

CIN No: L31909TG1988PLC008652

MIC Electronics Limited

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

Ph: +91 40 27122222 Fax: +91 40 27133333

www.mic.in

www.micelectronics.com

ISO 9001:2008 ISO 14001:2004 Certified Company



7th October 2020

To
The Secretary
National Stock Exchange of India Limited
Exchange Plaza
Bandra Kurla Complex
Bandra (E)
Mumbai – 400 051.

To
The Secretary
Bombay Stock Exchange Limited
Phiroj Jeejeebhoy Towers
Dalal Street
Mumbai – 400 001.

Dear Sir / Madam,

Sub : Outcome of Board Meeting – Reg.

We hereby inform you that Board Meeting concluded at 3.00 PM and consider and approved Audited Financial Results for the fourth quarter and year ended on 31st March 2020 along with Statement of impact of Auditors Qualifications. (Annexed herewith).

Thanking you,

Yours truly,

For MIC Electronics Limited

(Vishnu Ravi)
Executive Director

MIC Electronics Limited											
AUDITED FINANCIAL RESULTS FOR THE FOURTH QUARTER ENDED 31ST MARCH 2020					(Rs.in crores)						
STAND-ALONE					CONSOLIDATED						
3 months ended	Previous 3 months ended	Corresponding 3 months ended in the previous year	Year to date figures for current period ended (12M)	Previous Accounting year ended (12 Months)	SR. NO.	Particulars	3 months ended	Previous 3 months ended	Corresponding 3 months ended in the previous year	Year to date figures for current period ended (12M)	Previous Accounting year ended (12 Months)
31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019			31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
Audited	Un-Audited	Audited	Audited	Audited			Audited	Un-Audited	Audited	Audited	Audited
					1	Income					
0.20	0.89	1.00	1.86	4.84		Revenue from Operations	0.20	0.89	1.00	1.86	4.84
0.87	0.03	0.23	0.99	0.66		Other Income	0.87	0.03	0.23	0.99	0.66
1.07	0.92	1.23	2.85	5.50		Total Income	1.07	0.92	1.23	2.85	5.50
					2	Expenses					
0.09	0.09	0.11	0.41	2.30		a. Cost of Material Consumed	0.09	0.09	0.11	0.41	2.30
-	-	0.00	-	0.00		b. Purchase of stock-in-trade	-	-	0.00	-	0.00
0.01	0.12	0.44	0.19	0.32		c. Changes in inventories of finished goods, work-in-progress and stock-in-trade	0.01	0.12	0.44	0.19	0.32
0.49	0.63	0.68	2.46	3.69		d. Employee benefits expense	0.49	0.63	0.68	2.46	3.69
0.16	0.00	0.01	0.20	0.06		e. Finance Costs	0.16	0.00	0.01	0.20	0.06
1.88	1.89	1.90	7.53	7.66		f. Depreciation and Amortisation expense	1.88	1.89	1.90	7.53	7.66
14.51	0.48	14.30	16.00	18.67		g. Other Expenses	14.52	0.48	14.30	16.01	18.68
17.14	3.21	17.44	26.79	32.70		Total Expenses	17.15	3.21	17.44	26.80	32.71
(16.07)	(2.29)	(16.21)	(23.94)	(27.20)	3	Profit / (Loss) from ordinary activities before exceptional items	(16.08)	(2.29)	(16.21)	(23.95)	(27.21)
-	-	0.28	-	0.28	4	Exceptional Items - Expenditure / (Income)	-	-	0.28	-	0.28
(16.07)	(2.29)	(16.49)	(23.94)	(27.48)		Profit / (Loss) before tax	(16.08)	(2.29)	(16.49)	(23.95)	(27.49)
-	-	-	-	0.00	5	Tax Expense	-	-	-	-	0.00
(16.07)	(2.29)	(16.49)	(23.94)	(27.48)	6	Profit for the period	(16.08)	(2.29)	(16.49)	(23.95)	(27.49)
-	-	-	-	-	7	Other Comprehensive Income	-	-	-	-	-
(16.07)	(2.29)	(16.49)	(23.94)	(27.48)	8	Total comprehensive income for the period	(16.08)	(2.29)	(16.49)	(23.95)	(27.49)
44.05	44.05	44.05	44.05	44.05	9	Paid up Equity Share capital, equity shares of Rs.2/- each	44.05	44.05	44.05	44.05	44.05
-	-	-	(179.40)	(155.46)	10	Other equity excluding revaluation reserve	-	-	-	(171.94)	(148.48)
					11	Earning Per Share (face value of Rs.2/- each)					
(0.73)	(0.10)	(0.75)	(1.09)	(1.25)		(a) Basic	(0.73)	(0.10)	(0.75)	(1.09)	(1.25)
(0.73)	(0.09)	(0.66)	(1.09)	(1.10)		(b) Diluted	(0.73)	(0.09)	(0.66)	(1.09)	(1.10)

Notes:

- Corporate Insolvency Resolution Process (CIRP) has been initiated in respect of MIC Electronics Limited ("company") under the provisions of the Insolvency and Bankruptcy Code, 2016 ('Code') by an order of the National Company Law Tribunal (NCLT), Hyderabad with effect from 13th March 2018. As per Section 17 of the Code, appointed Mr.N.Prabhakar as the interim Resolution Professional (IRP) in terms of IBC. Mr.N.Prabhakar was subsequently confirmed by the committee of creditors (CoC) as the Resolution Professional (RP).

Thereafter Honourable NCLT, Hyderabad bench has passed an order dated 31st July 2019 approving the Resolution Plan submitted by the resolution applicant. Consequently new board of directors have been appointed by the company. The above results have been reviewed by the Audit Committee at its meeting held on 07th October 2020 and approved by the Board of Directors of the Company at its meeting held on 07th October 2020.
- The statutory auditors have expressed disclaimer of opinion for the year ended 31st March 2020 in respect of the following matters.
 - During the year , the company has incurred a net loss of Rs.23.94 Crores resulting into accumulated losses of Rs.179.40 Crores as at 31st March 2020 and erosion of its network. The company has obligations towards fund based borrowings aggregating to Rs.170.00 Crores. In the opinion of the management, resolution and revival of the company is possible in foreseeable future, accordingly, in view of the ongoing CIRP, above results have been prepared on the basis that the company is a going concern.
 - The company has certain trade receivables , security deposits , loans and advances, other financial and current assets aggregating to Rs.24.82 Crores. The management of the company is confident of recovery of the aforesaid dues.Confirmation of balances could not be obtained as at 31st March 2020 for various trade receivables, trade payables. The management has already made provision for doubtful receivables / advances and believes that no material adjustments would be required in books of accounts upon receipt of these confirmations.
 - Since, the company is under CIRP , due to the shortage of resources & lock down of the company due to COVID-19, physical verification of inventories and its valuation could not be done as on 31st March 2020 aggregating to Rs.49.53 crores. However, as part of CIRP, physical verification of inventories and its valuation has been done during the financial year 2017-18 by external valuers and no material movements to the inventories have taken place during the financial year 2019-20 due to lower level of operations of the company. Hence, the company has not made any provision to the valuation of inventories as on 31st March 2020.
 - Since, the company is under CIRP , due to the shortage of resources & lock down of the company due to COVID-19, Physical verification of fixed assets aggregating to Rs.76.44 crores (WDV as on 31 March 2020) has not been carried out by the management.
- Money received against share warrants amounting to Rs.18.76 crores has been forfeited during the financial year.
- The consolidated financial results include the unaudited financial results of the wholly owned subsidiary , M/s.MIC Electronics Inc.

- 5 Management reviewed the deferred tax assets/liabilities on temporary differences between the tax base of assets and liabilities and their carrying amounts for the financial reporting purpose at reporting date. However, as the company is under CIRP, there is virtual uncertainty of taxable profits in near future and availability of deferred tax assets to be set off. Accordingly, the deferred tax (net assets) for the reporting period i.e, April 1, 2019 to March 31, 2020 have not been considered.
- 6 The outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing significant disturbance and slow down of economic activity. As on the date of these results, the Company based on the internal and external information available and the current indicators, believes that there is no material impact of the pandemic on its overall performance, except as mentioned hereinbefore. However, given the uncertainties associated with the nature and duration of COVID-19, the Company continues to monitor the situation closely and shall take appropriate actions based on material changes (if any).
- 7 The Company has only one segment i.e., LED Products.
- 8 The statement includes results for the quarter ended 31st March 2020 and 31st March 2019 being the balancing figure between the audited figures in respect of the financial year and previous financial year and the published figures upto 3rd quarter of the current financial year and previous financial year respectively.
- 9 Figures have been regrouped or rearranged wherever necessary.

Place : Hyderabad
Date : 07.10.2020

Vishnu Ravi
Executive Director

**STATEMENT OF ASSETS & LIABILITIES
AS AT 31ST MARCH 2020**

(Rs.in crores)

Standalone		Particulars	Consolidated	
As at 31.03.2020	As At 31.03.2019		As At 31.03.2020	As At 31.03.2019
Audited	Audited		Audited	Audited
		ASSETS		
		Non Current Assets		
74.55	82.05	Property, Plant & Equipment	74.55	82.05
1.82	1.82	Capital Work-in-Progress	1.82	1.82
0.07	0.09	Other Intangible Assets	0.07	0.09
		Financial Assets		
		(i) Investments	7.75	7.12
11.54	11.75	Other Non Current Assets	11.56	11.88
87.98	95.71		95.75	102.96
		Current Assets		
49.53	49.88	Inventories	49.53	49.88
		Financial Assets		
9.51	19.44	(i) Trade receivables	9.51	19.44
0.05	0.05	(ii) Cash & Cash Equivalents	0.05	0.06
1.30	1.72	(iii) Bank balances other than ii above	1.30	1.72
0.11	0.15	(iv) Other financial assets	0.80	0.80
3.66	3.28	Other Current Assets	3.67	3.28
64.16	74.52		64.86	75.18
152.14	170.23	TOTAL ASSETS	160.61	178.14
		EQUITY AND LIABILITIES		
		Equity		
44.05	44.05	Equity Share Capital	44.05	44.05
(179.40)	(155.46)	Other Equity	(171.94)	(148.48)
(135.35)	(111.41)		(127.89)	(104.43)
		Liabilities		
		Non-current liabilities		
		Financial Liabilities		
		(i) Borrowings		
2.15	2.15	Long Term Provisions	2.15	2.15
2.15	2.15		2.15	2.15
		Current liabilities		
		Financial Liabilities		
14.48	14.86	(i) Borrowings	14.48	14.86
59.32	57.82	(ii) Trade Payables	60.33	58.75
169.28	181.27	(iii) Other Financial Liabilities	169.28	181.27
41.57	24.85	Other current liabilities	41.57	24.85
0.69	0.69	Current Tax Liabilities (Net)	0.69	0.69
285.34	279.49		286.35	280.42
152.14	170.23	TOTAL EQUITY & LIABILITIES	160.61	178.14

MIC Electronics LimitedReplies for the Disclaimer of Opinion in the Auditors' Report for the Quarter / Year ended
March 31,2020

Sl.No	Reference in Auditors' Report	Disclaimer of Opinion	Management's replies
1	Paragraph 4 (a)	(a) Note 2(a) to the statement, in respect of preparation of financial statements of the Company on going concern basis. During the year the Company has incurred a Net Loss of Rs.23.94 crores resulting into accumulated losses of Rs.179.40 crores and erosion of its Net worth as at 31st March 2020. The Company has obligations towards fund based borrowings aggregating to Rs.170.00 crores. The resolution plan approved by Coc was submitted to Hon'ble NCLT, Hyderabad Bench. Honourable NCLT, Hyderabad bench has passed an order dated 31st July 2019 approving the Resolution Plan submitted by the resolution applicant. However, the resolution applicants are still in the process of making the payments as per resolution plan. As the total payments are yet to be made, we are unable to obtain audit evidence in relation to going concern as these matters are uncertain at this time.	<p>The management is of the opinion that the resolution amounts as per the approved Resolution Plan have already been paid for Operational Creditors, Employees and workers, CIRP costs,etc.</p> <p>Also, for Secured and Unsecured Financial Creditors more than 41 % of dues have already been paid.</p> <p>The management is confident that the balance amounts as per the Resolution Plan will be paid in due course and hence the financial statements have been prepared as going concern basis.</p>



2	Paragraph 4 (b)	Note 2(b) to the statement in connection with trade receivables, security deposits, loans and advances, other financial and current assets aggregating to Rs.24.82 crores. There is existence of material uncertainties over the realisability of these amounts due to various factors such as disputes, age of these assets etc. There is also non-availability of confirmation of various trade receivables, trade payables etc. In absence of alternative corroborative evidence, we are unable to comment on the extent to which such balances are recoverable/payable	Once the entire amounts as per Resolution Plan are paid, the management will assess the recoverability with respect to trade receivables, security deposits, loans and advances and other financial assets and make provisions, if any, required in the Books of Accounts.
3	Paragraph 4 (c)	since the company is under CIRP, due to shortage of resources and lock down of the company due to COVID-19, the Company has neither counted the physical inventories nor stated the inventories at the lower of cost and net realizable value as on 31st March 2020 which constitute departure from the accounting standards prescribed under section 133 of the Companies Act, 2013. We were unable to satisfy ourselves by alternative means concerning the inventory quantities held at March 31, 2020 which are stated in the balance sheet at Rs 49.53 crores.	Since, the company is under CIRP , due to the shortage of resources and lock down due to Covid 19, physical verification of inventories and its valuation could not be done as on 31st March 2020 aggregating to Rs.49.53 crores. However, once the Resolution amounts are paid in full, the management will assess the net realizable value by way of valuation of inventories and any material changes will be given effect in the books of accounts.
4	Paragraph 4 (d)	According to the information and explanation given to us, since the company is under CIRP, due to shortage of resources and lock down of the company due to COVID-19 , the management has not done physical verification of fixed assets. Pending such physical verification, we are unable to	Physical verification of fixed assets aggregating to Rs.76.44 crores (WDV as on 31 March 2020) has not been carried out by the management due to the ongoing CIRP, Covid 19 lock down and the constraint of resources. However, once the Resolution amounts are



		comment on the reasonableness of the physical verification programme and discrepancies that may arise on such physical verification of fixed assets as well as requirement of any provision for impairment of fixed assets. We were unable to satisfy ourselves by alternative means concerning the fixed assets held at March 31, 2020 which are stated in the balance sheet at Rs 76.44 crores.	paid in full, the management will assess the effect of impairment of fixed assets by way of valuation and the impairment, if any, will be given effect in the books of accounts.
5	Paragraph 4 (e)	The Company has received communication from State Bank of India to conduct a forensic audit and appointed an audit firm to conduct the forensic audit and as on the date of the report, the forensic audit is completed. However, no report has been provided for verification. So the company is of the view, there will not be any significant impact that requires any adjustment that may arise to the amounts and disclosures in the financial statements.	The Forensic audit Report has not been provided to the Company. However, the Management is of the view that there will not be any significant impact that requires any adjustments that may arise to the amounts and disclosures in the financial statements.

For MIC Electronics Limited

(Vishnu Ravi)
Executive Director



INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS MIC ELECTRONICS LIMITED

1. We have audited the accompanying Statement of Financial Results of **MIC ELECTRONICS LIMITED** ("the Company") for the quarter and year ended March 31, 2020 ("the Statement"), being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5,2016.
2. The company has been under the corporate insolvency resolution process under the provisions of the Insolvency and Bankruptcy Code, 2016 ("the Code") National Company Law Tribunal order dated March 13, 2018. The powers of the Board of Directors stand suspended as per Section 17 of the Code and such powers were exercised by the Resolution professional appointed by the honourable National Company Law Tribunal (Hyderabad bench) by the said order under the provisions of the code. Thereafter, honourable NCLT has passed an order dated 31st July 2019 approving the Resolution Plan submitted by the Resolution applicant. Consequently new Board of Directors have been appointed by the company.
3. We conducted our audits 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 Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation and fair presentation of the Statement 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 Company's internal financial control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement.

Because of the matter described in the Basis for Disclaimer of Opinion paragraph, we were not able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion.

4. Basis of Disclaimer of Opinion:

- (a) Note 2(a) to the statement, in respect of preparation of financial statements of the Company on going concern basis. During the year the Company has incurred a Net Loss of Rs.23.94 crores resulting into accumulated losses of Rs.179.40 crores and erosion of its Net worth as at 31st March 2020. The Company has obligations towards fund based borrowings aggregating to Rs.170.00 crores. The resolution plan approved by



Coc was submitted to Hon'ble NCLT, Hyderabad Bench. Honourable NCLT, Hyderabad bench has passed an order dated 31st July 2019 approving the Resolution Plan submitted by the resolution applicant. However, the resolution applicants are still in the process of making the payments as per resolution plan. As the total payments are yet to be made, we are unable to obtain audit evidence in relation to going concern as these matters are uncertain at this time.

- (b) Note 2(b) to the statement in connection with trade receivables, security deposits, loans and advances, other financial and current assets aggregating to Rs.24.82 crores. There is existence of material uncertainties over the realisability of these amounts due to various factors such as disputes, age of these assets etc. There is also non-availability of confirmation of various trade receivables, trade payables etc. In absence of alternative corroborative evidence, we are unable to comment on the extent to which such balances are recoverable/payable.
- (c) According to the information and explanation given to us, since the company is under CIRP, due to shortage of resources and lock down of the company due to COVID-19, the Company has neither counted the physical inventories nor stated the inventories at the lower of cost and net realizable value as on 31st March 2020 which constitute departure from the accounting standards prescribed under section 133 of the Companies Act, 2013. We were unable to satisfy ourselves by alternative means concerning the inventory quantities held at March 31, 2020 which are stated in the balance sheet at Rs 49.53 crores.
- (d) According to the information and explanation given to us, since the company is under CIRP, due to shortage of resources and lock down of the company due to COVID-19, the management has not done physical verification of fixed assets. Pending such physical verification, we are unable to comment on the reasonableness of the physical verification programme and discrepancies that may arise on such physical verification of fixed assets as well as requirement of any provision for impairment of fixed assets. We were unable to satisfy ourselves by alternative means concerning the fixed assets held at March 31, 2020 which are stated in the balance sheet at Rs 76.44 crores.
- (e) The Company has received communication from State Bank of India to conduct a forensic audit and appointed an audit firm to conduct the forensic audit and as on the date of the report, the forensic audit is completed. However, no report has been provided for verification. So the company is of the view, there will not be any significant impact that requires any adjustment that may arise to the amounts and disclosures in the financial statements.

As a result of these matters, we have not been able to obtain sufficient appropriate audit evidence to state whether any adjustments or disclosure would be required to the information included in the financial statement and the impact thereof.



5. Disclaimer of Opinion :

Because of the significance of the matters described in the Basis of Disclaimer of Opinion paragraph, we do not have a basis to form an opinion on the financial statements. Accordingly, we do not express an opinion on the financial statements.

Management's Responsibilities for the Standalone Financial Results

The Statement has been prepared on the basis of the standalone annual financial statements. The Board of Directors of the Company are responsible for the preparation and presentation of the Statement that gives a true and fair view of the net loss and other comprehensive loss of the Company and other financial information in accordance with the applicable accounting standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Statement, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Results

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Statement.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud



may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



PAVULURI & Co.

CHARTERED ACCOUNTANTS

Plot No.48, Flat No.301,
Micasa, Phase - I, Kavuri Hills,
Hyderabad - 500 033.

Ph : 040-2970 2638 / 2639 / 2640
Email : pavuluriandco@gmail.com

Other Matters :

- (a) We draw attention to Note No.6 as regards to the management evaluation of COVID-19 impact on the future performance of the company and its subsidiaries. Our opinion is not modified in respect of this matter.
- (b) Section 203 of the Companies Act, read with rule 8A of the companies (Appointment and remuneration of Managerial Personnel) Amendment rules, 2014, In respect of appointment of CFO, As per the said provisions the Board should fill the vacancy of CFO within 6 months from the date of such vacancy. However, in the present case such six months have already been elapsed from the date of such vacancy.

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

RAJESH

NUKAVARAPU

Digitally signed by
RAJESH NUKAVARAPU
Date: 2020.10.07
12:12:43 +05'30'

(CA N. RAJESH)

PARTNER

M.No : 223169

UDIN # 20223169AAAACV3278

Place: Hyderabad

Date: 07.10.2020



INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS MIC ELECTRONICS LIMITED

1. We have audited the accompanying Statement of Consolidated Financial Results of **MIC ELECTRONICS LIMITED** ("the Company") and its subsidiaries (the company and its subsidiaries together referred to as Group) for the quarter and year ended March 31, 2020 ("the Statement"), being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.
2. The company has been under the corporate insolvency resolution process under the provisions of the Insolvency and Bankruptcy Code, 2016 ("the Code") National Company Law Tribunal order dated March 13, 2018. The powers of the Board of Directors stand suspended as per Section 17 of the Code and such powers were exercised by the Resolution professional appointed by the honourable National Company Law Tribunal (Hyderabad bench) by the said order under the provisions of the code. Thereafter, honourable NCLT has passed an order dated 31st July 2019 approving the Resolution Plan submitted by the Resolution applicant. Consequently new Board of Directors have been appointed by the company.
3. We conducted our audits 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 Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation and fair presentation of the Statement 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 Company's internal financial control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement.

Because of the matter described in the Basis for Disclaimer of Opinion paragraph, we were not able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion.

4. Basis of Disclaimer of Opinion:

- (a) Note 2(a) to the statement, in respect of preparation of financial statements of the Company on going concern basis. During the year the Company has incurred a Net Loss of Rs.23.95 crores resulting into accumulated losses of Rs.171.94 crores and



erosion of its Net worth as at 31st March 2020. The Company has obligations towards fund based borrowings aggregating to Rs.170.00 crores. The resolution plan approved by Coc was submitted to Hon'ble NCLT, Hyderabad Bench. Honourable NCLT, Hyderabad bench has passed an order dated 31st July 2019 approving the Resolution Plan submitted by the resolution applicant. However, the resolution applicants are still in the process of making the payments as per resolution plan. As the total payments are yet to be made, we are unable to obtain audit evidence in relation to going concern as these matters are uncertain at this time.

- (b) Note 2(b) to the statement in connection with trade receivables, security deposits, loans and advances, other financial and current assets aggregating to Rs.25.54 crores. There is existence of material uncertainties over the realisability of these amounts due to various factors such as disputes, age of these assets etc. There is also non-availability of confirmation of various trade receivables, trade payables etc. In absence of alternative corroborative evidence, we are unable to comment on the extent to which such balances are recoverable/payable.
- (c) According to the information and explanation given to us, since the company is under CIRP, due to shortage of resources and lock down of the company due to COVID-19, the Company has neither counted the physical inventories nor stated the inventories at the lower of cost and net realizable value as on 31st March 2020 which constitute departure from the accounting standards prescribed under section 133 of the Companies Act, 2013. We were unable to satisfy ourselves by alternative means concerning the inventory quantities held at March 31, 2020 which are stated in the balance sheet at Rs 49.53 crores.
- (d) According to the information and explanation given to us, since the company is under CIRP, due to shortage of resources and lock down of the company due to COVID-19, the management has not done physical verification of fixed assets. Pending such physical verification, we are unable to comment on the reasonableness of the physical verification programme and discrepancies that may arise on such physical verification of fixed assets as well as requirement of any provision for impairment of fixed assets. We were unable to satisfy ourselves by alternative means concerning the fixed assets held at March 31, 2020 which are stated in the balance sheet at Rs 76.44 crores.
- (e) The Company has received communication from State Bank of India to conduct a forensic audit and appointed an audit firm to conduct the forensic audit and as on the date of the report, the forensic audit is completed. However, no report has been provided for verification. So the company is of the view, there will not be any significant impact that requires any adjustment that may arise to the amounts and disclosures in the financial statements.

As a result of these matters, we have not been able to obtain sufficient appropriate audit evidence to state whether any adjustments or disclosure would be required to the information included in the consolidated financial statements and the impact thereof.



5. Disclaimer of Opinion :

Because of the significance of the matters described in the Basis of Disclaimer of Opinion paragraph, we do not have a basis to form an opinion on the consolidated financial statements. Accordingly, we do not express an opinion on the consolidated financial statements.

Management's Responsibilities for the Consolidated Financial Results

The Statement has been prepared on the basis of the consolidated annual financial statements. The Holding Company's Board of Directors are responsible for the preparation and presentation of the Statement that give a true and fair view of the net loss and other comprehensive loss and other financial information of the Group in accordance with the applicable accounting standards prescribed under section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Statement by the Directors of the Holding Company, as aforesaid.

In preparing the Statement, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Results

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Statement.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial results and the financial information of the entities within the of which we are the independent auditors to express an opinion on the Statement. We are responsible for the direction, supervision and performance of the audit of the financial information of such entities included in the Statement of which we are the independent auditors. For the other entities included in the Statement, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the Statement of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



PAVULURI & Co.

CHARTERED ACCOUNTANTS

Plot No.48, Flat No.301,
Micasa, Phase - I, Kavuri Hills,
Hyderabad - 500 033.

Ph : 040-2970 2638 / 2639 / 2640
Email : pavuluriandco@gmail.com

Other Matters :

- (a) We draw attention to Note No. 6 as regards to the management evaluation of COVID-19 impact on the future performance of the company and its subsidiaries. Our opinion is not modified in respect of this matter.
- (b) Section 203 of the Companies Act, read with rule 8A of the companies (Appointment and remuneration of Managerial Personnel) Amendment rules, 2014, In respect of appointment of CFO, As per the said provisions the Board should fill the vacancy of CFO within 6 months from the date of such vacancy. However, in the present case such six months have already been elapsed from the date of such vacancy.
- (c) We have relied on the unaudited financial statements of subsidiary M/s. MIC Electronics Inc., USA for year ended 31st March 2020. These unaudited financial statements signed by the respective director of this company 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 unaudited financial statements.

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

RAJESH

NUKAVARAP

U

Digitally signed by
RAJESH NUKAVARAPU
Date: 2020.10.07
12:14:15 +05'30'

(CA N. RAJESH)

PARTNER

M.No : 223169

UDIN # 20223169AAAACW5236

Place: Hyderabad

Date: 07.10.2020