		
<b>UNQUOTED</b>		
<b>in other corporate bodies :</b>		
Hyperion Green Energy India Pvt Ltd (40,922 equity shares of Rs.100/- each with premium of Rs.252/- each 7,300 equity shares of Rs.100/- each purchased at Rs.532/- each 2,700 equity shares of Rs.100/- each purchased at Rs.519/- each)	19,691,544	19,691,544
Other Investments by MIC Electronics Inc, USA Sports LED Media	61,431,224	61,192,728
	<b>81,122,768</b>	<b>80,884,272</b>
<b>NOTE- 3.13</b>		
<b>Long-Term Loans and advances</b>		
<b>Unsecured, Considered Good :</b>		
Capital advances	154,408,548	152,332,015
Deposit-Delhi Metro Rail Corpn	55,150,887	55,150,887
Retention Money-BSNL	112,418,655	112,418,655
Share Application money pending allotment in other companies	8,850,000	8,850,000
Loans & Advances to Subsidiaries	-	477,257
Other Secured Deposits	73,665,915	73,793,853
Other Loans and advances	1,027,657	1,010,657
	<b>405,521,662</b>	<b>404,033,324</b>

(Amount in Rs.)

Particulars	As at 31.03.2014	As at 30.06.2013
<b>NOTE- 3.14</b>		
<b>Other Non Current Assets</b>		
Deferred Revenue Expenditure to the extent not written off	1,320,851	5,174,759
Pre-operative expenses - Lighting expansion (IREDA) Project	4,348,576	4,348,576
Pre-operative expenses -Subsidiaries	565,862	565,862
Preliminary Expenses to the extent not written off	467,990	467,990
	<b>6,703,279</b>	<b>10,557,187</b>
<b>NOTE- 3.15</b>		
<b>Inventories</b>		
Raw Material	170,398,171	177,154,935
Work-in-Progress	1,544,032,287	1,480,875,848
Finished Goods	161,312,944	138,214,683
Stores and Spares	1,208,505	1,143,166
	<b>1,876,951,907</b>	<b>1,797,388,632</b>
<b>NOTE- 3.16</b>		
<b>Trade Receivables</b>		
<b>Unsecured Considered Good</b>		
Debtors outstanding for a period exceeding six months	701,965,050	842,680,067
Other Debtors	200,144,897	310,944,650
	<b>902,109,947</b>	<b>1,153,624,717</b>

Trade receivables include Rs.47.05 Crores which are long overdue and the recovery of which is doubtful. However, the management is of the opinion that no provision is necessary during the year as they are pursuing with debtors and the amounts may be recovered.

(Amount in Rs.)

Particulars	As at 31.03.2014	As at 30.06.2013
<b>NOTE- 3.17</b>		
<b>Cash &amp; Cash equivalents</b>		
Cash in Hand	1,076,440	682,229
<b>Balance with Banks :</b>		
In Current Accounts	8,565,782	1,886,678
In Margin Money Accounts	11,500,802	20,395,944
	<b>20,066,584</b>	<b>22,282,622</b>
	<b>21,143,024</b>	<b>22,964,851</b>

(Amount in Rs.)

Particulars	As at 31.03.2014	As at 30.06.2013
<b>NOTE- 3.18</b>		
<b>Short-term Loans &amp; Advances</b>		
<b>Unsecured Advances - Considered good</b>		
(i) Loans and advances to employees	15,624,414	27,350,125
(ii) Prepaid Expenses	1,353,261	997,357
(iii) Balances with Govt Authorities		
Cenvat Deposit	5,542,234	8,964,127
Cenvat credit receivable	1,985,693	1,582,376
Service tax receivable	1,459,393	1,250,444
VAT credit	2,941,427	3,749,090
(iv) Others		
Advance for Materials	19,274,518	25,491,735
Advance for Services	2,329,582	1,529,469
Other advances	604,882,365	612,760,181
TDS receivable	13,737,513	15,315,900
Entry Tax & Octroi Deposit	605,940	605,940
VAT deposit refundable	3,038,088	3,038,088
	<b>672,774,428</b>	<b>702,634,832</b>
<b>NOTE- 3.19</b>		
<b>Other Current Assets</b>		
Amounts receivable against sale of investments	18,017,802	17,857,800
Deferred Revenue Expenditure to the extent not written off	5,138,546	5,138,546
	<b>23,156,348</b>	<b>22,996,346</b>

Particulars	9 months ending 31.03.2014	9 months ending 30.06.2013
<b>NOTE- 3.20</b>		
<b>Revenue from Operations</b>		
<b>(A) Revenue from Sales</b>		
Exports	41,574,794	1,831,581
Deemed Export	1,969,590	3,717,020
Domestic	139,552,366	200,607,829
Freight & Insurance recd. on Sales	93,502	101,846
	<b>183,190,252</b>	<b>206,258,276</b>
Less : Excise Duty	4,376,347	178,813,905
Traded Goods	770,220,406	14,899,565
	<b>949,034,311</b>	<b>191,358,711</b>
		<b>589,420,133</b>
		<b>780,778,844</b>

(Amount in Rs.)

Particulars	9 months ending 31.03.2014	9 months ending 30.06.2013
<b>(B) Other Operating Incomes</b>		
Equipment Lease Rentals	-	382,477
AMC Charges & Service Charges	8,861,553	9,925,334
Installation Charges	1,214,397	3,810,400
	10,075,950	14,118,211
	<b>10,075,950</b>	<b>14,118,211</b>
<b>Total Revenue from Operations (A+B)</b>	<b>959,110,261</b>	<b>794,897,055</b>
 <b>NOTE- 3.21</b>		
<b>Other Incomes</b>		
Interest Received	2,935,779	5,533,353
Credit Balances written back	22,086	1,724,913
Prior Period Income	3,678,700	-
Rents received	1,019,667	797,715
Excess Provisions Written back	730,400	476,930
Foreign exchange gain	9,146,685	42,331,035
Miscellaneous Income	63,899	1,396,396
Consulting Income	1,545,295	903,551
	<b>19,142,511</b>	<b>53,163,893</b>
 <b>NOTE- 3.22</b>		
<b>Cost of Materials Consumed</b>		
<b>A) Raw Material Consumed</b>		
Opening Stock	177,154,936	190,739,633
Purchases	111,926,099	276,018,388
Less : Material consumed for R&D	518,654	1,700,320
	111,407,445	274,318,068
	<b>288,562,381</b>	<b>465,057,701</b>
Less : Closing Stock	170,398,171	177,154,935
	<b>118,164,210</b>	<b>287,902,766</b>
<b>Raw Material Consumed</b>		
<b>B) Packing Materials and consumables</b>		
Opening Stock	1,143,166	2,590,667
Purchase of packing material & consumables	1,183,484	1,014,273
Freight & Carriage Inwards	50,628	61,751
	<b>2,377,278</b>	<b>3,666,691</b>
Less : Closing Stock	1,208,505	1,143,166
<b>Consumption</b>	<b>1,168,773</b>	<b>2,523,525</b>
<b>Total Cost of material consumed</b>	<b>119,332,983</b>	<b>290,426,291</b>

(Amount in Rs.)

Particulars	9 months ending 31.03.2014	9 months ending 30.06.2013
<b>NOTE- 3.23</b>		
<b>Changes in Inventory</b>		
<b>Closing Stock of :</b>		
Work-in-Progress	1,544,032,287	1,480,875,848
Finished Goods	161,312,944	138,214,683
	<b>1,705,345,231</b>	<b>1,619,090,531</b>
<b>Opening Stock of :</b>		
Work-in-Progress	1,480,875,848	1,169,657,660
Finished Goods	138,214,683	276,734,883
	<b>1,619,090,531</b>	<b>1,446,392,543</b>
<b>Increase/(Decrease) in Stock (A-B)</b>	<b>(86,254,700)</b>	<b>(172,697,988)</b>
<b>NOTE- 3.24</b>		
<b>Employee Benefit expense</b>		
Salary, Wages, Allowances & other Benefits	36,542,515	43,943,083
Directors Remuneration	4,275,000	4,465,000
Gratuity	996,594	56,167
Leave Salary	-	205,800
P. F. & ESI Contribution	1,529,420	1,734,524
Staff Welfare Expenses	529,480	742,358
	<b>43,873,009</b>	<b>51,146,932</b>
<b>NOTE- 3.25</b>		
<b>Financial Cost</b>		
Bank Charges	5,251,359	4,855,047
<b>Interest on :</b>		
Term Loan	8,125,448	48,490,678
Working Capital Loans	78,939,087	65,633,454
Others - Interest on other loans/ICDs & Financial Charges	454,050	7,844,865
	<b>92,769,944</b>	<b>126,824,044</b>

(Amount in Rs.)

Particulars	9 months ending 31.03.2014	9 months ending 30.06.2013
<b>NOTE- 3.26</b>		
<b>Other Expenses</b>		
Job-work Charges	3,677,595	20,956,071
Power and Fuel	3,448,237	2,487,895
Insurance	1,564,163	2,022,917
Repairs & Maintenance	355,890	1,100,333
Printing & Stationary	204,929	675,626
Postage, Telegrams & Telephones	1,161,290	1,812,196
Rent	1,349,500	1,485,687
Rates & Taxes	4,604,477	11,626,550
Professional Charges	5,824,386	9,284,741
Auditors Remuneration		
As Statutory Auditors	365,000	365,000
As Tax auditors	157,500	157,500
General Expenses	11,391,331	14,569,361
Prior Period Expenses	3,821,413	1,000,000
Security Expenses	375,682	451,201
Board Meeting Expenses	403,103	251,430
Travelling & Conveyance	6,679,287	16,698,630
Vehicle Maintenance	914,573	1,388,258
Sales Tax	40,820,794	37,324,657
Selling & Distribution Expenses	1,740,421	2,898,451
Deferred Expenses written off	3,853,908	3,853,908
R & D Expenses	8,358,572	11,322,108
	<b>101,072,051</b>	<b>141,732,520</b>

**NOTE- 3.27**

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



**NOTE- 3.28**

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

(Amount in Rs.)

Sl No.	Particulars	As at 31st March 2014	As at 30th June, 2013
1	Counter guarantees given by the company to banks towards issue of B.Gs.	41,076,799	60,857,283
2	Counter guarantees given by the company to banks towards issue of B.Gs to Customs & Central Excise Dept.	7,096,982	7,096,982
3	Bonds executed to Customs & Central Excise Dept. (net of BGs)	82,300,000	82,300,000
4	Letter of credits issued by bankers	-	32,346,929
5	Corporate Guarantees given by the company to banks on behalf of subsidiaries & associates	70,000,000	70,000,000
6	Claims against the company , not acknowledged:	1,014,767,760	1,014,924,475
<b>TAX Matters in Appeals</b>			
1	Excise Duty	3,896,982	3,896,982
2	Customs Duty	1,801,111	1,801,111
3	Sales Tax	5,302,831	5,302,831

**NOTE- 3.29**

**Managerial Remuneration :**

(Amount in Rs.)

Particulars	For 9 months ended 31st March 2014	For 9 months ended 30th June 2013
<b>Managing Director</b>		
Remuneration	1,800,000	1,990,000
Perquisite value of Rent	270,000	270,000
<b>Director</b>		
Remuneration	8,038,080	6,855,880
<b>Total</b>	<b>10,108,080</b>	<b>9,115,880</b>

**NOTE- 3.30**

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

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

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

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

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

**b. Aggregated Related party disclosures for the 9 months period from July 13 to March 14 :**

## i) Particulars of transactions during the year

(Amount in Rs.)

Sl No.	Nature of Transaction	As at 31st March, 2014	As at 30th June, 2013
1.	Expenditure during the year:		
	• Remunerations to Management personnel	9,838,080	8,845,880
	• Rents paid towards accommodation provided to Management Personnel	270,000	270,000
	• Sitting Fee and other expenses reimbursed to Directors	403,103	251,430

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

(Amount in Rs.)

Sl No.	Nature of Transaction	As at 31st March 2014	As at 30th June, 2013
1	Investments in Associates : M/s.Hyperion Green Energy India Pvt Ltd	19,691,544	19,691,544
2	Advances from Associates (Towards Sales) : M/s.Hyperion Green Energy India Pvt Ltd	(26,564,723)	(26,564,723)
3	Outstanding balances payable to Management Personnel Unsecured Loan payable to Management personnel Remuneration payable to Management personnel	5,298,573 7,808,608	4,683,573 5,149,706

**NOTE - 3.32**

Disclosure in respect of operating lease:

- i) A general description of leasing arrangements : Leasing arrangement for LED Display Systems
- ii) Lease payment recognized in the statement of Profit & Loss Account for the year: Rs.Nil (Previous year- Rs.Nil)
- iii) **lease amounts not recognised during the year** : First Leasing Company of India Ltd transferred the lease rentals receivables from MIC Electronics Ltd to Reliance Capital Ltd. MIC Electronics Ltd received a notice from Reliance Capital Ltd on 20.01.2012 about the loan agreement termination for delay in payment of lease rentals. Subsequently First Leasing Company stopped billing lease rentals w.e.f 01.04.2012. Hence MIC Electronics Ltd stopped recognizing lease rentals in the books from 01.04.2012. The unrecognized lease rentals from Jul'13 to Mar'14 amount to Rs 47,196,000/-.(previous year - Rs.47,196,000/-)

**NOTE - 3.33**

Calculation of earnings per share :

(Amount in Rs.)

Particulars	For 9 months ended 31st March 2014	For 9 months ended 30th June 2013
Profit attributable to Share Holders	(450,634,483)	(146,527,948)
No. of Equity Shares Outstanding	102,498,275	102,498,275
Convertible Share Warrants	77,477,070	-
Weighted No. of Equity Shares	179,975,345	102,498,275
Nominal Value of Equity Share	2.00	2.00
Basic EPS	(4.40)	(1.43)
Diluted EPS	(2.50)	(1.43)

**NOTE - 3.34**

In accordance with the AS-22 'Accounting for taxes on Income issued by the Institute of Chartered Accountants of India, during the current year the company has accounted for the effect of deferred Tax against the income pertaining to current year and has accordingly provided for deferred tax asset of Rs.118,593,705/- on account of current year's deferred tax.

(Amount in Rs.)

Particulars	For 9 months ended 31st March 2014	For 9 months ended 30th June 2013
Opening Balance Deferred tax asset	24,791,269	98,737,450
Less : Deferred tax asset (Liability)	118,593,705	(73,946,181)
<b>Closing Balance</b>	<b>143,384,974</b>	<b>24,791,269</b>

**NOTE - 3.35**

(i) The parent company has incurred one time expenditure of Rs.16,361,609/- during the Year 2009-10 towards leased assets which is being amortised over a period of 5 years. During the year an amount of Rs.2,454,240/- (Previous year Rs.2,454,240/-) has been amortised.

(ii) The parent company has incurred one time expenditure of Rs.9,331,130/- during the Year 2010-11 towards DMRC project finance which is being amortised over a period of 5 years. During the period an amount of Rs.1,399,668/- (Previous year Rs.1,399,668/-) has been amortised.

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

(Amount in Rs.)

Sl No.	Nature of Transaction	As at 31st March, 2014	As at 30th June, 2013
1	Excess Provision of Income Tax written back	65,473,250	-
2	Prior period income	3,678,700	51,400
3	Prior period expenditure	3,819,559	1,000,000
4	Prior period expenditure grouped under exceptional items	318,879,270	-
	<b>Total</b>	<b>(253,546,879)</b>	<b>(948,600)</b>

**NOTE - 3.37**

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

**NOTE - 3.38**

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

per our report of even date

**For PAVULURI & CO**

Chartered Accountants

Firm Reg. No: 012194S

For and on behalf of the Board of Directors

Sd/-

Dr. M.V.Ramana Rao

**Managing Director**

Sd/-

L.N.Malleswara Rao

**Executive Director**

Sd/-

**CA.N.Rajesh**

Partner

M.No : 223169

Place : Hyderabad.

Date : 27.05.2014

Sd/-

Ch.Vijay Kumar Naidu

Company Secretary

(Amount in Rs)

Particulars	For 9 months ended 31.03.2014	For 9 months ended 30.06.2013
Net Profit before tax and extraordinary items	(633,962,680)	(72,398,897)
<b>Adjustments for:</b>		
Depreciation	46,010,916	46,251,348
Financial Charges	92,769,944	126,824,044
Interest received /Other Income	2,935,779	5,533,353
Effect of currency translation on consolidation	159,242	2,913,904
<b>Operating Profit before Working Capital Changes</b>	<b>(492,086,799)</b>	<b>109,123,752</b>
Changes in Working Capital		
(Increase)/Decrease in Trade Receivables	251,514,770	(107,265,984)
(Increase)/Decrease in Inventories	(79,563,275)	(157,665,789)
(increase)/Decrease in Long Term Loans & Advances	(1,488,338)	(2,733,439)
(increase)/Decrease in Short Term Loans & Advances	29,860,404	9,994,494
(increase)/Decrease in Other Current Assets	(160,002)	(2,003,400)
(increase)/Decrease in Other Non Current Assets	3,853,908	3,785,738
Increase/(Decrease) in Long Term Provisions	(302,794)	(1,679,878)
Increase/(Decrease) in Short Term Provisions	(72,385,008)	(3,552,110)
Increase/(Decrease) in Trade Payables	(23,020,237)	201,689,677
Increase/(Decrease) in Other Current Liabilities	405,569,988	125,166,493
Increase/(Decrease) in Deferred Tax Asset	118,593,705	(73,946,181)
<b>Cash generated from Operations</b>	<b>632,473,121</b>	<b>(8,210,379)</b>
Financial Charges paid	(92,769,944)	(126,824,044)
Extraordinary items	0	0
Direct Taxes paid	(53,859,213)	73,763,310
<b>Net Cash provided/(Used) from operating activities</b>	<b>(6,242,835)</b>	<b>47,852,639</b>
(Increase) / Decrease of Current Investments	0	0
(Increase) / Decrease of Non Current Investments	(238,496)	(6,864,984)
(Increase) / Decrease of Fixed Assets	5,010,218	(78,571,179)
(Increase) / Decrease of Capital Work-in-Progress	318,879,270	(61,615)
Interest Received/Other Income	(2,935,779)	(5,533,353)
<b>Net Cash used in Investing Activities</b>	<b>320,715,213</b>	<b>(91,031,131)</b>

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2014

(Amount in Rs)

Particulars	For 9 months ended 31.03.2014	For 9 months ended 30.06.2013
Proceeds from long term borrowings	(360,976,488)	35,188,438
Increase/(Decrease) in Short Term borrowings	44,682,283	42,647,541
Increase/(Decrease) in Share Capital	0	0
Increase/(Decrease) in forfeiture of Share warrants	0	0
Increase/(Decrease) in Share Warrants Application Money	0	(46,638,340)
<b>Net Cash provided/(Used) from financing activities</b>	<b>(316,294,205)</b>	<b>31,197,639</b>
Net Increase in Cash and Cash equivalents	(1,821,827)	(11,980,853)
Cash and Cash equivalents as at the commencement of the year	22,964,851	34,945,704
<b>Cash and Cash equivalents as at the close of the year</b>	<b>21,143,024</b>	<b>22,964,851</b>

per our report of even date

**For PAVULURI & CO**

Chartered Accountants

Firm Reg. No: 012194S

For and on behalf of the Board of Directors

Sd/-

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

Sd/-

**L.N.Malleswara Rao**  
Executive Director

Sd/-

**CA.N.Rajesh**

Partner

M.No : 223169

Sd/-

**Ch.Vijay Kumar Naidu**  
Company Secretary

Place : Hyderabad.

Date : 27.05.2014



### MIC Electronics Limited

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

#### ATTENDANCE SLIP

I hereby record my presence at the Annual General Meeting of the Company being held on 30<sup>th</sup> September, 2014 at 11.00 A.M at registered office of the company.

Name of the Shareholder:

Name of Proxy:

Signature of Member / Proxy:

Regd. Folio No. / \*Client id:

Applicable for members holding shares in Electronic Form.

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



### MIC Electronics Limited

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

#### PROXY FORM

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

held.....

Client ID.....

I/We ..... of

..... in the district of ..... being a member(s) of

the above named company hereby appoint ..... of

.....in the district of .....or failing

him..... of .....in the district

of..... as my/our proxy to vote for me/us on our behalf at the Annual

General Meeting of the Company to be held on 30<sup>th</sup> September, 2014 at 11.00 A.M at the registered office of the

Company or at any adjournment thereof.

Signed this ..... day of .....2014

Signature .....

Affix  
Re. 1/-  
Revenue  
Stamp

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

## CORPORATE INFORMATION

### Annual General Meeting

Date : 30<sup>th</sup> September 2013  
Day : Tuesday  
Time : 11.00 AM  
Place : Registered Office  
A-4/II, Electronic Complex  
Kushaiguda  
Hyderabad-500062

### Registrar and Transfer Agents

Venture Capital and Corporate  
Investments Private Limited  
#12-10-167, Bharat Nagar,  
Hyderabad-500018  
Tel: 040-23818475/476  
Fax: 040-23868024  
Email: info@vccilindia.com  
Website: www.vccilindia.com

### Board of Directors

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

### Company Secretary

Vijay Kumar Naidu Ch

### Bankers

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

### Auditors

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

### Registered Office

A-4/II, Electronic Complex  
Kushaiguda  
Hyderabad – 500062  
Andhra Pradesh





**MIC Electronica Limited**

A-4/II, Electronic Complex, Kushaiguda, Hyderabad – 500062, Telangana. India.

Tel : +91-40-27122222, Fax : +91-40-2713 3333, Email: [info@mic.co.in](mailto:info@mic.co.in)