



**MIC Electronics Limited**  
**32<sup>nd</sup> Annual Report 2019-20**

## INDEX

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**Notice** is hereby given that the 32<sup>nd</sup> Annual General Meeting of MIC Electronics Limited will be held on Thursday, 31<sup>st</sup> day of December, 2020, at 10.30 A.M. through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”) to transact the following business:

**Ordinary Business****Item No: 1: Adoption of Financial Statements****To receive, consider and adopt:**

- a) The Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2020 together with the Reports of the Board of Directors and the Auditors thereon; and
- b) The Audited Consolidated Financial Statements of the Company for the Financial year ended March 31, 2020 together with the Report of the Auditors thereon.

**Item No: 2: Re-appointment of Mr. Ravi Vishnu :**

To appoint a Director in place of Shri Vishnu Ravi, Executive Director (DIN 01144902), who retires by rotation, and being eligible offers himself for re-appointment.

**Special Business****Item No: 3: Appointment of Ms. U K Gayathri as an Independent Director**

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mrs. U K Gayathri (DIN:07901195), who was appointed as an Additional Director (Non-executive Independent) of the Company with effect from 9th December, 2019 under Section 161 of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a term of 5 (five) consecutive years from 9th December 2019.”

For MIC Electronics Limited

Sd/-

Dated : 04.12.2020  
Place : Hyderabad

(Vishnu Ravi)  
Executive Director  
(DIN: 01144902)

**NOTES:**

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as “MCA Circulars”) permitted the holding of the Annual General Meeting (“AGM”) through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
2. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
3. In view of SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May 2020 exempt for sending physical copies of annual report to shareholders Regulation 36 (1)(b) and (c) of the LODR prescribes that a listed entity shall send a hard copy of the statement containing salient features of all the documents, as prescribed in Section 136 of the Companies Act, 2013 to the shareholders who have not registered their email addresses and hard copies of full annual reports to those shareholders, who request for the same, respectively.
4. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty (50) members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Report.
5. Corporate Members intending to send their authorised representatives to attend the Meeting pursuant to section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the relevant Board Resolution together with their respective specimen signatures authorising their representative(s) to attend and vote on their behalf at the Meeting.
6. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.
7. Members/ proxies should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
8. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the Meeting.
9. Relevant documents referred to in the accompanying Notice and in the Explanatory Statements are open for inspection by the Members at the Company’s Registered Office on all working days of the Company, during business hours up to the date of the Meeting.
10. The Register of Members and Share Transfer Books of the Company will remain closed from 25th December, 2020 to 31st December, 2020 (both days inclusive).
11. Members holding shares in electronic form are requested to intimate any change in their address and / or bank mandates to their Depository Participants with whom they are maintaining their demat accounts immediately. The Members holding shares in physical form are requested to advise any change of address and / or bank mandate immediately to M/s. Venture Capital and Corporate Investments Pvt. Ltd., 12-10-167, Bharat Nagar, Hyderabad – 500018.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members

holding shares in physical form can submit their PAN details to M/s. Venture Capital and Corporate Investments Pvt. Ltd., 12-10-167, Bharat Nagar, Hyderabad –500 018.

13. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
14. Members holding shares in physical form, identical order of names, in more than one folio are requested to send to the Company or RTA, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.
15. Members desiring any information relating to the accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.
16. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules issued there under, Companies can serve Annual Reports and other communications through electronic mode to those shareholders who have registered their email address either with the Company or with the Depository. It is a welcome move for the society at large, as this will reduce paper consumption to a great extent and allow shareholders to contribute towards a green environment. This is a golden opportune for every shareholder of MIC to contribute to the cause of Green Initiative. Members who have not registered their e-mail address with the Company are requested to register the same by submitting the letter to Venture Capital and Corporate Investments Pvt., Ltd., 12-10-167, Bharat Nagar, Hyderabad - 500 018. The Members holding shares in electronic form are requested to register their e-mail address with their Depository Participants only. The Members of the Company, who have registered their e-mail address, are entitled to receive communications in physical form, upon request.
17. Copies of the Annual Report 2019-2020 are being sent by electronic mode only to all the Members whose email addresses are registered with the Company / Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same.
18. In accordance with the provisions of Section 72 of the Companies Act, 2013, members are entitled to make nominations in respect of the Equity Shares held by them, in physical form Members desirous of making nominations may procure the prescribed form from the Registrar & Share Transfer Agent Venture Capital and Corporate Investments Pvt. Ltd., 12-10-167, Bharat Nagar, Hyderabad - 500 018 and have it duly filled and sent back to them.
19. In compliance with the provisions of Section 108 of the Act and the Rules framed there under, as amended from time to time, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by CDSL, on all the resolutions set forth in this Notice. The instructions for e-voting are given herein below. Resolution(s) passed by Members through e-voting is/are deemed to have been passed as if they have been passed at the AGM.
20. The facility for voting through electronic voting system or ballot or polling paper shall be made available at the Annual General Meeting and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting.
21. The Notice of the 32nd AGM and instructions for e-voting and Proxy Form, are being sent by electronic mode to all members whose email addresses are registered with the Company/Depository Participant(s) unless a member has requested for a hard copy of the same. For members who have not registered their email addresses.
22. Members may also note that the Notice of the 32nd AGM and the Annual Report 2019-20 will be available on the Company's website [www.mic.co.in](http://www.mic.co.in).
23. The board of directors has appointed S R Vattikuti & Associates, Practicing Company Secretaries (C.P No. 13966) as the Scrutinizer to scrutinize the voting at the meeting and remote e-voting process in a fair and transparent manner.

24. The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
25. E- voting cut of date is 25thDecember 2020, E-voting opens from 28thDecember 2020 at 9.00 AM and ends on 30thDecember 2020 at 5.00 PM.
26. The instructions for e-voting are as under:

#### **CDSL e-Voting System – For Remote e-voting and e-voting during AGM**

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, , the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at [www.mic.co.in](http://www.mic.co.in) The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM i.e. [www.evotingindia.com](http://www.evotingindia.com)).
7. The AGM is being convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.

**THE INTRUCTIONS FOR SHAREHOLDRES FOR REMOTE E-VOTING ARE AS UNDER:**

- (i) The voting period begins on 28th December 2020 9 AM and ends on 30th December 2020 at 5.00PM. During this period shareholders’ of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 25th December 2020 of 25th December 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on “Shareholders” module.
- (v) Now enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL’s **EASI/EASIEST** e-services, you can log-in at <https://www.cdslindia.com> from Login – My easy using your login credentials. Once you successfully log-in to CDSL’s **EASI/EASIEST** e-services, click on **e-Voting** option and proceed directly to cast your vote electronically.

- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

<b>For Shareholders holding shares in Demat Form and Physical Form</b>	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/ RTA or contact Company/RTA.</li> </ul>
Dividend Bank Details	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.
OR Date of Birth (DOB)	<ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>

- (ix) After entering these details appropriately, click on “SUBMIT” tab.
- (x) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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. 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.

- (xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xiii) 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.
- (xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xv) 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.
- (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL’s mobile app “**m-Voting**”. The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to **Company/RTA email id**.
2. For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to **Company/RTA email id**.

**INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance from December 26, 2020 (9:00 a.m. IST) to December 28, 2020 (5:00 p.m. IST) mentioning their name, demat account number/folio number, email id, mobile number at [cs@mic.co.in](mailto:cs@mic.co.in). The shareholders who do not wish to speak during the AGM but have queries may send their



queries in advance from December 26, 2020 (9:00 a.m. IST) to December 28, 2020 (5:00 p.m. IST) mentioning their name, demat account number/folio number, email id, mobile number at [cs@mic.co.in](mailto:cs@mic.co.in).

6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

#### **INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

#### **(xx) Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [cs@mic.co.in](mailto:cs@mic.co.in), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, 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) or contact Mr. Nitin Kunder (022-23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.

**Annexure to the Notice****Pursuant to the provisions of Section 108 of the Companies Act, 2013**

Details of Directors in accordance with the SEBI (Listing Obligations and Disclosure Regulations, 2015 and Secretarial Standard on General Meeting (SS-2):

Particulars	Details of Directors seeking appointment/reappointment	
Name of the Director	Mr. Vishnu Ravi	Mrs. U K Gayathri
Director Identification Number	01144902	07901195
Date of Birth	15-02-1962	04-05-1991
Date of Appointment	21-12-2019	09-12-2019
Qualification	M.E (Computer Science) from PSG College of Technology	Associate Member of the Institute of Company Secretaries of India (ICSI) (LLB) from Osmania University Bachelor's Degree in Commerce from Osmania University
Specific functional areas	e-governance, IT implementation in Power Utilities, and customized BPO services.	Possesses over 4 years of experience in corporate laws, secretarial matters & compliances. Her main domain and area of practice inter-alia is with NCLT. She is a consultant to various companies. She was appointed as a scrutinizer by the Tribunal in conducting meetings of shareholders, secured / un-secured creditors in case of mergers / amalgamations, for many renowned companies
Directorship in other companies.	Cosyn Limited Indo-American Chamber of Commerce Granada Engineers Limited RRK Enterprise Private Limited	NIL
Committee Memberships in other Companies	I	NIL
Number of shares held in the Company	NIL	NIL
Inters-e relationship between the Board members	NIL	NIL

To,

The Members,  
MIC Electronics Limited

In accordance with the applicable provisions of the Insolvency and Bankruptcy Code 2016 ("IBC/Code"), the Corporate Insolvency Resolution Process ("CIRP Process") of MIC Electronics Limited ("Company") was initiated by the Financial Creditors of the Company. The Financial Creditors petition to initiate the CIRP Process was admitted by the National Company Law Tribunal ("NCLT") Hyderabad Bench on 13th March, 2018 ("Insolvency Commencement Date"). Mr. Prabhakar Nandiraju was appointed as the Interim Resolution Professional ("IRP") to manage the affairs of the Company. Subsequently, Mr. Prabhakar Nandiraju was confirmed as the Resolution Professional ("RP") by the committee of creditors ("CoC") at their meeting held on 1st June 2018. On appointment of the IRP/RP, the powers of the Board of Directors of the Company were suspended.

The RP invited expressions of interest and submission of a resolution plan in accordance with the provisions of the Code. Out of various resolution plans submitted by Resolution Applicants, the CoC approved the resolution plan submitted by Cosyn Limited consortium. The RP submitted the CoC approved resolution plan to the NCLT on 10th December 2018 for its approval and the NCLT, Hyderabad Bench approved the resolution plan submitted by Cosyn Limited consortium on 31st July 2019 ("IBC/NCLT Order"). Pursuant to the NCLT order, Cosyn Limited consortium is under process of implementation of Resolution Plan. A new Board was constituted in the current financial year i.e. on 7th August, 2019 ("Reconstituted Board" or "Board") and a new management was put in place. In accordance with the provisions of the Code and the NCLT order, the approved resolution plan is binding on the Company and its employees, members, creditors, guarantors and other stakeholders involved.

Members may kindly note that, the Directors of the Reconstituted Board ("Directors") were not in office for the period to which this report primarily pertains. During the CIRP Process (i.e. between 13th March 2018 to 31st July 2019), the RP was entrusted with the management of the affairs of the Company. Prior to the Insolvency Commencement Date, the erstwhile Board of Directors had the oversight on the management of the affairs of the Company. The Reconstituted Board is submitting this report in compliance with the provisions of the Companies Act, 2013, the rules and regulations framed there under ("Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 ("Listing Regulations"). The Reconstituted Board is not to be considered responsible to discharge fiduciary duties with respect to the oversight on financial and operational health of the Company and performance of the management for the period prior to the Reconstruction of Board.

Members are requested to read this report in light of the fact that the Reconstituted Board and the new management is currently implementing the resolution plan.

**During the period 1<sup>st</sup> April 2018 to 6<sup>th</sup> August 2019:**

- (a) the management of the affairs of the company shall vest in the Resolution Professional.
- (b) the powers of the Board of Directors company shall stand suspended and be exercised by the Resolution Professional.
- (c) be responsible for complying with the requirements under any law for the time being in force.

**During the period 7th August 2019 to 31st March 2020:**

New Board reconstituted on 7th August 2019 with the following new directors Mr. Vishnu Ravi, Mr. Siva Kakarala Lakshmana Rao, Mr. Medsani Srinivas and Mrs. U K Gayathri appointed on 9th December 2019.

**Financial summary or highlights/Performance of the Company:**

The financial performance of the Company for the financial year ended 31st March, 2020, is summarized below: (Standalone)

(Rs. in Crores)

Particulars	Financial Year ended 31 <sup>st</sup> March 2020	Financial Year ended 31 <sup>st</sup> March 2019
Revenue From Operations	1.86	4.84
Other income	0.99	0.66
<b>Total income</b>	<b>2.85</b>	<b>5.50</b>
Profit before Interest, Depreciation, Exceptional Item & Tax	(16.21)	(19.48)
Less: Depreciation	7.53	7.66
Interest	0.20	0.06
Profit before exceptional items and Tax	(23.94)	(27.20)
Exceptional Items	0.00	0.28
Profit / (Loss) before Tax	(23.94)	(27.48)
Tax: MAT credit Entitlement	-	-
Deferred Tax (Liability)/Asset	-	-
Profit / (Loss) after Tax	(23.94)	(27.48)
Other Comprehensive Income	-	-
Total Comprehensive Income	(23.94)	(27.48)
<b>EPS- Basic (In Rs.)</b>	<b>(1.09)</b>	<b>(1.25)</b>
<b>Diluted (In Rs.)</b>	<b>(1.09)</b>	<b>(1.10)</b>

**State of Company's Affairs**

During the year under review, your company executed regular Annual Maintenance Contracts of Indian Railways and executed certain lighting and display order of private parties.

**Covid-19**

During the financial year, the COVID-19 pandemic developed rapidly into a global crisis, forcing governments to enforce lock-downs of all economic activity. For the Company, the focus immediately shifted to ensuring the health and well-being of all employees of the company closed its operational activities from 21st March 2020 to 31st August 2020. The operations again resumed from 1st September, 2020.

**Status of Implementation of Resolution plan**

As per the Resolution Plan, Monitoring Committee has been formed for implementation of Resolution Plan. The Constitution of Monitoring Committee consists of Mr. Prabhakar Nandiraju, RP, and one representative from every secured financial creditor along with Resolution Applicant.

As on date, Rs.19.24 crores have been paid to secured financial creditors out of total committed amount of Rs. 46.51 crores and an amount of Rs. 27.27 crores is still payable.

Others: Resolution Applicants have paid total committed amount, to operational creditors and Insolvency cost. Out of the total amount of 3.21 crores payable to Un-Secured financial creditors, an amount of Rs.93.50 lakhs paid and still an amount of Rs. 2.27 crores payable to Un-secured Fanatical creditors. Against an amount of Rs. 1.05 crores payable to workmen/ employees dues and ex-employees, an amount of 78.69 lakhs was paid and still an amount of Rs. 26.31 lakhs is payable.

Monitoring Committee has approved the extension of timelines for implementation of resolution plan and an Interim Application has been filed with NCLT Hyderabad for approval.

### **Dividend**

As the company has incurred losses for the financial year ended 31st March, 2020, the question of declaration of dividend does not arise.

### **Transfer to Reserves**

The Company has during the period under review, has not transferred any amount to its General Reserves.

### **Changes in Share Capital**

There is no change in the share capital of the Company during the year under review.

### **Deposits:**

The Company has not invited/ accepted any deposits from the public during the year ended March 31, 2020. There were no unclaimed or unpaid deposits as on March 31, 2020.

### **Change in the Nature of Business, if any**

During the year under review, there is no change in nature of business of the company

### **Management Discussion and Analysis Report**

Management's discussion and analysis report for the year under review, as stipulated under Clause 27(2) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, is presented in a separate section forming part of the Annual Report.

### **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 4500000 (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 2010 under the MIC Electronics Ltd Employees Stock Options Plan, 2006 are as under:

No employee was issued Stock Option, during the year equal to or exceeding 1% of the issued capital of the Company at the time of grant.

### **Particulars of Employees**

The details pursuant to Section 197 (12) of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 enclosed as **Annexure - I**.

Further during the year under review, none of the employees received remuneration as set out in Rule (5) (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

### Subsidiaries and Associates

During the year, the Board has reviewed the affairs of the Subsidiaries. In accordance with Section 129(3) of the Companies Act 2013 we have prepared consolidated financial statements of the Company and all its subsidiaries, which form part of the Annual Report. Further, a statement containing the salient features of the financial statement of our subsidiaries in the prescribed format AOC-I is appended as **Annexure-II** to the Board's Report. The statement also provides the details of performance, financial positions of each of the subsidiaries.

In accordance with Section 136 of the Companies Act, 2013, the audited financial statements, including the consolidated financial statements and related information of the Company and accounts of each of its subsidiaries, are available on our website [www.mic.co.in](http://www.mic.co.in). These documents will also be available for inspection during business hours at our registered office in Hyderabad.

As on 31st March, 2020, the following are the subsidiaries:

- I. MIC Electronics Inc., USA

### Consolidated Financial Statements

The audited standalone 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 SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Accounting Standards (AS-21) on consolidated Financial Statements and the Accounting Standard (AS-23) on Accounting for Investment in Associates.

### Directors' Responsibility Statement

Pursuant to the requirement under Section 134 of the Companies Act, 2013, with respect to the Directors' Responsibility Statement, the Board of Directors of the Company hereby confirms:

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) The directors had prepared the annual accounts on a going concern basis;
- (e) The Directors, have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively and
- (f) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### Statement on Declaration given by Independent Directors

The Company has received necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013 that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Clause 27(2) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

### Particulars of Contracts or Arrangements with related parties:

Company has transactions with related parties, which were continuing from previous financial years. However all those are entered under ordinary course of business and are at arm's length transactions. Therefore, consent of the shareholders under Section 188 is not required. The particulars of contracts or arrangements with related parties referred to in sub-section (1) of Section 188 is prepared in Form No. AOC-2 pursuant to clause (h) of sub-section (3) of Section 134 of the

Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 and the same is enclosed as **Annexure - III** to this Report.

### **Corporate Social Responsibility (CSR)**

The Company is not required to constitute a Corporate Social Responsibility Committee as it does not fall within purview of Section 135(1) of the Companies Act, 2013 and hence it is not required to formulate policy on corporate social responsibility.

### **Risk Management Policy**

The Company has policy for identifying risk and established controls to effectively manage the risk. Further the Company has laid down various steps to mitigate the identified risk.

### **Internal Financial Controls**

Due to insolvency process and lack of sufficient resources and in the absence of old management, there are certain lapses in the internal audit systems. However, during the year, adequate records and documents are maintained as per statutory requirements and certain internal controls are in place.

### **Corporate Governance**

The Company is committed to maintain the standards of corporate governance and adhere to the corporate governance requirements set out by SEBI. The report on Corporate Governance as stipulated under the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 forms an integral part of this Report. The requisite certificate from the Practicing Company Secretary confirming compliance with the conditions of corporate governance is attached to the report on Corporate Governance.

#### **I. Board Meetings**

The Board has been suspended during the period under review. As per the authorization given by Mr. Prabhakar Nandiraju Board meetings held during the period for approval of Un-audited and Audited Financial Results till the Resolution Plan approval i.e up to 31st July, 2019.

2. Subsequently, Two directors were appointed by the Resolution Applicants on 07th August, 2019 and one Non-Executive Independent director on the same date and another independent Director appointed on 9th December 2019.

### **Number of Meetings of the Board of Directors**

The Board met Six times during the financial year on 30-May-2019, 14-Aug-2019, 28-Nov-2019, 09-Dec-2019, 14-Dec-2019 and 11-Feb-2020.

### **Directors**

After initiation of CIRP proceedings, the Powers of the Board of Directors of the Company have been suspended w.e.f. 13.03.2018 pursuant to the orders dated 13.03.2018 of Hon'ble National Company Law Tribunal (NCLT) initiating Corporate Insolvency Resolution Process. Subsequently, new directors were appointed by the Resolution Applicants as mentioned herein.

### **Induction to the Board**

Mr. Vishnu Ravi (DIN: 01144902), Mr. Siva Kakarala Lakshmanarao (DIN: 03641564) and Mr. Medsani Srinivas (DIN: 00827476) appointed as Members of the Board effective from 7th August 2019.

Mrs. U K Gayathri appointed as Non-Executive Independent Director of the company with effect from 9th December 2019.

### **Cessation of Directorship**

- Dr. Venkata Ramana Rao Maganti Resigned as Director of the company with effect from 15th August 2019.
- Shri L N Malleswara Rao Resigned as Member of the Board and as CFO with effect from 15th August 2019.

### Committees of the Board

Currently, the Board has three Committees reconstituted:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholders Relationship Committee

The powers of the various committees mentioned above have also been suspended due to Insolvency process till the time of approval of Resolution Plan i.e. 31<sup>st</sup> July, 2019.

### Statutory Auditors

The Statutory Auditors of the Company, M/s. Pavuluri & Co., were appointed at the 29th Annual General Meeting till the conclusion of the 33rd Annual General Meeting (AGM) of the Company.

### Replies to the observations made in Statutory Auditor's Report:

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.	<p>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.</p>



In absence of alternative corroborative evidence, we are unable to comment on the extent to which such balances are recoverable/payable

- |   |                 |  |   |
|---|-----------------|--|---|
| 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 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. | 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 paid in full, the management will assess the effect of the 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.   |

#### Internal Auditor

Due to Insolvency process and lack of sufficient resources, there are certain drawbacks in the effectiveness of the internal control systems. To the extent possible, certain reports were submitted to the Audit Committee about the adequacy and effectiveness of the internal control system of your Company.

With the new management and the new Audit committee in place, with valuable suggestions from the Board and the Audit committee on the improvements in the operating procedures and control systems, all efforts are being made in strengthening the operating procedures.

#### Cost Auditor

Pursuant to the rules made by the Central Government under sub-section (1) of Section 148 of the Act, the maintenance of cost records is not applicable for the company for the year under review.

#### Secretarial Auditor

The Board has appointed S R Vattikuti & Associates, Company Secretaries to conduct Secretarial Audit for the financial year 2019-20. The Secretarial Audit Report for the financial year ended March 31, 2020 is annexed herewith marked as **Annexure-IV** to this Report.

#### Replies to the observations made in Secretarial Auditor's Report:

S. Secretarial Audit Qualification No. (each audit qualification separately):	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:
a. Non-Compliance of Regulation 33(3)(a) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.	a. Delay was caused in finalizing financial statements due to constitution of new Board as per the Resolution plan.
b. Non-Compliance of Regulation 46(2) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.	b. Due to pandemic developed rapidly into a global crisis, forcing governments to enforce lock-downs of all economic activity, technical errors occurred during the Lock-down period and we are under process to resume the website as per LODR Regulations.
c. <i>Non-Compliance of Regulation 13(1) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.</i>	c. One case is pending filed by Advent Advisory Services Private Limited and has submitted its claim to the Resolution Professional under CIRP Process. The amount provided in the resolution plan is being paid.
d. Non-Compliance of Section 21A of Securities Contracts (Regulation) Act, 1956 read with Rule 21 of Securities Contracts (Regulation) Rules, 1957 and SEBI (Regulatory fees on Stock Exchanges) Regulations, 2006.	d. The Annual Fee dues were regularized in the current financial year 2020-21 which is payable for the year 2019 -20.
e. Non-compliance of Section 203(1) of the Companies Act, 2013 with respect to appointment of Chief Financial Officer.	e. As per the approved resolution plan existing Director Shri L N Malleswara Rao Resigned as Director & CFO of the company w.e.f 15th August 2019. The company is in the process of identifying suitable candidate for CFO.
f. Non-Compliance of Section 138, read with rule 13 of Companies Accounts Rules, 2014 with respect to Appointment of Internal auditor.	f. Due to insolvency process and lack of sufficient resources and in the absence of old management, there are certain lapses in the internal audit systems. However, during the year, adequate records and documents are maintained as per statutory requirements and certain internal controls are in place.
g. Non-filing of periodical forms including annual filings with the Registrar of Companies.	g. New management is under process for filing of all pending Forms.

- h. Non-compliance of Section 6(3) and 47 of the Foreign Exchange Management Act, 1999, read with Regulation No.15 of Notification No. FEMA.120/RB-2004 dated July 7, 2004, (GSR 757 (E) dated November 19, 2004) as amended, with respect to filing of Annual Performance Report and A.P. (DIR Series) Circular No.145 dated June 18, 2014.
- h. Filing of Annual Performance Report is held up for certain clarifications sought and will be addressed and filed in the current financial year 2020-21.

### Extract of the Annual Return

The Extracts of Annual Return is prepared in Form MGT-9 as per the provisions of the Companies Act, 2013 and Rule 12 of Companies (Management and Administration) Rules, 2014 and the same has been placed in [www.mic.co.in](http://www.mic.co.in).

### Material changes and commitments, if any, affecting the financial position of the company

An insolvency application was made by M/s SREI Equipment Finance Limited, one of the Financial Secured Creditor to National Company Law Tribunal (NCLT), for default in repayment of term loan installments. NCLT admitted the application on 13.03.2018 and passed orders for initiation of Corporate Insolvency Resolution Process (CIRP). Mr. Prabhakar Nandiraju was appointed by NCLT as Interim Resolution Professional. His appointment as Resolution Professional was made by the Committee of Creditors (CoC) in their meeting held on 01.06.2018.

Subsequently, the Resolution Plan submitted by the Resolution Applicant, M/s Cosyn Consortium was approved by Hon'ble NCLT, Hyderabad by passing an Order dated 31.07.2019.

After approval of the Resolution Plan, new Board was formed and commenced overseeing the operations of the Company. The Resolution applicants are in the process of making payments to the various categories of creditors as per the Resolution Plan.

### Details of Significant and Material Orders passed by the Regulators or Courts or Tribunals impacting the going concern status and company's operations in future

Corporate Insolvency Resolution Process (CIRP) has been initiated under the provisions of the Insolvency and Bankruptcy Code, 2016 ("the Code") vide order dated 13th March, 2018 passed by Hon'ble National Company Law Tribunal (NCLT), Hyderabad.

Resolution Plan submitted by Cosyn Limited consortium was approved by CoC in their meeting held on 6th December 2018 and the same filed with NCLT, Hyderabad was approved on 31.07.2019.

No other Significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

### Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo

Information with respect to conservation of energy, technology absorption, foreign exchange earnings and outgo pursuant to Section 134(3)(m) of the Act read with Companies (Accounts) Rules, 2014 is prepared and the same is enclosed as **Annexure - V** to this Report.

### Particulars of loans, guarantees or investments under section 186

Loans, Guarantees, Investments given during the Financial Year ended on 31st March 2020, which attracts the provisions of Section 186 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, form part of the notes to the financial statements provided in this Annual Report.

### Declaration with the compliance with the code of conduct by Members of the board and Senior Management personnel

The Company has complied with the requirements about code of conduct for Board members and Senior Management Personnel.

The said policy is available on the website of the Company.

**Vigil Mechanism/Whistle Blower Policy**

The Vigil Mechanism of the Company, which also incorporates a whistle blower policy in terms of the Listing Agreement, includes an Ethics & Compliance Task Force comprising senior executives of the Company. Protected disclosures can be made by a whistle blower through an e-mail, or dedicated telephone line or a letter to the Task Force or to the Chairman of the Audit Committee. The Policy on vigil mechanism and whistle blower policy may be accessed on the Company's website.

**Mechanism for Board Evaluation**

Clause 27(2) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 states that the board shall monitor and review the board evaluation framework. The Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and Independent Directors.

Schedule IV of the Companies Act, 2013 states that the performance evaluation of the independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

The Directors evaluation was broadly based on the parameters such as understanding of the Company's vision and objective, skills, knowledge and experience, participation and attendance in Board/Committee meetings; governance and contribution to strategy; interpersonal skills etc.

The Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as evaluation of the working of its Board Committees. A structured questionnaire was prepared covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board Culture, execution and performance of specific duties, obligations and governance.

A meeting of the Independent Directors was also held which reviewed the performance of Non-Independent Directors, Chairman and the quality, quantity and timelines of flow of information between the Company management and Board.

**Disclosure pertaining to sexual harassment of women at workplace**

The company as required under the provisions of "The Sexual Harassment of Women at Workplace (prohibition, Prevention and Redressal) Act, 2013" has framed a Policy on Prohibition, Prevention and Redressal of Sexual Harassment of Woman at Workplace and matters connected therewith of incidental thereto. Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment

During the Financial year ended 31st March, 2020 the Company has neither received any complaints nor there are any pending complaints pertaining to sexual harassment.

**Remuneration Policy**

The Board has, on the recommendation of the Nomination & Remuneration Committee, framed a policy for selection and appointment of Directors, Key Managerial Personnel, Senior Management and fixing their remuneration. The Remuneration Policy is placed at the website [www.mic.in](http://www.mic.in).

**Acknowledgements**

The Directors would also like to place on record their appreciation for the support & services of various Government & Quasi Government organizations like Department of Information technology & Communications, Department of Commercial Taxes, Customs & Central Excise, Income Tax, etc. The Directors also thank the officials of the Bankers.

The Directors would also like to thank the esteemed shareholders for their constant support, guidance & advice.

By the Order of the Board  
For MIC Electronics Limited

Sd/-  
(Vishnu Ravi)  
Executive Director  
DIN : 01144902

Date : 04.12.2020  
Place : Hyderabad

## PARTICULARS OF EMPLOYEES

Information as per Rule 5(1) of Chapter XIII, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Name of Director	Designation	Remuneration FY 19-20 (12 Months)	Remuneration FY 18-19 (12 Months)	% of Increase in Remuneration	Ratio of Remuneration to MRE	Ratio of Remuneration to	
						Revenues FY-19-20	Net Loss FY 19-20
Prabhakar Nandiraju	Resolution Professional	12,00,000	36,00,000	NIL	39.65	4.21	--
M.V. Ramana Rao	Managing Director	4,00,000	12,00,000	NIL	13.22	1.40	--
L.N. Malleswara Rao	Executive Director & CFO	2,00,000	6,00,000	NIL	6.61	0.70	--
Viishnu Ravi	Executive Director	2,05,000	NIL	NIL	6.77	0.72	
<b>Key Managerial Personnel</b>							
M S Murali Krishnan	Company Secretary	10,21,413	10,58,400	NIL	33.75	3.58	--

**Note :**

1. Prabhakar Nandiraju, M.V. Ramana Rao and L.N. Malleswara Rao remuneration for the period 1st April 2019 to 31st July 2019.
2. Vishnu Ravi remuneration for the period 28th November 2019 to 31st March 2020.

**Remuneration paid to Independent Directors (Sitting Fee)**

During the insolvency process sitting fee paid to Independent Directors – **NIL**

Setting fee paid independent Directors for the period 1st August 2019 to 31st March 2020

Sl. No.	Name of the Director	Designation	Fee attending for Board Meeting
1	M Sirinias M Srinivas	Independent Director	Rs. 1,32,000/-
2	U K Gayathri	Independent Director	Rs. 84,000/-

1. The Median Remuneration of the employees of the Company during the financial year was Rs. 1,40,482/- PA.
2. In the financial year, there was decrease of 37.92% in the median remuneration employees compared to previous year.
3. The number of permanent employees on the rolls of the Company as of March 31, 2020 and March 31, 2019 was 96 and 104 respectively.
4. Variations in the market capitalization of the Company:

- a. The Market Capitalization as on 31st March 2020 is Rs. 12,11,39,875/- and as on 31st March, 2019 is Rs. 23,12,67,035/- .
  - b. Price earnings ratio of the Company as on 31st March, 2020 is not applicable due to company incurring losses.
  - c. Percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer. The closing price of the company's equity shares on NSE as on 31st March, 2020 is Market Value Rs. 0.55 Face value of Rs.2/- each representing a 98.17% of decrease over the IPO held on 2007 Market Value of Rs. 150/- each Face Value of Rs. 10/- per share. Sub-division of shares held during the year 2008 face value of 10/- each as 2/- each.
5. The key parameters for the variable component of remuneration availed by the directors are considered by the Mr. Prabhakar Nandiraju Resolution Professional during the period 1st April 2019 to 6th August 2019.
  6. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year 1.5 ratio of Managerial Remuneration and It is hereby confirmed that the remuneration is as per the remuneration policy of the Company.

By the Order of the Board  
For MIC Electronics Limited

Sd/-  
(Vishnu Ravi)  
Executive Director  
DIN : 01144902

Date : 04.12.2020  
Place : Hyderabad

**Annexure II**

Statement containing the salient features of the financial statements of subsidiaries

[Pursuant to first provision to Sub-section (3) of Section 129 of the Companies Act, 2013, read with Rule 5 of the Companies (Accounts) Rules, 2014 – AOC-I]

(Amount in Rs.)												
Name of the Subsidiary	Financial Period ended	Exchange Rate	Share Capital	Reserves & Surplus	Total assets	Total Liabilities (excluding share capital and reserves & surplus)	Investments	Turnover	Profit/ (Loss) before Taxation	Provision for taxation	Profit/ (Loss) after Taxation	% of share holding
MIC Electronics Inc., USA	31.03.2020	1 USD = 75.3675	4539450	10751976	84696920	69405494	77477790	0	-150890	0	-150890	100%

By the Order of the Board  
For MIC Electronics Limited  
Sd/-  
(Vishnu Ravi)  
Executive Director  
DIN : 01144902

Date : 04.12.2020  
Place : Hyderabad

## Annexure III

## Disclosure of Particulars of Contracts/Arrangements entered into by the Company

## Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. There are no contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 which are not at arm's-length basis
2. Contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 which are at arm's-length basis:

Sl	Name(s) of the related party	Nature of relationship	Duration of contracts/arrangements/transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Amount paid as advances if any (INR)
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## Advances to Subsidiary Companies

1	MIC Electronics Inc. USA,	Subsidiary	Ongoing since Incorporation of the Company. (i.e 10/01/2007)	MIC Electronics Inc. USA, is a 100% subsidiary of MIC Electronics Limited.	---
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## Outstanding balances payable to Managerial Personnel

## Remuneration

1.	M.V. Ramana Rao	Director	NA	Remuneration of Rs. 13,48,348/-	NIL
2.	L.N. Malleswara Rao	Director	NA	Remuneration of Rs. 25,62,298/- Loan of Rs. 22,00,000/-	NIL
3	Vishnu Ravi	Executive Director		205000/-	
4	M S Murali Krishna	Company Secretary		10,39,111/-	



## 02 DIRECTOR'S REPORT

Sl	Name(s) of the related party	Nature of relationship	Duration of contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Amount paid as advances if any (INR)
Sitting Fee -					
1.	M Srinivas	Independent Director	NA	Fee for attending Board Meeting of Rs. 1,18,800/-	NIL
2.	U K Gayathri	Independent Director	NA	Fee for attending Board Meeting of Rs. 30,600/-	NIL

Date : 04.12.2020  
Place : Hyderabad

By the Order of the Board  
For MIC Electronics Limited

Sd/-  
(Vishnu Ravi)  
Executive Director  
DIN : 01144902

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**For the Financial Year ended 31<sup>st</sup> March, 2020**

[Pursuant to Section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To  
The Members,  
**MIC Electronics Limited**  
CIN: L31909TG1988PLC008652  
A-4/II, Electronic Complex,  
Kushaiguda, Hyderabad – 500 062

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **MIC Electronics Limited** (hereinafter referred as the “**Company**”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in our opinion, the Company has, during the audit period covering the “Financial Year” ended on **31<sup>st</sup> March, 2020**, (i.e. from 1st April, 2019 to 31st March, 2020) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

- I. I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of
  - A. Companies Act, 2013 (the “Act”) and the rules made thereunder.
  - B. The Securities Contracts (Regulation) Act, 1956 (“SCRA”) and the rules made thereunder;
  - C. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - D. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
  - E. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (“SEBI Act”):-
    - (i) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - (ii) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
    - (iii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
    - (iv) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
    - (v) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; - Not applicable

- (vi) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;-Not Applicable
  - (vii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - Not Applicable, and
  - (viii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998- Not Applicable.
- F. The Insolvency and Bankruptcy Code, 2016 (IBC)
- G. The Management has identified and confirmed the following laws as specifically applicable to the Company:
- a) Direct Tax Laws
  - b) Indirect Tax Laws/GST Act
  - e) The Finance Act
  - d) Labour Laws
  - e) Environmental Laws
- We have also examined compliance with the applicable clauses of the following:
- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.
  - (ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited read with the SEBI(Listing Obligations and Disclosure Requirements)Regulations, 2015.

## II. I further report that:

We have not reviewed the compliance of applicable financial laws including Direct and Indirect Tax laws by the Company as the same has been subject to review by the Statutory Auditors and others designated professionals.

In our opinion, during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above **except the following:**

- a. *Non-Compliance of Regulation 33(3)(a) of the SEBI (Listing Obligation and Disclosure Requirements)Regulations, 2015*
  - b. *Non-Compliance of Regulation 46(2) of the SEBI (Listing Obligation and Disclosure Requirements)Regulations, 2015*
  - c. *SCORES: One case pending filed by Advent Advisory Services Pvt Ltd*
  - d. *Non-Compliance of Section 21A of Securities Contracts (Regulation) Act, 1956 read with Rule 21 of Securities Contracts (Regulation) Rules, 1957 and SEBI (Regulatory fees on Stock Exchanges) Regulations, 2006*
  - e. *Non-compliance of Section 203(1) of the Companies Act, 2013 with respect to appointment of Chief Financial Officer*
  - f. *Non-Compliance of Section 138, read with rule 13 of Companies Accounts Rules,2014 with respect to Appointment of Internal auditor.*
  - g. *Non-filing of periodical forms including annual filings with the Registrar of Companies.*
  - h. *Non-compliance of Section 6(3) and 47 of the Foreign Exchange Management Act, 1999, read with Regulation No 15 of Notification No. FEMA.120/RB-2004 dated July 7, 2004, (GSR 757 (E) dated November 19, 2004) as amended, with respect to filing of Annual Performance Report and A.P. (DIR Series) Circular No.145 dated June 18, 2014.*
- IV. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors as on 31-03-2020. However, from 1st April 2019 to 7th July, 2019, the Board has not met the constitution due to insolvency process. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act except filings with Registrar of Companies.

- V. I further report that based on the information received and representation provided to us, there are adequate systems and processes in the company that commensurate with the size and operations of the company to monitor and ensure compliance with the applicable laws, rules, regulations and guidelines.
- VI. We further report that during the audit period the following events took place at the Company which had a bearing on the Company's affairs:

The Company was admitted in to corporate insolvency resolution process by Hon'ble National Company Law Tribunal, ("NCLT"), Hyderabad dated March 13, 2018 under the provisions of the Insolvency and Bankruptcy Code, 2016 ("Code"). The powers of the Board of Directors of the Company were suspended from the date of the order as per Section 17 of the IBC and vested with Mr. Nandiraju Prabhakar, Resolution Professional. The resolution plan submitted by Cosyn Consortium is approved by Hon'ble NCLT, Hyderabad on 31st July 2019. The implementation of resolution plan is still under the process.

**For S R Vattikuti & Associates**

Company Secretaries

**Sd/-**

**Srinivasa Rao Vattikuti**

Proprietor

C.P.No: 13966

UDIN: A037141B001407928

Date : 04.12.2020

Place : Hyderabad.

**This Report is to be read with our letter of even date which is attached as Annexure -A and forms an integral part of this Report.**

**Annexure A**

To,  
The Members,  
MIC Electronics Limited

Our report of even date is to be read along with this letter.

1. Maintenance of Statutory and other records are the responsibility of the management of the company. Our responsibility is to express an opinion on these records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurances about the correctness of the contents of the records. The verification was done on test basis to ensure that correct facts are reflected in records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the company. We have relied on the report of the statutory auditor in respect of the same as per the guidance of the Institute of Company Secretaries of India.
4. Company was following system of obtaining reports from other departments to ensure compliance with applicable laws, rules, regulations and guidelines.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For S R Vattikuti & Associates**  
Company Secretaries

**Sd/-**  
**Srinivasa Rao Vattikuti**  
Proprietor  
C.P.No: 13966  
UDIN: A037141B001407928

Date : 04.12.2020  
Place : Hyderabad.

**Annexure V**

The conservation of energy, technology absorption, foreign exchange earnings and outgo pursuant to the provisions of section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014:

**1. Conservation of Energy:**

Management has taken due care and conducted regular review of energy consumption and has taken immediate steps to curtail power consumption. Also adequate measures have been taken to conserve and reduce the energy consumption by using energy efficient computer monitors and other equipment. Air conditioners are used only when required and air conditioned areas have been treated with heat resistant material to reduce heat absorption.

**2. Research and Development:**

- (i) The efforts made towards technology absorption;- NIL
- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution; NIL
- (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- Not Imported any technology
  - (a) The details of technology imported; NIL
  - (b) The year of import; NIL
  - (c) Whether the technology been fully absorbed; NIL
  - (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof; NIL
- (iv) The expenditure incurred on Research and Development. NIL

**3. Foreign Exchange Earnings and Outgo:**

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows:

Particulars	Rupees in Lakhs	
	31st March 2020 (12 Months)	31st March 2019 (12 Months)
Earnings	Nil	Nil
Outgo	14.06	175.59

By the Order of the Board  
For MIC Electronics Limited

Sd/-  
(Vishnu Ravi)  
Executive Director  
DIN : 01144902

Date : 04.12.2020

Place : Hyderabad

## ANNEXURE'S TO DIRECTORS' REPORT REPORT ON CORPORATE GOVERNANCE

The Company was admitted to corporate insolvency resolution process ("CIRP") vide order of the National Company Law Tribunal ("NCLT"), Principal Bench, Hyderabad dated 13th March, 2018 ("Insolvency Commencement Date") under the provisions of the Insolvency and Bankruptcy Code, 2016 ("Code"). In connection with the corporate insolvency resolution process of the Company, the NCLT vide its order dated 31st July, 2019 approved the Resolution Plan ("IBC / NCLT Order") submitted by M/s. Cosyn Limited Consortium. Pursuant to the NCLT Order dated 31st July 2019, a new Board has been constituted on 7th August 2019 ("Reconstituted Board" or "Board") and a new management was put in place. In accordance with the provisions of the Code and the NCLT order, the approved resolution plan is binding on the Company and its employees, members, creditors, guarantors and other stakeholders involved.

### I) BOARD OF DIRECTORS

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

As per the NCLT order dated 13th March 2018, the powers of the board has been suspended and was appointed Mr. Prabhakar Nandiraju as the Interim Resolution Professional ("IRP") to manage the affairs of the Company. Subsequently, Mr. Prabhakar Nandiraju was confirmed as the Resolution Professional ("RP") by the committee of creditors ("CoC") at their meeting held on 1st June 2018.,

As on 7th August, 2019, the Board of Directors consist of two Directors as Executive Directors. A new Board was constituted , as on 7th August 2019 with three Directors out of which Two as Non-executive Directors and One as Independent Director as per the NCLT Order dated 31st July 2019 and One Independent Director was appointed with effect from 9th December 2019. 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.

S.No.	Name of the Director	Director Identification Number (DIN)	Category
1	Dr. M V Ramana Rao (Resigned as Director with effect from 15th August 2019)	00010301	Promoter & Managing Director
2	Shri L N Malleswara Rao (Resigned as Director with effect from 15th August 2019)	00010318	Non-Independent, Executive Director
3	Vishnu Ravi First Appointment as Additional Director (Non-executive Director) as on 7th August 2019 Shareholders considered and approved appointment as Executive Director for tenure of 3 years w.e.f 28th November 2019 at Annual General Meeting held on 21st December 2019)	01144902	Non-Independent, Executive Director

S.No.	Name of the Director	Director Identification Number (DIN)	Category
4	Siva Lakshmanarao Kakarala First Appointment as Additional Director (Non-executive Director) as on 7th August 2019  Shareholders considered and approved Appointment as Non-executive Director at Annual General Meeting held on 21st December 2019	03641564	Non Executive Director
5	Medasani Srinivas First Appointment as Additional Director (Non-Executive Independent Director) as on 7th August 2019  (Shareholders considered & approved Appointment as Independent Director for tenure of 5 years w.e.f 7th August 2019.	00827476	Independent, Non Executive Director
6	U K Gayathri Appointment as Additional Director (Non-Executive Independent Director) w.e.f. 9th December 2019	07901195	Independent, Non Executive Director

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

**During the financial year 2019-20, total of 6 (Six) Board Meetings were held.**

The Board has been suspended till the date of approval of Resolution Plan by Hon'ble NCLT, Hyderabad. As per the authorization given by Mr. Prabhakar Nandiraju, Board meetings held during the period for 1st April 2019 to 31st July 2019 for approval of Un-audited and Audited Financial Results.

A new management was put in place, in accordance with the provisions of the Code and the NCLT order dated 31st July 2019 w.e.f 7th August 2019.

The Board met six times during the financial year under review on 30-May-2019, 14-Aug-2019, 28-Nov-2019, 09-Dec-2019, 14-Dec-2019 and 11-Feb-2020.



S.No.	Director	Category	No. of Meeting held during the tenure	No. of Meeting attended	Attended for AGM
1	*Dr. M V Ramana Rao	Promoter, Executive Director	2	2	-
2	*Shri L N Malleswara Rao	Non Independent, Executive	2	2	-
3	Vishnu Ravi	Non-Independent, Executive Director	5	5	Yes
4	Siva Lakshmanarao Kakarala	Non-executive Director	5	1	-
5	Medasani Srinivas	Independent, Non-executive Director	5	5	Yes
6	U K Gayathri	Independent, Non-executive Director	3	3	Yes

\*Resigned as Director w.e.f. 15-08-2019.

The Maximum time Gap between any of two of the Board meetings was not more than one hundred and twenty days.

The Information as required Clause 27(2) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 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 31.03.2020:**

S.No.	Director	Category	Other Directorship	Other Committee Membership	Other Committee Chairmanship
1	Dr. M V Ramana Rao	Promoter, Executive Director	2	-	-
2	Shri L N Malleswara Rao	Non Independent, Executive	0	-	-
3	Vishnu Ravi	Non-Independent, Executive Director	1	2	1
4	Siva Lakshmanarao Kakarala	Non-executive Director	2	-	-
5	Medasani Srinivas	Independent, Non-executive Director	1	-	-
6	U K Gayathri	Independent, Non-executive Director	-	-	-

**None of the directors on the board hold directorships in more than ten public companies and memberships in more than ten committees and they do not act as chairman of more than five committees across all companies in which they are directors.**

**Disclosure of relationship between directors:**

None of the Directors of the Company are related to each other.

## EVALUATION OF BOARD

As per IBC, the powers of the board vest with RP. Hence the evaluation of the board is not applicable during the period 1st April 2019 to 31st July 2019. As per the NCLT order dated 31st July 2019, new Board has been constituted w.e.f 7th August 2019.

### Independent Directors

Mr. Medasani Srinivas appointed as an Independent Director with effect from 7th August 2019 and Mrs. U K Gayathri as an Independent Director with effect from 9th December 2019.

Independent Directors have submitted a declaration that they meet the criteria of Independence as per the provisions of Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations. Company has issued the formal letter of appointment to the Independent Directors in the manner provided under the Companies Act, 2013.

### Meeting of Independent Directors

The Independent Directors of the Company meet at least once in every financial year without the presence of Executive Directors or management personnel's. All Independent Directors strive to be present at such meetings.

During the Financial Year ended 31st March, 2020, 1 (one) meeting was held on 14th December 2019.

Familiarization Program for Independent Directors Regulation 25(7) of the Listing Regulations mandates the Company to familiarize the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. through various programmes.

The Company through its Whole time Director/ Senior Managerial Personnel conduct programmes/ presentations periodically to familiarize the Independent Directors with the strategy, business and operations of the Company.

Such programmes/presentations will provide an opportunity to the Independent Directors to interact with the senior leadership team of the Company and help them to understand the Company's strategy, business model, operations, services and product offerings, organization structure, finances, sales and marketing, human resources, technology, quality of products, facilities and risk management and such other areas as may arise from time to time. The above program also includes the familiarization on statutory compliances as a Board member including their roles, rights and responsibilities. The Company also circulates news and articles related to the industry from time to time and provide specific regulatory updates.

The familiarization program for Independent Directors in terms of Regulation 25(7) of the LODR 2015 uploaded on the website of the Company.

## PERFORMANCE EVALUATION OF INDEPENDENT DIRECTORS:

Performance evaluation of Independent Directors was done by the entire Board, excluding the independent director being evaluated.

## 3. BOARD COMMITTEES

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

### A) Audit Committee

The terms of reference of the Audit Committee are in accordance with Section 177 of the Companies Act, 2013 and the guideline set out in Clause 18(3) under Chapter IV of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

### Powers of Audit Committee

The Audit Committee shall have powers, which should include the following:

- I. To investigate any activity within its terms of reference.

2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

#### Role of Audit Committee

The terms of reference, role and powers of the Audit Committee are as prescribed under Part C, Schedule II in terms of Regulation 18 of SEBI LODR Regulations read with Section 177 of the Companies Act, 2013 and includes overseeing of the Company's financial reporting process, reviewing with the management of the financial statements and the adequacy of the internal audit function, internal control and to discuss significant internal audit findings, statutory compliance and issues related to risk management and compliances.

#### Review of information by Audit Committee

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

#### Audit Committee Meetings and Attendance, Category and composition:

During the Period 5 (Five) Audit Committee Meetings were held.

The Dates on which the Audit Committee Meetings were held are: 30-May-2019, 14-Aug-2019, 9-Dec-2019, 14-Dec-2019 and 11-Feb-2020.

During the period 1st April 2019 to 31st July 2019 meeting conducted as per the authorization given by Mr. Prabhakar Nandiraju, Resolution Professional.

S.No.	Director	Category	Designation	No. of Meeting held	No. of Meeting attended
1	U K Gayathri	Independent, Non-executive Director	Chairman	3	3
2	Vishnu Ravi	Non-Independent, Executive Director	Member	4	4
3	Siva Lakshmanarao Kakarala	Non-executive Director	Member	4	1
4	Medasani Srinivas	Independent, Non-executive Director	Member	4	4
5	Dr. M V Ramana Rao (Resigned w.e.f 15th August 22019)	Promoter, Executive Director	Member	2	1
6	Shri L N Malleswara Rao (Resigned w.e.f 15th August 22019)	Non Independent, Executive	Member	2	1

The maximum time gap between any of two of the Audit Committee meetings was not more than one hundred and twenty days.

The Company Secretary acts as Secretary of the Audit Committee.

## B) NOMINATION AND 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

As on 31st March 2020, the Composition of the committee as follows:

The Nomination and remuneration committee consists of Two Independent who are qualified as required by Clause 19(4) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

### Nomination and remuneration committee Attendance, Category and composition:

During the Period Committee Meeting was held on 28th November 2019.

S.No.	Director	Category	Designation	No. of Meeting held	No. of Meeting attended
1	Medasani Srinivas	Independent, Non-executive Director	Chairman	1	1
2	Vishnu Ravi	Non-Independent, Non-executive Director	Member	1	1
3	Siva Lakshmanarao Kakarala	Non-executive Director	Member	1	0
4	U K Gayathri	Independent, Member Non-executive Director	-	-	

### REMUNERATION PAID TO RESOLUTION PROFESSIONAL & DIRECTORS:

Details of remuneration paid to the Resolution Professional and the Executive Directors during the Period 2019-20 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.)
Shri Prabhakar Nandiraju	None	None	None	12,00,000
Dr. M V RamanaRao	None	None	None	4,00,000
Shri L N Malleswara Rao	None	None	None	2,00,000
Vishnu Ravi	None	None	None	2,05,000

**Non-Executive Directors Compensation:**

As per the Provisions of Clause 17(6) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, 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.

**C) SHAREHOLDERS' RELATIONSHIP 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.

During the Period there is no Committee Meeting was held.

S. No.	Name of the Director	Category	Designation
1	Vishnu Ravi (Chairman)	Non-Independent, Executive Director	Chairman
2	Medasani Srinivas	Independent, Non-executive Director	Member
3	U K Gayathri	Independent, Non-Executive	Member
4	Siva Lakshmanarao Kakarala	Non-executive Director	Member

Name & Designation of the Compliance officer : M S Murali Krishnan  
Company Secretary

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

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

**At the beginning of the financial year pending complaints is 1. During the period the Company has received 1 complaint and resolved 1 complaint. There is 1 Pending complaint as on 31st March 2020.**

During the Period there is no Shareholders' Relationship Committee Meetings during the period 1st April 2019 to 31st March 2020.

**The details of shares held by the Directors as on 31st March, 2020**

Sr. No.	Director	Category	No. of Shares	% of Holding
1	Vishnu Ravi	Non-Independent, Executive Director	-	-
2	Siva Lakshmanarao Kakarala	Non-executive Director	2301000	1.04
3	Medasani Srinivas	Independent, Non-executive Director	-	-
4	U K Gayathri	Independent, Non-executive Director	-	-

**4. SUBSIDIARY COMPANIES:**

Subsidiary Companies as on 31st March 2020

- I. MIC Electronics Inc (USA) in which Dr. M V Ramana Rao and Atluri Venkata Ram are Directors.

The Details of aforesaid Subsidiary Companies as required in accordance with Clause 27(2) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 are provided in the Directors Report.

## 5. DETAILS OF GENERAL BODY MEETINGS:

### Location and time of the last three AGM's / EGM's.

Financial Year	Date & Time	Venue	Nature of special resolutions, if any passed
2018-19	21-12-2019 10.30 A.M.	A-4/II, Electronic Complex, Kushaiguda, Hyderabad-62	Appointment of Mr. Siva Kakarala LakshmanarRao as Non-executive Director
2017-18	31-12-2018 9.30 A.M.	A-4/II, Electronic Complex, Kushaiguda, Hyderabad-62	Nil
2016-17	29-09-2017 11.00 A.M.	A-4/II, Electronic Complex, Kushaiguda, Hyderabad-62	<ol style="list-style-type: none"> <li>1. Appointment of Mr. Vegiraju Bharathi Raju as an Independent Directors</li> <li>2. Ratification of remuneration to Cost Auditor of the Company</li> <li>3. Approval of MIC Electronics Limited ESOP 2017</li> <li>4. Approval of grant of options to employees</li> <li>5. Authorisation to NRC for implementation of ESOP 2017</li> </ol>
	20-03-2017 11.00 A.M.	A-4/II, Electronic Complex, Kushaiguda, Hyderabad-62	Conversion of debt into equity shares

### Postal Ballot

None of the business proposed to be transacted in the ensuing Annual General Meeting (AGM) require passing of a Special Resolution through postal ballot.

Special Resolution through postal ballot.

## 6. DISCLOSURES

- Related party transactions

No Transactions of material nature was entered in to by the Company with the related parties, 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

Penalties have been imposed for delay in compliances 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, 2013. 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 31st March 2020.

- **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.co.in](http://www.mic.co.in)
  - **Executive Director Certificate**  
The Executive Director of the Company has given certification on financial reporting and internal controls to the Board as required under Clause 27(2) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.
  - **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 and compliances of the Company for the Period ended 31st March 2020 detailed in the Directors Report.
  - **Whistle Blower Policy**  
Though the Company adopted 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.
- 7. 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), Financial Express, Vishala Andhra and displayed on the Company's website [www.mic.co.in](http://www.mic.co.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.co.in](http://www.mic.co.in)
  - **Website:** The Company's website [www.mic.co.in](http://www.mic.co.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.

#### 8. GENERAL SHAREHOLDER INFORMATION

Date, Time & Venue of AGM	31st December 2020 at 10.30 AM at 10.30 A.M. through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”)
Book Closure for AGM (Both days Inclusive)	25th December, 2020 to 31st December, 2020
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	Venture Capital and Corporate Investments Pvt. Ltd. 12-10-167, Bharatnagar, Hyderabad-500018 Tel: 040-23868257/258
Share Transfer System	Physical share transfers are processed and share certificates are returned to the Shareholders within 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	L31909TG1988PLC008652
Outstanding GDRs / ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity	Implementation of Resolution Plan as approved by Hon’ble NCLT dated 31st July 2019 is in process.
Plant Locations	MIC Electronics Limited – EOU Plot No. 192/B, Ground & Mazanine Floor, Phase-II, IDA, Cherlapally, Hyderabad - 500051  MIC Electronics Limited, Plot No. 192/B, 1st Floor, IDA Phase-II, Cherlapally, Hyderabad - 500051  MIC Electronics Limited, IP 47, Raipur, Sahkari Audyogic Kshetra, Raipur, Bhagwanpur Roorkee, Uttarakhand, India – 247667
Address for Correspondence	Mr. M S Murali Krishnan Company Secretary  MIC Electronics Limited A-4/II, Electronic Complex, Kusaiguda, Hyderabad-500062 Andhra Pradesh Email - cs@mic.co.in



- Market Price data: High / Low during each month in the Period 2019-20 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
Apr-19	1.20	0.90	11856.15	11549.10	1.15	0.91	39487.45	38460.25
May-19	1.05	0.85	12041.15	11108.30	1.08	0.87	40124.96	36956.10
Jun-19	1.00	0.70	12103.05	11625.10	1.05	0.72	40312.07	38870.96
Jul-19	0.80	0.50	11981.75	10999.40	0.8	0.53	40032.41	37128.26
Aug-19	1.05	0.50	11181.45	10637.15	0.81	0.55	37807.55	36102.35
Sep-19	0.80	0.55	11694.85	10670.25	0.72	0.62	39441.12	35987.80
Oct-19	0.65	0.35	11945.00	11090.15	0.61	0.5	40392.22	37415.83
Nov-19	1.00	0.55	12158.80	11802.65	0.92	0.51	41163.79	40014.23
Dec-19	0.80	0.50	12293.90	11832.30	0.83	0.75	41809.96	40135.37
Jan-20	0.70	0.50	12430.50	11929.60	0.72	0.54	42273.87	40476.55
Feb-20	0.75	0.45	12246.70	11175.05	0.59	0.49	41709.30	38219.97
Mar-20	0.60	0.50	11433.00	7511.10	0.59	0.46	39083.17	25638.90

- Distribution of Shareholding as on 31st March 2020

Shares	Holders		Shares	
	Number	% To Total	No of Shares	% To Total
Upto - 500	29995	59.45	5887621	2.67
501 - 1000	7433	14.73	6506558	2.95
1001 - 2000	4864	9.64	7915985	3.59
2001 - 3000	2115	4.19	5569839	2.53
3001 - 4000	1064	2.11	3892585	1.77
4001 - 5000	1157	2.29	5568648	2.53
5001 - 10000	1932	3.83	15018313	6.82
10001 and above	1897	3.76	169894770	77.14
Total	50457	100	220254319	100

• Share holding pattern as on 31st March 2020

Category	Holding as on 31-03-2020	% of Holding
BODIES CORPORATE	50369939	22.87
CLEARING MEMBER	210881	0.10
CENTRAL/STATE GOVERNMENT(S)		0.00
FINANCIAL INSTITUTIONS/BANKS	1616	0.00
FOREIGN BODIES CORPORATE		0.00
FOREIGN INSTITUTIONAL INVESTORS		0.00
INSURANCE COMPANIES		0.00
MUTUAL FUNDS/UTI		0.00
NON RESIDENTIAL INDIVIDUALS	11886009	5.40
FOREIGN NATION		0.00
FOREIGN PORTFOLIO INVESTORS - INDIVIDUAL(FPI)		0.00
FOREIGN PORTFOLIO INVESTORS - CORPORATE(FPI)		0.00
PROMOTER AND PROMOTER GROUP	16766803	7.61
PUBLIC	141018571	64.03
ALTERNATE INVESTMENT FUNDS		0.00
QUALIFIED INSTITUTIONAL BUYERS		0.00
TRUST	500	0.00
IEPF AUTHORITY MCA		0.00
TOTAL	220254319	100.00

By the Order of the Board  
For MIC Electronics Limited

Sd/-

(Vishnu Ravi)

Executive Director

DIN : 01144902

Place : Hyderabad

Date : 04-12-2020

#### DECLARATION

Members may kindly note that, the present Board of Directors of the Company and Senior Management were not in office for the period to which this report pertains and hence are unable to provide any affirmation with regard to compliance with the Code of Conduct for the period to which this report pertains.

However, on 7th August, 2019 the newly constituted Board of Directors has adopted the Code of Conduct which is binding on all Directors, Key Managerial Personnel and employees of the Company. A copy of the code is available on the Company's website.

By the Order of the Board  
For MIC Electronics Limited

Sd/-

(Vishnu Ravi)

Executive Director

DIN : 01144902

Date : 04.12.2020

Place : Hyderabad

To  
The Members of  
MIC Electronics Limited  
Hyderabad

We have examined the compliance of the conditions of Corporate Governance by MIC Electronics Limited ('the Company') for the year ended on March 31, 2020, as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub- regulation (2) of Regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

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

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2020 except regulations 17 to 21 till 7th August, 2019, due to Corporate Insolvency Resolution Process.

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

For **S R Vattikuti & Associates**  
Company Secretaries

Sd/-

**Srinivasa Rao Vattikuti**

Proprietor

C P No. 13966

UDIN: A037141B001407950

Date : 04.12.2020

Place : Hyderabad

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

The Members  
MIC Electronics Limited

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of MIC Electronics Limited having CIN:L31909TG1988PLC008652 and having registered office at A4/II, Electronic Complex, Kushaiguda, Hyderabad, Telangana-500062 (hereinafter referred to as 'the Company'), produced before me / us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

S.No.	Name of Director	DIN	Date of Appointment in Company
1	Vishnu Ravi	01144902	07/08/2019
2	Siva LakshmanaraoKakarala	03641564	07/08/2019
3	Medasani Srinivas	00827476	07/08/2019
4	Upadhyayula K Gayathri	07901195	09/12/2019

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company

For **S R Vattikuti & Associates**  
Company Secretaries

Sd/-

**Srinivasa Rao Vattikuti**  
Proprietor

Date : 04.12.2020

Place : Hyderabad

C P No. 13966

UDIN: A037141B001407950

To  
The Members  
MIC Electronics Limited

I Vishnu Ravi, 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 31st March 2020 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.
  - iv) We affirm that we have not denied any personnel access to the Audit Committee of the Company (in respect of matters involving alleged misconduct).
  - v) We further declare that all Board Members and designated Senior Management have affirmed compliance with the Code of Conduct for the Current year.

Date : 04.12.2020  
Place : Hyderabad

For MIC Electronics Limited  
Sd/-  
**(Vishnu Ravi)**  
Executive Director  
(DIN: 01144902)

**a) Industry structure and developments.**

In the context of the changed scenario in terms of Technological Developments, Business Environment and the catastrophic situation the entire world is going through in the wake of COVID-19 pandemic, Your company's core strength is Technology and Product innovation in the domain of LEDs, communications and Embedded Electronics. The company would strive to leverage on its long standing experience in the field of LED Display and mini / micro LED TV products by bringing out contemporary high-end display systems that will find applications in several areas that are of relevance in both urban and rural parts of India and elsewhere in the world.

Business analysts have projected huge global demand for Display products of various types (flat panel, flexible panel and transparent panel), of various technologies (OLED, Quantum Dot, LED, LCD, e-Paper and others), various applications (Smart phones, tablets, Smart wearable's, television, Digital Signage, PC, laptop, vehicle display and others), various industry verticals (Health care, Consumer Electronics, Retail, BFSI, Defence, Automotive etc) and various geographical domains (North America, Europe, Asia Pacific and LAMEA (Latin America, Middle East, Africa) countries. Annual demand for these products is projected as around US \$ 200 Billion by the year 2025. The major chunk of demand is projected for North America (66 Billion). Average CAGR is projected as 7.4% while for North America it is 4.7% and for Asia Pacific the estimated CAGR is 11.4%. These estimates have to be taken as indicative and suitable corrections have to be incorporated considering the COVID situation. Your company needs to make careful choice in respect of Display types & technologies, products, applications and targeted market regions while drawing up its Business Plans.

**b) Opportunities and Threats.**

Your company is essentially an R&D driven company and has several firsts to its credit in terms of product innovations. However, historically its weaknesses have been in terms of marketing, revenue generation, HR management, cash-flow management, risk analysis, customer support management, intellectual property protection and structured planning in an overall sense. This may be improved with new management team in place with standard operating practices by observing leaders in this filed in changed COVID-19 situation.

**c) Segment-wise or product-wise performance.**

The Company is operating only in one segment ie.LED based products. During the year under review, sales from LED lightings including Solar LED Street lights amounted to Rs.0.23 cr and sales from LED display boards were to the tune of Rs.0.60 cr. The revenue generated from AMC contracts of Indian Railways and other private agencies were Rs.1.09 Cr.

**d) Outlook**

The Pandemic COVID has not only proved to be a fatal health hazard but also led to substantial changes in the habits and practices of people in the areas of entertainment, sports and education. These changes essentially mean avoidance of mass gatherings and the trend is expected to continue for quite some time not only in India but the world over. This changed scenario will be a design parameter for your companies new display products with a targeted applications like: Railway and other transportation applications, Bezel free Video walls , Conference rooms, Video Conferencing applications etc.,

**e) Risks and concerns.**

The weak-link of your company historically has been the Marketing and Revenue generation despite the fact that the company has cutting-edge technology and more than contemporary products. This gap needs to be bridged forthwith as the top most priority marketing strategies have to be efficiently and effectively tuned.

Concerned agencies, identified as responsible for promoting the products and generating revenues will be taken into confidence before / during the product conceptualisation and introduction whenever and wherever necessary, help of market research teams of proven reputation will be sought before launching on product development.

With respect to customized application products, suitable incentive schemes will be devised for the teams responsible for successfully executing the projects.

While your company has been endeavouring to safeguard its intellectual property by applying for patents, copyrights and trademarks, it has not succeeded in taking effective actions against agencies which are infringing on its patent rights. Effective steps will be taken by hiring the services of experienced legal teams to tackle the situations.

HR management is a discipline which needs to be strengthened in a large measure to effectively manage the faculties of discipline, compensation, reward / punishment schemes and career progressions in your company.

Also the main goal of the organization will be to meet its financial obligations in terms of profitability and healthy cash flows. All the activities of your company will have to fall in line to meet this core objective.

**f) Internal control systems and their adequacy.**

Due to insolvency process and lack of sufficient resources and in the absence of old management, there are certain lapses in the internal audit systems. However, adequate records and documents are maintained as per Statutory requirements and certain internal controls are in place. With the new management and the new Audit Committee in place, with valuable suggestions from the Board and the Audit committee, all efforts are being made to make the internal controls and Internal audit systems more effective in the coming years.

**g) Discussion on financial performance with respect to operational performance.**

During the year under review, sales from LED lightings including Solar LED Street lights amounted to Rs.0.23 cr and sales from LED display boards were to the tune of Rs.0.60 cr. The revenue generated from AMC contracts of Indian Railways and other private agencies were Rs.1.09 Cr. Due to insolvency process and lack of sufficient orders, your company operated at very low levels during the year under review.

**h) Material developments in Human Resources / Industrial Relations front, including number of people employed.**

Due to Insolvency process, there are no material developments in Human Resources. Subsequent to the approval of the Resolution Plan of M/s Cosyn Consortium by Hon'ble NCLT, Hyderabad on 31.07.2019, new Board of Directors have been appointed. The new management is committed in building a high performance culture with a growth mindset. Developing and strengthening of all employees will be an ongoing priority in the coming years. Presently, the number of employees in the company is 42.

To

**The Members,  
M/s. MIC Electronics Limited,**

**Corporate Insolvency Proceedings as per  
Insolvency and Bankruptcy Code, 2016:**

The Hon'ble National Company Law Tribunal, Hyderabad Bench ("NCLT") admitted on 13/03/2018 an insolvency and bankruptcy petition filed against MIC ELECTRONICS LIMITED ("the Company") and appointed Mr. N. Prabhakar to act as Interim Resolution Professional (IRP) with direction to initiate appropriate action contemplated with extent provisions of the Insolvency and Bankruptcy Code, 2016 and other related rules. 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.

**Report on the Audit of Financial Statements:  
Disclaimer of Opinion**

We were engaged to audit the accompanying financial statements of M/s. MIC ELECTRONICS LIMITED ("the Company"), which comprise the Balance Sheet as on 31st March, 2020, and the Statement of Profit and Loss (including other Comprehensive Income), statement of changes in equity and statement of cash flows for the year ended 31st March, 2020 and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

We do not express an opinion on the accompanying standalone financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

**Basis for Disclaimer of Opinion**

We refer to the following notes to stand alone financial statements.

- (a) Note 2.43 to the standalone financial statements, 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 Committee of Creditors (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 2.44 to the standalone financial statements 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) Note 2.45 to the standalone financial statements, 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) Note 2.46 to the standalone financial statements, 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 statements and the impact thereof.

#### Other Matters :

- (a) We draw attention to Note No.2.49 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.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, in accordance with the

accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. 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 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is 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.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Auditor's responsibility is to conduct an audit of the entity's financial statements in accordance with Standards on Auditing and to issue an auditor's report. However, because of the matter(s) described in the Basis for Disclaimer of Opinion section, we are not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

We are independent of the entity in accordance with the Code of Ethics and provisions of the Companies Act, 2013 that are relevant to our audit of the standalone financial statements in India under the Companies Act, 2013, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics and the requirements under the Companies act, 2013.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
  2. As required by Section 143(3) of the Act, we report that:
    - a) Except for possible effects of the matters as described in the "Basis for Disclaimer of opinion" paragraph, we have sought and obtained the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
    - b) Except for possible effects of the matters as described in the "Basis for Disclaimer of opinion" paragraph, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
    - c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), Statement of changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.
    - d) Due to the matters as described in the "Basis for Disclaimer of opinion" paragraph, in our opinion, the aforesaid standalone financial statements do not comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
    - e) The matter described in the "Basis for Disclaimer of opinion" may have an adverse effect on the functioning of the company.
    - f) On the basis of written representations received from the directors as on March 31, 2020, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of Section 164(2) of the Act;
    - g) The qualification relating to the maintenance of accounts and other matters connected therewith
- are as stated in the "Basis for Disclaimer of opinion" paragraph above;
- h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses a Disclaimer of opinion on the Company's internal financial controls over financial reporting.
  - i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - (i) The company has disclosed the impact of pending litigations on its financial position to the extent ascertained, in its standalone financial statements;
    - (ii) Except for the possible effects of the matters described under "Basis for Disclaimer of opinion" paragraph, the company has made a provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The company did not have any derivative contracts.
    - (iii) There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company.

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

**(CA N. RAJESH)**  
 PARTNER

Date : 07.10.2020 M.No : 223169  
 Place : Hyderabad UDIN # 20223169AAAACV3278

Referred to in paragraph I under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2020:

- 1) (a) Subject to our comments in para I (b) below, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) 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.
- (c) According to the information and explanation given to us, title deeds of immovable properties have been mortgaged as securities with lenders i.e., banks, financial institutions and others for security of the borrowings raised by the company. On the basis of examination of records of the company and the copies of the title deeds available with the company, the title deeds of immovable properties are held in the name of the company.
- 2) According to the information and explanation given to us, since the company is under CIRP, due to the shortage of resources & 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.
- 3) The Company has not granted interest free unsecured loan to a company covered in the Register maintained under section 189 of the Act during the year.
- 4) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.
- 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- 6) Pursuant to the rules made by the Central Government under sub-section (1) of Section 148 of the Act, the maintenance of cost records is not applicable for the company.
- 7) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has not been regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. There have been significant delays in a large number of cases in depositing these dues with the appropriate authorities.

According to the information and explanations given to us and records of the company examined by us, the following are the undisputed amounts payable in respect of Provident Fund, Income Tax, Wealth Tax, Service Tax, Sales Tax, Duty of Customs, Excise Duty, Value added tax and Other material statutory dues were in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

Name of the statute	Nature of the dues	Amount	Period to which the amount relates	Due date	date of payment
Finance Act, 1994	Service Tax	1,00,92,802	From 2011 onwards	Various dates	Nil
Employees Provident Fund & Miscellaneous provisions act, 1952	Provident Fund	2,36,86,383	From 2009 onwards	Various dates	Nil
Employees State Insurance Act, 1948	Employee State Insurance	36,20,100	From 2011 onwards	Various dates	Nil
APPT Act, 1987	Professional Tax	17,27,160	From 2011 onwards	Various dates	Nil
Income Tax Act, 1961	TDS	2,31,84,153	From 2012 onwards	Various dates	Nil
AP Value Added Tax Act, 2005 & The Central Sales Tax Act, 1956	VAT / CST	2,91,75,577	From 2013 onwards	Various dates	Nil
Goods and services Tax Act	GST	19,04,966	From 2017 onwards	Various dates	Nil
T.S. Municipalities Act, 1965	Property Tax	66,67,372	From 2013 onwards	Various dates	Nil
Income Tax Act, 1961	Income Tax	68,97,374	From 2017 onwards	Various dates	Nil
Central Excise Act, 1944	Excise Duty	37,839	From 2019 onwards	Various dates	Nil

- (b) According to the information and explanations given to us and records of the company examined by us, the following are disputed dues relating to Wealth tax, Duty of Customs and Cess which have not been deposited with the appropriate authorities on account of any dispute.

Name of the Statue	Nature of the Dispute	Amount (Rs)	Period to which the amounts relate (F.Y)	Forum where the dispute is pending and amount deposited
Central Excise Act, 1944	Excise Duty	38,96,982/-	2008-2009	Customs, Excise & Service Tax Appellate tribunal, south zonal bench, Bangalore vide appeal no.C/2303 of 2010. Amt. deposited : Rs.28,96,982/-
Customs Act, 1962	Customs Duty	18,01,111/-	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	8,40,705/-	2008-2009	Appellate Deputy Commissioner (CT), Secunderabad Division vide Appeal No.S/23/09-10/V. Amt. deposited :Rs. 8,40,705/-
The A.P.VAT Act, 2005	APVAT	5,45,677/-	2007-2008	Appellate Deputy Commissioner (CT), Secunderabad Division. Amt. deposited : Rs.5,45,677/-
The A.P.VAT Act, 2005	APVAT	18,09,145/-	2005-2006	WP No.14764/2009 filed with High Court, AP. Amt. deposited : Rs.18,09,145/-

- 8) As matters described in note 2.12, 2.14 and 2.16 to the financial statements and to the financial statements and pursuance of repayment schedule stipulated in the sanction letter, the entire amount of borrowing including interest are overdue and continuing default as on 31st March 2020, therefore, we are unable to provide periods of default. Details of defaults in repayment of borrowings including interest are given below as per the books of accounts of the company.

Sl. No.	Name of the bank/institution	Amount of default (Rs.)
1.	UCO Bank	14,30,15,771
2.	Technology Development Board	25,55,62,301
3.	State Bank of India	93,26,02,480
4.	Srei Equipment Finance Ltd	9,38,18,258
5.	Reliance Capital Limited	2,93,85,727

However, though the below amounts are admitted by the Resolution Professional as part of CIRP, the company has not made a provision for these amounts in respect of the below financial institutions.

Sl. No.	Name of the bank/institution	Amount of default not provided in the books (Rs.)
1.	Srei Equipment Finance Ltd	32,14,54,641
2.	Reliance Capital Limited	51,37,41,645

- 9) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- 10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- 11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- 12) In our opinion and according to the information and explanation given to us, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- 13) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- 14) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made preferential allotment or private placement of shares during the year under review according to the requirement of Sec 42 of the Companies Act 2013 and the amount raised have been used for the purposes for which the funds were raised.
- 15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- 16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

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

Sd/-  
**(CA N. RAJESH)**  
 PARTNER

Date : 07.10.2020  
 Place : Hyderabad

M.No : 223169  
 UDIN # 20223169AAAACV3278

**“Annexure B” to the Independent Auditor’s Report of even date on the Financial Statements of MIC ELECTRONICS LIMITED****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of MIC ELECTRONICS LIMITED (“the Company”) as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is not sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Basis for Disclaimer of Opinion**

According to the information and explanation given to us, the Company still has not established the internal financial controls over financial reporting on criteria based on or considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. Further, the company did not have proper internal audit system during the year commensurate with the size of the company and nature of its business.

**Disclaimer of Opinion**

Because of the significance of matters described in the basis for a disclaimer of opinion paragraph, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2020.

We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company, and the disclaimer has affected our opinion on the financial statements of the Company and we have issued Disclaimer of opinion on the financial statements.

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

Sd/-  
**(CA N. RAJESH)**  
PARTNER

M.No : 223169

UDIN # 20223169AAAACV3278

Date : 07.10.2020  
Place : Hyderabad

# 06 BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2020

(Amount in Rs.)

Particulars	Note.	As at 31.03.2020	As at 31.03.2019
<b>I. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
Property, Plant & Equipment	2.01	745,453,193	820,520,952
Capital Work-in-Progress		18,255,480	18,255,480
Other Intangible Assets	2.02	649,892	842,722
Financial Assets			
(i) Loans	2.03	-	-
Other Non Current Assets	2.04	115,454,017	117,464,550
		<b>879,812,582</b>	<b>957,083,704</b>
<b>(2) Current Assets</b>			
Inventories	2.05	495,292,608	498,790,270
Financial Assets			
(i) Trade receivables	2.06	95,068,509	194,366,986
(ii) Cash & Cash Equivalents	2.07	465,245	539,834
(iii) Bank balances other than (ii) above	2.08	13,017,564	17,206,281
(iv) Other Financial Assets	2.09	1,072,791	1,477,047
Other Current Assets	2.10	36,638,242	32,776,251
		<b>641,554,959</b>	<b>745,156,669</b>
<b>TOTAL ASSETS</b>		<b>1,521,367,541</b>	<b>1,702,240,373</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
Equity Share Capital	2.11	440,508,638	440,508,638
Other Equity		(1,794,006,882)	(1,554,649,834)
		<b>(1,353,498,244)</b>	<b>(1,114,141,196)</b>
<b>(2) Liabilities</b>			
<b>Non-current liabilities</b>			
Financial Liabilities			
(i) Borrowings	2.12	-	-
Long Term Provisions	2.13	21,466,974	21,466,974
		<b>21,466,974</b>	<b>21,466,974</b>
<b>Current liabilities</b>			
Financial Liabilities			
(i) Borrowings	2.14	144,769,543	148,630,315
(ii) Trade Payables	2.15	593,215,213	578,197,623
(iii) Other Financial Liabilities	2.16	1,692,776,488	1,812,693,205
Other current liabilities	2.17	415,740,193	248,496,078
Current Tax Liabilities (Net)	2.18	6,897,374	6,897,374
		<b>2,853,398,811</b>	<b>2,794,914,595</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>1,521,367,541</b>	<b>1,702,240,373</b>
See accompanying notes to financial statements	1-2.49		



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

For MIC Electronics Ltd.

Sd/-  
**Vishnu Ravi**  
Executive Director  
Din No. : 01144902

Sd/-  
**U.K.Gayathri**  
Director  
Din No.07901195

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

Sd/-  
**M.S. Murali Krishnan**  
Company Secretary  
M.No.: A7533

Date : 07.10.2020  
Place : Hyderabad

STATEMENT OF PROFIT & LOSS FOR PERIOD ENDED 31<sup>st</sup> MARCH 2020

(Amount in Rs.)

Particulars	Note.	Year ending 31.03.2020	Year ending 31.03.2019
<b>I INCOME :</b>			
Revenue from operations	2.19	18,584,013	48,379,564
Other Income	2.20	9,951,116	6,601,036
<b>Total Revenue</b>		<b>28,535,129</b>	<b>54,980,600</b>
<b>II. EXPENDITURE :</b>			
Cost of material consumed	2.21	4,073,203	23,000,684
(Increase)/Decrease in Inventories	2.22	1,859,475	3,157,618
Employee benefits expense	2.23	24,614,850	36,880,994
Finance Costs	2.24	2,009,287	605,153
Depreciation and amortization expense	2.01/2.02	75,293,946	76,634,511
Other expenses	2.25	160,041,416	186,663,917
<b>Total expenses</b>		<b>267,892,177</b>	<b>326,942,877</b>
<b>III. Profit/(Loss) before exceptional items and tax (I-II)</b>		<b>(239,357,048)</b>	<b>(271,962,277)</b>
<b>IV Exceptional Items</b>			
Depletion in value of inventories		-	2,817,853
		-	2,817,853
<b>V Profit/(Loss) before tax (III+IV)</b>		<b>(239,357,048)</b>	<b>(274,780,130)</b>
<b>VI Tax expenses:</b>			
Deffered tax (Liability)/Asset		-	-
<b>VII Profit/(Loss) for the period from continuing operations (V - VI)</b>		<b>(239,357,048)</b>	<b>(274,780,130)</b>
<b>VIII Other comprehensive Income</b>			
A (i) Items That May Not Be Reclassified to Profit or Loss		-	-

STATEMENT OF PROFIT & LOSS FOR PERIOD ENDED 31<sup>st</sup> MARCH 2020

(Amount in Rs.)

Particulars	Note.	Year ending 31.03.2020	Year ending 31.03.2019
(ii) Income Tax Relating to Items That May Not Be Reclassified to Profit or Loss		-	-
B (i) Items That May Be Reclassified to Profit or Loss		-	-
(ii) Income Tax Relating to Items That May Be Reclassified to Profit or Loss		-	-
<b>IX</b> Total Comprehensive Income For The Period (VII+VIII) (Comprising Profit/(Loss) and Other Comprehensive Income For The Period)		<b>(239,357,048)</b>	<b>(274,780,130)</b>
<b>X</b> <b>Earnings per equity share of par value Rs 2/- each</b>			
Basic		(1.09)	(1.25)
Diluted		(1.09)	(1.10)
<b>Notes forming part of financial statements</b>	1-2.49		

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

For MIC Electronics Ltd.

Sd/-  
**Vishnu Ravi**  
 Executive Director  
 Din No. : 01144902

Sd/-  
**U.K.Gayathri**  
 Director  
 Din No.07901195

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

Sd/-  
**M.S. Murali Krishnan**  
 Company Secretary  
 M.No.: A7533

Date : 07.10.2020  
 Place : Hyderabad

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2020

## A. Movements in Equity Share Capital

	No. of Shares	Equity Share Capital (Rs)
<b>As at 01.04.2019</b>	220,254,319	440,508,638
Changes in equity share capital	-	-
<b>As at 31.03.2020</b>	<b>220,254,319</b>	<b>440,508,638</b>

## B. Other Equity

Statement of Changes in Equity for the period ended 31<sup>st</sup> March 2020

(Amount in Rs.)

Particulars	Reserves & Surplus										Total Other Equity
	Share Application Money pending Allotment	Capital Reserve	Securities Premium Reserve	Share warrants forfeited	Amalgamation Reserve	General Reserve	Retained Earnings	Revaluation Surplus	Money Received against Share Warrants		
Balance as at 01.04.2019	-	267,000	1,884,309,212	396,331,045	18,000,000	180,000,000	(4,221,107,391)	-	187,550,300	(1,554,649,834)	-
conversion of share warrants	-	-	-	-	-	-	-	-	-	-	-
Issue of Equity Shares on conversion of secured, unsecured loans and trade creditors through preferential allotment	-	-	-	-	-	-	-	-	-	-	-
Money received during the year	-	-	-	-	-	-	-	-	-	-	-
Share warrants forfeited during the year	-	-	-	187,550,300	-	-	-	-	(187,550,300)	-	-
Money paid during the year	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	(239,357,048)	-	-	(239,357,048)	-
Adjustments pursuant to NCLT Order on resolution plan	-	-	-	-	-	-	-	-	-	-	-
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31.03.2020</b>	<b>-</b>	<b>267,000</b>	<b>1,884,309,212</b>	<b>583,881,345</b>	<b>18,000,000</b>	<b>180,000,000</b>	<b>(4,460,464,439)</b>	<b>-</b>	<b>-</b>	<b>(1,794,006,882)</b>	<b>-</b>

## 06 CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2020

(Amount in Rs)

Particulars	Figures as at the end of current reporting year 31 March 2020	Figures as at the end of current reporting year 31 March 2019
<b>Cash Flow from Operating Activities</b>		
Profit/(Loss) before Income tax from		
Continued Operations	(239,357,048)	(274,780,130)
<b>Profit before Income tax including discontinued operations</b>	<b>(239,357,048)</b>	<b>(274,780,130)</b>
Adjustments for non cash/non operational expenses :		
Depreciation & amortisation expenses	75,293,946	76,634,511
Financial Charges	2,009,287	605,153
Interest received /Other Income	696,873	(818,400)
<b>Operating Profit before Working Capital Changes</b>	<b>(161,356,942)</b>	<b>(198,358,866)</b>
Adjustments for working capital changes		
(Increase)/Decrease in Trade Receivables	99,298,469	143,181,947
(Increase)/Decrease in Inventories	3,497,662	6,773,150
(Increase)/Decrease in Other financial assets	404,256	25,434
Increase/(Decrease) in Other Non Current Assets	2,010,533	1,044,269
(Increase)/Decrease in Other Current Assets	(3,861,991)	(1,750,294)
Increase/(Decrease) in Trade Payables	15,017,590	21,659,660
(Increase)/Decrease in Provisions	-	(400,035)
Increase/(Decrease) in Other financial liabilities	(119,916,709)	5,148,197
Increase/(Decrease) in Other Current Liabilities	167,244,115	23,173,460
<b>Cash generated from Operations</b>	<b>163,693,925</b>	<b>198,855,787</b>
Financial Charges paid	(2,009,287)	(605,153)
<b>Net Cash Flow from operating activities</b>	<b>327,696</b>	<b>(108,232)</b>
<b>Cash Flow from Investing Activities</b>		
Expenditure on acquisition of tangible and intangible assets (net of Sale proceeds)	(33,357)	-
Interest Received/Other Income	(696,873)	818,400
<b>Net Cash Flow from Investing Activities</b>	<b>(730,230)</b>	<b>818,400</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2020

(Amount in Rs)

Particulars	Figures as at the end of current reporting year 31st March 2020	Figures as at the end of current reporting year 31st March 2019
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	(3,860,772)	-
Deposits paid towards LCs & BGs	4,188,717	(733,095)
<b>Net Cash Flow from financing activities</b>	<b>327,945</b>	<b>(733,095)</b>
Net Increase in Cash and Cash equivalents	(74,589)	(22,927)
Cash and Cash equivalents as at the beginning of the year	539,834	562,761
<b>Cash and Cash equivalents as at the end of the year</b>	<b>465,245</b>	<b>539,834</b>

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

For MIC Electronics Ltd.

Sd/-  
**Vishnu Ravi**  
Executive Director  
Din No. : 01144902

Sd/-  
**U.K.Gayathri**  
Director  
Din No.07901195

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

Sd/-  
**M.S. Murali Krishnan**  
Company Secretary  
M.No.: A7533

Date : 07.10.2020  
Place : Hyderabad

## I. Significant Accounting Policies

### I.1 Basis of Preparation

#### (a) Statement of Compliance

The standalone financial statements has been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 and other relevant provisions of the Act.

#### (b) Basis of measurement

The standalone financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following material items that have been measured at fair value as required by relevant Ind AS:

- i. Certain financial assets and liabilities measured at fair value (refer accounting policy on financial instruments);
- ii. Defined benefit and other long-term employee benefits.

#### (c) Functional and presentation currency

The standalone financial statements are presented in Indian rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the entity operates. All financial information presented in Indian rupees has been rounded to the nearest rupee except share and per share data.

#### (d) Use of estimates and judgement

The preparation of standalone financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

### I.2 Summary of significant accounting policies

#### i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which these entities operate (i.e. the "functional currency"). The standalone financial statements are presented in Indian Rupee, the national currency of India, which is the functional currency of the Company.

#### ii) Foreign currency transactions and balances

Transactions in foreign currency are translated into the respective functional currencies using the exchange rates prevailing at the dates of the respective transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the exchange rates prevailing at reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit and loss and reported within foreign exchange gains / (losses).

Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

#### iii) Investment in subsidiaries

Investment in subsidiaries is measured at cost. Dividend income from subsidiaries is recognized when its right to receive the dividend is established.

**iv) Financial instruments**

All financial instruments are recognized initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset (other than financial assets recorded at fair value through profit or loss) are included in the fair value of the financial assets. Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognized on trade date. While, loans and borrowings and payable are recognized net of directly attributable transactions costs.

For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories: non-derivative financial assets comprising amortized cost; non derivative financial liabilities at amortized cost.

The classification of financial instruments depends on the objective of the business model for which it is held. Management determines the classification of its financial instruments at initial recognition.

Financial instrument is derecognized only when the Company has transferred its right to receive/ extinguish its obligation to pay cash flow from such financial instruments.

**a) Non-derivative financial assets****Financial assets at amortized cost**

A financial asset shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment loss.

Amortized cost is represented by security deposits, cash and cash equivalents, employee and other advances and eligible current and non-current assets.

Cash and cash equivalents comprise cash on hand and in banks and demand deposits with banks which can be withdrawn at any time without prior notice or penalty on the principal.

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and in banks.

**b) Non-derivative financial liabilities****Financial liabilities at amortized cost**

Financial liabilities at amortized cost represented by trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest method.

**v) Property plant and equipment:**

Recognition and measurement: Normally Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the acquisition of the asset. The Company has elected to apply the optional exemption to use this previous GAAP value as deemed cost at 1 April 2016, the date of transition except land and building which are valued at market value.

Depreciation: Normally the Company depreciates property, plant and equipment over the estimated useful life of the assets as prescribed in Schedule II of the Companies Act 2013 on a straight-line basis from the date



the assets are ready for intended use. Wherever the useful life is determined by technical assessment for certain assets, such assets are depreciated as per their assessed life. Assets acquired under finance lease and leasehold improvements are amortized over the lower of estimated useful life and related term. Depreciation methods, useful lives and residual values are reviewed at each reporting date.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Subsequent expenditure relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the statement of profit and loss when incurred. The cost and related accumulated depreciation are eliminated from the standalone financial statements upon sale or disposition of the asset and the resultant gains or losses are recognized in the statement of profit and loss.

**vi) Intangible assets**

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

**vii) Inventory**

- a) Raw materials and Work in Progress are valued at cost. Finished goods are valued at cost or net realizable value which ever is less.
- b) The basis of determining the cost is
 

Raw materials	:	Weighted average cost
Stores and spares	:	Weighted average cost
Work in process and finished goods	:	Material cost plus appropriate share of labour, related overheads and levies
- c) In case of identified Obsolete/Surplus/Non-moving items necessary provision is made and charged to revenue.

**viii) Impairment**

**a) Financial assets**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss.

- i) The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivable.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 36-months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 36 months ECL.

Lifetime ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 36 months ECL is a portion of the lifetime ECL which results from default events that are possible within 36 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- ii) All contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- iii) Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

Financial assets measured at amortised cost, contractual revenue receivable: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

**b) Non-financial assets**

The Company assesses at each reporting date whether there is any objective evidence that a non financial asset or a group of non financial assets is impaired. If any such indication exists, the Company estimates the amount of impairment loss.

An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

**ix) Employee benefits**

**a) Gratuity & Provident Fund:**

Gratuity provision is made to all eligible employees based on the actuarial valuation. The company is making actual gratuity payments as and when crystalized. The company has not taken any insurance policy for payment of gratuity.

- b)** The company has a provident fund scheme for their employees. Contribution to the scheme are charged to profit and loss account.

**c) Accrued Leave Salary:**

Liability towards Accrued Leave Salary, as at the end of the year is recognized on the basis of actuarial valuation. The company is making actual payments as and when crystalized.

**x) Provisions**

All the provision are recognized as per Ind AS 37. Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. Provisions for onerous contracts are measured at the present value of lower of the expected net cost of fulfilling the contract and the expected cost of terminating the contract.

**xi) Research & Development (R&D)**

Revenue expenditure 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.

**xii) Revenue recognition:**

**Accounting Policies, change in Accounting estimates and errors (As per Ind-AS 8) :**

**I. Review of accounting policies**

**a. Revenue recognition :**

Ind As 115 recognises revenue of transfer of the control of goods or services, either over a period of time or a point of time, at an amount that the entity expects to be entitled in exchange for those goods or services. In order to align with Ind As 115, the Accounting policy on revenue recognition was reviewed and revised.

The said revision has nil impact on the financials of the company as the company was recognising and accounting revenue in line with the Ind As 115.

**b. Lease :**

- a. Lease liability is initially recognised and measured at an amount equal to the present value of minimum lease payments during the lease term that are not yet paid.
- b. Right of use asset is recognised and measured at cost, consisting of initial measurement of lease liability plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, initial estimate of the restoration costs and any initial direct costs incurred by the lessee.
- c. The lease liability is measured in subsequent periods using the effective interest rate method. The right-of-use asset is depreciated over the lease term.
- d. Low value leases upto Rs.6 lakhs p.a. per lease and short term leases of 12 months or less are fully charged to expense.

**xiii) Finance income and expense**

Finance income consists of interest income. Interest income is recognized as it accrues in the statement of profit and loss, using the effective interest method.

Finance expenses consist of interest expense on loans and borrowings. Borrowing costs are recognized in the statement of profit and loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

**xiv) Income tax**

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

**a) Current income tax**

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted by the reporting date and applicable for the period. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.

**b) Deferred income tax**

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction. Deferred income tax asset are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. Deferred income tax liabilities are recognized for all taxable temporary differences. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

**xv) Earnings per share**

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the year.

Diluted EPS is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

**xvi) Borrowing costs**

Borrowings costs directly attributable to acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which it occur. Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

**xvii) Prepaid Expenses**

Expenses are accounted under prepaid expenses by only when the amount relating to the unexpired period.

**xviii) Restatement of earliest prior period financials on material error/ommissions**

The value of error and omissions is construed to be material for restating the opening balances of assets and liabilities and equity for the earliest prior period presented if the amount in each case of earlier period income / expenses exceeds 1.00% of the previous year turnover of the company.

## PROPERTY, PLANT & EQUIPMENT

### Note 2.01 : Property, Plant & Equipment

The changes in the carrying value of property, plant and equipment for the year ended 31st March, 2020 are as follows :

	GROSS CARRYING VALUE			ACCUMULATED DEPRECIATION			NET CARRYING VALUE		
	As at 01.04.2019	Additions	Disposals	As at 31.03.2020	As at 01.04.2019	Additions	Disposals	As at 31.03.2020	As at 31.03.2019
Land & Land Development	221,079,000	-	-	221,079,000	-	-	-	221,079,000	221,079,000
Buildings	220,315,679	-	-	220,315,679	25,593,396	9,450,885	35,044,281	185,271,398	194,722,283
Plant & Machinery	964,789,418	21,750	-	964,811,168	570,988,409	64,369,926	635,358,335	329,452,833	393,801,009
Furniture & Fixtures	21,507,814	-	-	21,507,814	18,642,734	647,692	19,290,426	2,217,388	2,865,080
Office Equipment	3,166,727	11,607	-	3,178,334	2,826,283	59,711	2,885,994	292,340	340,444
Electrical Installations	13,129,859	-	-	13,129,859	12,069,517	300,565	12,370,082	759,777	1,060,342
D.G.Set	1,228,230	-	-	1,228,230	1,166,422	392	1,166,814	61,416	61,808
Transformer	1,109,125	-	-	1,109,125	1,053,670	-	1,053,670	55,455	55,455
Vehicles	16,756,208	-	-	16,756,208	15,605,554	216,690	15,822,244	933,964	1,150,654
Computers	34,823,251	-	-	34,823,251	34,291,888	55,255	34,347,143	476,108	531,363
Display Equipment not put to use	4,853,514	-	-	4,853,514	-	-	-	4,853,514	4,853,514
<b>Total (Rs)</b>	<b>1,502,758,825</b>	<b>33,357</b>	-	<b>1,502,792,182</b>	<b>682,237,873</b>	<b>75,101,116</b>	<b>-</b>	<b>745,453,193</b>	<b>820,520,952</b>

### Note 2.02 : Intangible Assets

The changes in the carrying value of intangible assets for the year ended 31st March, 2020 are as follows :

	GROSS CARRYING VALUE			ACCUMULATED DEPRECIATION			NET CARRYING VALUE		
	As at 01.04.2019	Additions	Disposals	As at 31.03.2020	As at 01.04.2019	Additions	Disposals	As at 31.03.2020	As at 31.03.2019
Computer Software	15,277,444	-	-	15,277,444	14,434,722	192,830	14,627,552	649,892	842,722
<b>Total (Rs)</b>	<b>15,277,444</b>	<b>-</b>	<b>-</b>	<b>15,277,444</b>	<b>14,434,722</b>	<b>192,830</b>	<b>-</b>	<b>649,892</b>	<b>842,722</b>

(Amount in Rs.)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>NOTE - 2.03</b>		
<b>Loans</b>		
<b>Loans and advances to related parties</b>		
<b>Unsecured, considered doubtful :</b>		
MIC Green Energy Solutions P Ltd	-	35,900
	-	<b>35,900</b>
Less : Provision for doubtful loans & advances	-	35,900
	-	-
<b>NOTE - 2.04</b>		
<b>Other Non Current Assets</b>		
<b>Unsecured, Considered Good :</b>		
Capital advances	-	30,090
Security Deposits		
- Deposit-Delhi Metro Rail Corpn	23,916,725	23,916,725
- Other Secured Deposits	88,337,292	90,317,735
Others		
- Share Application money pending allotment in other companies	3,000,000	3,000,000
	<b>115,254,017</b>	<b>117,264,550</b>
<b>Unsecured, considered doubtful :</b>		
Security Deposits		
- Other Secured Deposits	200,000	200,000
	<b>200,000</b>	<b>200,000</b>
	<b>115,454,017</b>	<b>117,464,550</b>
<b>NOTE - 2.05</b>		
<b>Inventories</b>		
Raw Material	118,715,633	119,336,090
Material under customs clearance	54,924,197	55,890,420
Work-in-Progress	192,773,166	194,525,254
Finished Goods	127,745,741	127,853,128
Stores and Spares	1,133,871	1,185,378
	<b>495,292,608</b>	<b>498,790,270</b>

Materials under customs clearance represent certain materials imported and pending for customs clearance whose purchase value have been taken. With respect demurrages and other claims, the same have not been provided as they will be known at the time of clearance of materials.

(Amount in Rs.)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>NOTE- 2.06</b>		
<b><u>Trade Receivables</u></b>		
Trade receivables outstanding for a period exceeding six months from the due date of payments	614,145,909	594,852,895
Other Trade receivables	3,564,001	17,905,572
	617,709,910	612,758,467
Less : Loss Allowance	522,641,401	418,391,481
	<b>95,068,509</b>	<b>194,366,986</b>
Break-up security details		
i) Secured, Considered good	-	-
ii) UnSecured, Considered good	95,068,509	194,366,986
iii) Doubtful	522,641,401	418,391,481
<b>NOTE- 2.07</b>		
<b><u>Cash &amp; Cash equivalents</u></b>		
<b>Balance with Banks :</b>		
In Current Accounts	463,713	523,247
Cash in Hand	1,532	16,587
	<b>465,245</b>	<b>539,834</b>
<b>NOTE- 2.08</b>		
<b><u>Bank balances others than 2.07 above</u></b>		
In Margin Money Accounts	13,017,564	17,206,281
	<b>13,017,564</b>	<b>17,206,281</b>
<b>NOTE- 2.09</b>		
<b><u>Other Financial Assets</u></b>		
Advance for expenses	1,072,791	1,477,047
	<b>1,072,791</b>	<b>1,477,047</b>
<b>NOTE- 2.10</b>		
<b><u>Other Current Assets</u></b>		
<b>Unsecured Considered Good</b>		
Other Advances		
(i) Prepaid Expenses	62,581	315,962
(ii) Balances with Govt Authorities		
TDS receivable	3,301,520	2,879,294
IGST Receivable	6,065	10,753

(Amount in Rs.)

Particulars	As at	
	31.03.2020	31.03.2019
GST Input	14,064,346	15,584,415
VAT deposit refundable	-	435,150
(iii) Others		
Advance for Materials	13,074,784	10,569,035
Advance for Services	1,298,785	1,094,344
Other advances	4,830,160	1,887,298
	<b>36,638,242</b>	<b>32,776,251</b>
<b>Unsecured Considered Doubtful</b>		
(i) Balances with Govt Authorities		
TDS receivable	5,639,060	5,639,060
(ii) Other Advances		
Advance for Materials	40,791,489	41,034,989
Advance for Services	663,352	721,372
Other advances	18,133,229	18,133,229
	<b>65,227,129</b>	<b>65,528,650</b>
<b>Less : Provision for bad and doubtful advances</b>	<b>65,227,129</b>	<b>65,528,650</b>
	<b>36,638,242</b>	<b>32,776,251</b>

**NOTE- 2.11****Equity Share Capital**

(Amount in Rs.)

Particulars	As at		As at	
	31.03.2020		31.03.2019	
	No.of Shares	Amount (Rs)	No.of Shares	Amount (Rs)
<b>I. Authorised:</b>				
Equity shares of Rs 2/- each with voting rights	270,000,000	540,000,000	270,000,000	540,000,000
<b>II. Issued, Subscribed and Paid up:</b>				
Equity shares of Rs 2/- each with voting rights	220,254,319	440,508,638	220,254,319	440,508,638
	<b>220,254,319</b>	<b>440,508,638</b>	<b>220,254,319</b>	<b>440,508,638</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 management 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, 2020		As at 31st March, 2019	
	No. of Shares	Amount (Rs)	No. of Shares	Amount (Rs)
<b>Equity shares with voting rights:-</b>				
Opening Balance	220,254,319	440,508,638	220,254,319	440,508,638
Fresh Issue	-	-	-	-
<b>Closing Balance</b>	<b>220,254,319</b>	<b>440,508,638</b>	<b>220,254,319</b>	<b>440,508,638</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, 2020		As at 31st March, 2019	
		Number of shares held	% holding	Number of shares held	% holding
	<b>Equity shares with voting rights</b>				
I	Malaxmi Infraventures India Pvt Ltd	14,000,000	6.36%	14,089,347	6.40%

## NOTE - 2.12

## 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	-	71,231,180	-
State Bank of India, SAM Branch	590,000,000	-	590,000,000	-
<b>Long Term Loans - Others</b>				
Technology Development Board	150,000,000	-	150,000,000	-
Srei Equipment Finance Ltd	93,818,258	-	100,000,000	-
<b>Unsecured Loans</b>				
Financial Contribution from EESL	111,897,973	-	111,897,973	-
	<b>1,016,947,411</b>	<b>-</b>	<b>1,023,129,153</b>	<b>-</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.

**b) Term Loan taken from State Bank of India is secured as follows:**

- a) Primary Security:
  - (i) Exclusive Charge on hypothecation of stock
  - (ii) Exclusive charge on hypothecation of Receivables
- b) Collateral Security:
  - (i) Pari-passu first charge on the below mentioned fixed assets along with Technology Development Board of India
    - 1) EM Land admeasuring 4444.44 sq.yards with industrial building comprising of Plot No.A 4/I to A4/7 situated at Sy.Nos.321,321/5, 321/6 & 321/IA, Electronic Complex at Kushaiguda, RR District, Telangana state valued for Rs.15.42 cores as on 25.02.2016.
    - 2) EM on residential plot no.41, 42, 60 and 61 at Kowkooor, Alwal Municipality, Hyderabad, Telangana State admeasuring 820 Sq.Yards valued for Rs.0.32 Crores as on 19.02.2016.
    - 3) EM on industrial site admeasuring 1455 sq.mts with building with 5035 sft builtup area at Plot No.47, Raipur Industrial Area, Bhagawanpur, Roorkee Tahsil, Haridswar District, Uttaranchal State valued at Rs.1.25 crores as on 18.02.2016.
    - 4) EM on industrail site at Khasra No.117 admeasuring 269.54 sq Mt (322.38 Sq.Yards) situated at Raipur Paragana, Roorkee Tehsil, Haridwar District valued for Rs.0.22 crores as on 18.02.2016.
    - 5) Second charge on EM of industrial plot no.192/B, Sy.No.274 admeasuring 5341 Sq.Yartds situated at Phase II, IDA, Cherlapally Village, Ghatkesar Mandal, RR District, Telangana (First charge held of M/s.Srei Equipment Finance Pvt Ltd for term loan of Rs.24.00 crores) valued at Rs.20.51 crores.
    - 6) Charge on unencumbered Plant & Machinery of the company for Rs.9.15 crores as on 2016.

**c) Term Loan taken from Technology Development Board is secured as follows:**

- (i) Paripassu first charge on the below mentioned fixed assets along with State Bank of India.
  - 1) EM Land admeasuring 4444.44 sq.yards with industrial building comprising of Plot No.A 4/I to A4/7 situated at Sy.Nos.321,321/5, 321/6 & 321/IA, Electronic Complex at Kushaiguda, RR District, Telangana state valued for Rs.15.42 cores as on 25.02.2016.
  - 2) EM on residential plot no.41, 42, 60 and 61 at Kowkoot, Alwal Municipality, Hyderabad, Telangana State admeasuring 820 Sq.Yards valued for Rs.0.32 Crores as on 19.02.2016.
  - 3) EM on industrial site admeasuring 1455 sq.mts with building with 5035 sft builtup area at Plot No.47, Raipur Industrial Area, Bhagawanpur, Roorkee Tahsil, Haridswar District, Uttaranchal State valued at Rs.1.25 crores as on 18.02.2016.
  - 4) EM on industrail site at Khasra No.117 admeasuring 269.54 sq Mt (322.38 Sq.Yards) situated at Raipur Paragana, Roorkee Tehsil, Haridwar District valued for Rs.0.22 crores as on 18.02.2016.

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

- (i) Hypothecation of IT Equipments, work stations & power electronic equipment
- (ii) Collateral Security : First charge on (Second charge held by State Bank of India) a) land with building located at Plot no.192/B, Sy.No.274 admeasuring 5341 Sq.Yards situated at Phase II, IDA, Cherlapally Village, Ghatkesar Mandal, RR District, Telangana with all the furniture & fixtures

**e) Financial contribution from Energy Efficiency Services Limited :**

MIC Electronics Limited (MIC) has entered a joint implementation agreement with Energy Efficiency Services Ltd (EESL) for joint implementation of order received from Nashik Municipal Corporation (NMC) for supply and maintenance of LED Luminaries. As per the agreement EESL shall extend financial contribution of Rs.39.93 crores payable in monthly instalments during the project period based on achievement of specified mile stones of the project. The first instalment shall be due after 30 days from the issue of "Implementation Completion Certificate" by NMC in favour of MIC on completion of installation of LED Lights.

(Amount in Rs.)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>NOTE - 2.13</b>		
<b>Long Term Provisions</b>		
Provision for employee benefits		
- Provision for gratuity	13,492,679	13,492,679
- Provision for leave encashment	7,974,295	7,974,295
	<b>21,466,974</b>	<b>21,466,974</b>
<b>NOTE - 2.14</b>		
<b>Borrowings</b>		
<b>(A) UnSecured Loans</b>		
<b>(i) Loans from related parties</b>		
Loans from directors	3,954,062	3,954,062
<b>(ii) Intercorporate Loans</b>		
JBB Infrastructures Pvt Ltd	11,728,480	12,000,000
MIC Electronics Limited Employees welfare trust	6,270,534	6,270,534
Reliance Capital Ltd	29,385,727	35,102,000
Sri Kanakadurga Castings Pvt Ltd	4,907,942	5,000,000
Think Solar India Pvt Ltd	46,460,155	46,460,155
Kiran impex pvt ltd	39,843,564	39,843,564
Andhra Bank	1,589,626	-
Axis Bank Ltd	629,453	-
<b>Total Borrowings (i+ii)</b>	<b>144,769,543</b>	<b>148,630,315</b>
<b>NOTE - 2.15</b>		
<b>Trade Payables</b>		
Payables for materials	580,785,404	565,305,703
Payables for services	12,429,809	12,891,920
	<b>593,215,213</b>	<b>578,197,623</b>
<b>NOTE - 2.16</b>		
<b>Other Financial Liabilities</b>		
Current maturities of long term borrowings (Refer Note No : 2.12)	1,016,947,411	1,023,129,153
Interest accrued and due on borrowings		
- Interest accrued and due on long term borrowings	519,949,372	630,067,630
- Interest accrued and due on short term borrowings	18,382,802	19,542,133
- Interest accrued and due on others	4,929,100	5,901,302
Share Warrants Application Money refundable	71,360,176	72,308,866
Payables on purchase of fixed assets	3,531,957	4,129,157
Payables for expenses	57,675,670	57,614,964
	<b>1,692,776,488</b>	<b>1,812,693,205</b>

(Amount in Rs.)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>NOTE - 2.17</b>		
<b>Other Current Liabilities</b>		
Statutory remittances	102,102,737	100,065,904
Salaries Payable	93,404,763	111,128,906
Directors remuneration Payable	4,115,646	4,461,428
Advance from customers	3,732,689	3,952,959
Others	212,384,358	28,886,881
	<b>415,740,193</b>	<b>248,496,078</b>
<b>NOTE - 2.18</b>		
<b>Current Tax Liabilities (NET) :</b>		
Income Tax	6,897,374	6,897,374
	<b>6,897,374</b>	<b>6,897,374</b>
<b>NOTE- 2.19</b>		
<b>Revenue from Operations</b>		
<b>(A) Revenue from Sale of products (including excise duty)</b>		
Domestic	8,199,206	32,921,026
	8,199,206	32,921,026
	<b>8,199,206</b>	<b>32,921,026</b>
<b>(B) Other operating revenues</b>		
Equipment Lease Rentals	-	928,186
AMC Charges & Service Charges	10,384,807	14,530,352
	10,384,807	15,458,538
	<b>10,384,807</b>	<b>15,458,538</b>
<b>Total Revenue from Operations (A+B)</b>	<b>18,584,013</b>	<b>48,379,564</b>
<b>NOTE- 2.20</b>		
<b>Other Incomes</b>		
Interest Received	696,873	818,400
Credit Balances written back	6,017,624	27,445
Rents received	1,032,000	1,344,500
Bad debts collected	-	1,384,678
Claims/Settlement fee	-	3,000,000
Prior period income	1,985,642	-
Miscellaneous Income	218,977	26,013
	<b>9,951,116</b>	<b>6,601,036</b>

(Amount in Rs.)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>NOTE- 2.21</b>		
<b><u>Cost of Materials Consumed</u></b>		
<b>A) Raw Material Consumed</b>		
Opening Stock	119,336,090	122,422,274
Purchases	3,414,725	22,236,324
Less : Depletion in value of stocks	-	2,817,853
Less : Material consumed for R&D	16,673	49,814
	3,398,052	19,368,657
	<b>122,734,142</b>	<b>141,790,931</b>
Less : Closing Stock	118,715,633	119,336,090
<b>Raw Material Consumed</b>	<b>4,018,509</b>	<b>22,454,841</b>
<b>B) Packing Materials and consumables</b>		
Opening Stock	1,185,378	1,714,726
Purchase of packing material & consumables	3,187	14,082
Freight & Carriage Inwards	-	2,413
	<b>1,188,565</b>	<b>1,731,221</b>
Less : Closing Stock	1,133,871	1,185,378
<b>Consumption</b>	<b>54,694</b>	<b>545,843</b>
<b>Total Cost of material consumed</b>	<b>4,073,203</b>	<b>23,000,684</b>
<b>NOTE- 2.22</b>		
<b><u>Changes in Inventory</u></b>		
<b>Closing Stock of :</b>		
Work-in-Progress	192,773,166	194,525,254
Finished Goods / FG in transit	127,745,741	127,853,128
	<b>Total (A) 320,518,907</b>	<b>322,378,382</b>
<b>Opening Stock of :</b>		
Work-in-Progress	194,525,254	1,109,607,572
Less : Depletion in value of inventories	-	914,285,972
Finished Goods	127,853,128	136,461,387
Less : Depletion in value of inventories	-	6,246,987
	<b>Total (B) 322,378,382</b>	<b>325,536,000</b>
<b>Increase/(Decrease) in Stock (A-B)</b>	<b>(1,859,475)</b>	<b>(3,157,618)</b>
<b>NOTE- 2.23</b>		
<b><u>Employee Benefit expense</u></b>		
Salary, Wages, Allowances & other Benefits	22,226,973	32,288,680
Directors Remuneration	805,000	1,800,000

(Amount in Rs.)

Particulars	As at 31.03.2020	As at 31.03.2019
P. F. & ESI Contribution	1,427,633	2,256,684
Staff Welfare Expenses	155,244	535,630
	<b>24,614,850</b>	<b>36,880,994</b>
<b>NOTE- 2.24</b>		
<b>Financial Cost</b>		
Bank Charges	1,927,245	147,666
<b>Interest on :</b>		
Others - Interest on other loans/ICDs & Financial Charges	82,042	457,487
	<b>2,009,287</b>	<b>605,153</b>
<b>NOTE- 2.25</b>		
<b>Other Expenses</b>		
Job-works, Installation charges & Maintenance Expenses	1,979,461	2,222,207
Power and Fuel	481,997	2,066,968
Insurance	281,070	462,465
Repairs & Maintenance	92,481	746,730
Printing & Stationary	348,628	326,699
Postage, Telephones & Internet	494,951	580,654
Rent	612,000	497,000
Interest, Rates & Taxes & Penalties	1,205,942	4,325,719
Professional Charges	3,410,765	2,113,323
<b>Auditors Remuneration</b>		
As Statutory Auditors	413,000	350,000
As Tax auditors	177,000	150,000
Auditors Expenses	3,371	29,189
General Expenses	1,403,558	2,711,231
Board Meeting Expenses	222,072	-
Corporate Insolvency Resolution Process Cost Expenses	1,309,294	3,717,755
Foreign exchange rate difference	35,100,150	16,532,698
LD Charges	-	258,830
Security Expenses	112,050	67,550
Travelling & Conveyance	1,922,273	2,981,571
Bad debts & debit balances written off	1,662,341	1,671,533
Provision for bad/doubtful debts/advances	103,912,499	136,093,299
Vehicle Maintenance	378,866	858,020
Selling & Distribution Expenses	538,318	1,730,127
R & D Expenses	3,979,329	6,170,349
	<b>160,041,416</b>	<b>186,663,917</b>

**NOTE - 2.26**

- (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 - 2.27****Foreign Currency / Exchange Transactions :**

(Amount in Rs.)

SI No.	Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
A)	<b>Value of Imports on CIF Basis</b> Components	1,335,605	17,164,132
		<b>1,335,605</b>	<b>17,164,132</b>
B)	<b>Expenditure</b> Travelling	70,021	395,357
		<b>70,021</b>	<b>395,357</b>

**NOTE - 2.28****Contingent Liabilities : The following contingent liabilities are not provided for.**

(Amount in Rs.)

SI No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
1	Counter guarantees given by the company to banks towards issue of B.Gs.	5,234,760	6,931,750
2	Counter guarantees given by the company to banks towards issue of B.Gs to Customs & Central Excise Dept.	6,096,982	6,096,982
3	Bonds executed to Customs & Central Excise Dept. (net of BGs)	82,300,000	82,300,000
4	Corporate Guarantees given by the company to banks Invoked but not acknowledged	84,435,573	87,566,670
5	Claims against the company, not acknowledged:	34,226,950	34,226,950
	<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	3,195,527	3,195,527

**NOTE - 2.29****Managerial Remuneration :**

(Amount in Rs.)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
<b>Director</b>		
Remuneration	805,000	1,800,000
Total	<b>805,000</b>	<b>1,800,000</b>

**NOTE- 2.30**

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". As per the records with the company, none of the enterprises have been identified as Micro, Small and Medium Enterprises.

**NOTE - 2.31****Value of Imported and Indigenous Materials Consumed and their Percentage to total consumption:**

(Amount in Rs.)

Particulars	For the year ended 31st March, 20		For the year ended 31st March, 19	
	Value	%	Value	%
Imported	1,912,776	46.96%	19,251,573	83.70%
Indigenous (including purchase of traded goods)	2,160,427	53.04%	3,749,111	16.30%
<b>Total</b>	<b>4,073,203</b>	<b>100.00%</b>	<b>23,000,684</b>	<b>100.00%</b>

**NOTE- 2.32**

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.

**Note : 2.33 : Disclosure Under Accounting Standards****2.33.1 Employee Benefits as per Ind-AS 19****General Description of defined/contributory benefit plans**

Plan	Description
Gratuity	Gratuity provision is made to all eligible employees based on the actuarial valuation. However, in view of ongoing CIRP Process, the company has not made any actuarial valuation for gratuity provision for the financial year 2019-20. The company is making actual gratuity payments as and when crystalized. The company has not taken any insurance policy for payment of gratuity.
Provident Fund	The company has a provident fund scheme for their employees. Contribution to the scheme are charged to profit and loss account.
Accrued Leave Salary	Liability towards Accrued Leave Salary, as at the end of the year is recognized on the basis of actuarial valuation. However, in view of ongoing CIRP Process, the company has not made any actuarial valuation for Accrued Leave Salary for the financial year 2019-20. The company is making actual payments as and when crystalized.

**Other Disclosures :****Other defined benefit plans :**

(Amount in Rs.)

	Gratuity	Accrued Leave Salary
<b>A.Changes in the present value of the obligation as on</b>		
<b>31st March 2019</b>		
Present value of obligation at the beginning of the year	13,892,714	7,974,295
Interest cost		
Current service cost		
Past service cost		
Benefits paid/payable		
Actuarial gain/loss on obligation		
<b>Present value of obligation at the end of the period</b>	<b>13,892,714</b>	<b>7,974,295</b>
<b>31st March 2020</b>		
Present value of obligation at the beginning of the year	13,892,714	7,974,295
Interest cost	-	-
Current service cost	-	-
Past service cost	-	-



Benefits paid/payable	-	-
Actuarial gain/loss on obligation	-	-
<b>Present value of obligation at the end of the period</b>	-	-
<b>B. Changes in the fair value of the plan Assets as on</b>		
<b>31st March 2019</b>		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions	-	-
Benefits paid/payable	-	-
Actuarial gain/loss on plan assets	-	-
<b>Fair value of plan assets at the end of the period</b>		
<b>31st March 2020</b>		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions	-	-
Benefits paid/payable	-	-
Actuarial gain/loss on plan assets	-	-
<b>Fair value of plan assets at the end of the period</b>		
<b>C. Amounts recognised in the Balance sheet as on</b>		
<b>31st March 2019</b>		
Present value of the obligations at the end of the year	13,492,679	7,974,295
Fair value of plan assets at the end of the year	-	-
<b>Liability(+)/Asset (-) recognised in the balance sheet</b>	<b>(13,492,679)</b>	<b>(7,974,295)</b>
<b>31st March 2020</b>		
Present value of the obligations at the end of the year	-	-
Fair value of plan assets at the end of the year	-	-
<b>Liability(+)/Asset (-) recognised in the balance sheet</b>	<b>-</b>	<b>-</b>
<b>D. Amounts recognised in the Statement of P&amp;L for the period ended</b>		
<b>Expenses recognised in Statement of Profit and Loss</b>		
<b>31st March 2019</b>		
Current service cost	-	-
Past service cost	-	-
Interest cost	-	-
Expected return on plan assets	-	-
Net actuarial gain/loss recognised in the year	-	-
<b>Expenses recognised in Statement of Profit and Loss</b>	<b>-</b>	<b>-</b>
<b>31st March 2020</b>		
Current service cost	-	-
Past service cost	-	-
Interest cost	-	-
Expected return on plan assets -	-	-
Net actuarial gain/loss recognised in the year	-	-
<b>Expenses recognised in Statement of Profit and Loss</b>	<b>-</b>	<b>-</b>

**E. Principal Actuarial Assumptions:**

DESCRIPTION	2019-20	2018-19
i. Discount Rate	-	-
ii. Mortality Rate	-	-
iii. Medical Cost Trend rates	-	-
iv. Expected average remaining service	-	-
v. Employee Attrition Rate (Past Service)	-	-

i) The discount rate adopted above is based on market yields at the balance sheet date on government bonds.

**NOTE- 2.34**

**Segment Information (Ind AS 108) :** The company is operating only in one segment i.e, LED based products and hence no segmental reporting is made.

**NOTE- 2.35**

**Ind As issued and effective from 1st April 2019 :**

**Ind As 116 Leases :**

Ministry of Corporate affairs has notified 'the Companies (Indian Accounting Standards) Amendment Rules, 2019 dated March 30, 2019 which inter alia includes the new standard on Leases Ind AS 116 replacing the existing standard Ind As 17, to be effective from the 1st April 2019. The Company has applied the standard to its leases using the modified retrospective approach and comparative information is not restated. The impact on the profit for the period is not material.

**NOTE- 2.36**

**Related party disclosures :**

In Accordance with the Ind AS 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	100% Subsidiary Company
2	Dr.M.V.Ramana Rao, Director	
3	Shri L.N.Malleswara Rao, Director	
4	Shri R.Vishnu, Executive Director	
5	Shri K.Siva Lakshmana Rao, Non Executive Director	Key Management Personnel
6	Shri M.Srinivas, Independent Director	
7	Ms.U.K.Gayathri, Independent Director	
8	Shri M.S.Muralikrishnan, Company Secretary	
9	Shri N.Prabhakar, Resolution Professional	

**b) Aggregated Related party transactions**

i) Particulars of transactions during the year

SI No.	Nature of Transaction	for the year ended 31st March, 2020	for the year ended 31st March, 2019
			(Amount in Rs.)
	<b>Expenditure during the year</b>		
1	Remuneration to Key Managerial personnel	3,242,413	6,890,400
2	Sitting fee to Directors	216,000	-

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

SI No.	Nature of Transaction	As at 31st March, 2020	As at 31st March, 2019
			(Amount in Rs.)
1	Outstanding balances payable to Management Personnel	7,393,357	9,568,618
2	Sitting fee and other expenses payable to Directors	2,640,262	2,490,862

**NOTE- 2.37****Calculation of earnings per share (Ind AS 33)**

(Amount in Rs.)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Profit attributable to Share Holders	(239,357,048)	(274,780,130)
No. of Equity Shares Outstanding	220,254,319	220,254,319
Weighted No. of Equity Shares	220,254,319	220,254,319
Convertible Share Warrants	-	30,000,000
No. of diluted equity shares	220,254,319	250,254,319
Nominal Value of Equity Share	2.00	2.00
Basic EPS	(1.09)	(1.25)
Diluted EPS	(1.09)	(1.10)

**NOTE - 2.38****Intangible Assets (Ind AS-38) - R & D**

The Research & Development expenditure, charged to statement of profit & loss during the year is Rs.39.79 lakhs (previous year Rs.61.70 Lakhs)

**NOTE - 2.39**

Provisions, Contingent Liabilities and Contingent Assets (Ind AS-37) : Necessary details in regard to provisions have been disclosed in notes 2.28

**Note - 2.40****Disclosure as required under Regulation 34(3) and 53(f) of SEBI (LODR)**

**2.40.1** Loans and advances in the nature of loans to Subsidiary companies where there is no repayment schedule or no interest : Nil

**2.40.2** There are no Investments by the loanees as mentioned in 2.40.1 in the shares of MIC Electronics Ltd.

**2.40.3** The company does not have any associate companies as on 31st March, 2020

**2.40.4** There are no loans and advances in the nature of loans to firms/companies in which directors are interested.

**Note - 2.41 : Others****2.41.1 Fair Value Measurement****Financial instruments by category**

(Amount in Rs.)

	As at March 20			As at March 19		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
<b>Financial Assets</b>						
Investments			-			-
Trade receivables			95,068,509			194,366,986
Cash and cash equivalents			465,245			539,834
Other bank balances			13,017,564			17,206,281
Loans			-			-
Other financial assets			1,072,791			1,477,047
<b>Total</b>	-	-	<b>109,624,109</b>			<b>213,590,148</b>
<b>Financial Liabilities</b>						
Borrowings			144,769,543			148,630,315
Trade payables			593,215,213			578,197,623
Other financial liabilities			415,740,193			1,812,693,205
<b>Total</b>	-	-	<b>1,153,724,949</b>	-	-	<b>2,539,521,143</b>

- Assets that are not financial assets (such as receivables from statutory authorities, prepaid expenses, advances paid and certain other receivables) as of 31 March 2020, and 31st March 2019, respectively, are not included.
- Other liabilities that are not financial liabilities (such as statutory dues payable, advances from customers and certain other accruals) as of 31 March 2020, and 31st March 2019, respectively, are not included.

The carrying amounts of above financial assets and liabilities are considered to be same as their fair values, due to their short-term nature.

#### 2.41.2 Financial Risk Management

##### a) Risk Management Framework

The Company's management has overall responsibility for the establishment and oversight of the Company's risk management framework. The management has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the management on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The management monitors the compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

The Company has exposure to the following risks arising from financial instruments:

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, loans	Ageing analysis	Diversification of bank deposits and close monitoring of receivables
Liquidity risk	Borrowings and other liabilities	Cash flow forecasts	Regular follow up on receivables and temporary borrowings to meet day to day operations.
Market risk-currency risk	Imports giving rise to foreign currency payables	-	-

#### A. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables)

##### Trade receivables

"The Company sales are generally based on advance payments and credit sales. The trade receivables in the books are mainly on account of credit sales to different parties, government undertakings like Railways, EESL etc.

- (i) Expected credit loss for trade receivables under simplified approach is detailed as per the below tables:

#### Year ended 31<sup>st</sup> March 2020

(Amount in Rs.)

Ageing	< 6 months	6-12 months	>1-3 years	>3 years	Total
Gross carrying amount	3,564,001	4,712,978	294,189,460	315,243,472	617,709,910
Expected loss rate	67.68	86.78	71.08	97.39	84.61
Expected credit losses (loss allowance provision)	2,412,143	4,089,989	209,123,706	307,015,563	522,641,401
Carrying amount of trade receivables (net of impairment)	1,151,858	622,989	85,065,754	8,227,909	95,068,509

Year ended 31<sup>st</sup> March 2019

(Amount in Rs.)

Ageing	< 6 months	6-12 months	>1-3 years	>3 years	Total
Gross carrying amount	17,905,572	9,327,359	528,640,410	56,885,126	612,758,467
Expected loss rate	34.34	77.96	66.09	97.71	68.28
Expected credit losses (loss allowance provision)	6,149,432	7,271,230	349,389,311	55,581,508	418,391,481
Carrying amount of trade receivables (net of impairment)	11,756,140	2,056,129	179,251,099	1,303,618	194,366,986

## (ii) Reconciliation of loss allowance provision - trade receivables

Loss allowance on 1 April 2018	279,542,352
Changes in loss allowance	138,849,129
Loss allowance on 31 March 2019	418,391,481
Changes in loss allowance	104,249,920
Loss allowance on 31 March 2020	522,641,401

The impairment provisions for trade receivables disclosed above are based on assumptions about risk of default and expected loss rates.

**B. Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

However, the Company is facing financial difficulties and currently does not have sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations.

**Maturities of financial liabilities**

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

(Amount in Rs.)

	Year ended 31 March 2020	Year ended 31 March 2019
	On demand	On demand
Borrowings	144,769,543	148,630,315
Trade payables	593,215,213	578,197,623
Other financial liabilities	1,692,776,488	1,812,693,205
<b>Total</b>	<b>2,430,761,244</b>	<b>2,539,521,143</b>

**C. Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**Foreign currency risk**

Since majority of the Company's operations are being carried out in India and since all the material balances are denominated in its functional currency, the company does not carry any material exposure to currency fluctuation risk.

The Company's exposure to foreign currencies is minimal and hence no sensitivity analysis is presented.

**Other Notes**

- 2.42 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.
- Pursuant to approval of the Resolution Plan, the same, inter alia, upon implementation shall result into the following :
- a) Payments to Stake Holders - The Resolution plan contemplates, inter alia, payments amounting to
    - i) upto an aggregate of Rs.5.80 Crores towards payment of CIRP Cost
    - ii) Rs.1.05 crores towards workmen, Employee dues and ex employees claims (Form D)
    - iii) Rs.0.08 crores towards government dues
    - iv) Rs.2.16 Crores to Certain Operational creditors
    - v) Rs.49.72 crores towards repayment of secured and unsecured financial creditors
  - b) Infusion of funds - Infusion of need based working capital funds for an approximate amount of Rs.6 Crores and infusion of an amount of Rs.3 crores for capital expenditure.
  - c) Reduction of existing share capital - The resolution plan proposes reduction of company's share capital without any payout to the share holders, by reducing the number of shares from 22,02,54,319 shares to 5,50,64,000 shares of face value Rs.2.00 each. Remaining 16,51,90,319 shares will be issued and allotted to new promoters, strategic investors and associates after the NCLT approval.
- 2.43 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 networth. 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.
- 2.44 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.
- 2.45 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.
- 2.46 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.
- 2.47 Money received against share warrants amounting to Rs.18.76 crores has been forfeited during the financial year.
- 2.48 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.
- 2.49 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).

To

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

**I. Corporate Insolvency Proceedings as per Insolvency and Bankruptcy Code, 2016 :**

The Hon'ble National Company Law Tribunal, Hyderabad Bench ("NCLT") admitted on 13/03/2018 an insolvency and bankruptcy petition filed against MIC ELECTRONICS LIMITED ("the Company") and appointed Mr. N. Prabhakar to act as Interim Resolution Professional (IRP) with direction to initiate appropriate action contemplated with extent provisions of the Insolvency and Bankruptcy Code, 2016 and other related rules. 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.

**Report on the Audit of Consolidated Financial Statements:**

**Disclaimer of Opinion**

We were engaged to audit the accompanying Consolidated financial statements of M/s. **MIC ELECTRONICS LIMITED** ("the Holding Company or the Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the group"), which comprise the Consolidated Balance Sheet as on 31st March, 2020, and the Consolidated Statement of Profit and Loss (including other Comprehensive Income), statement of changes in equity and statement of Consolidated cash flows for the year ended 31st March, 2020 and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

We do not express an opinion on the accompanying Consolidated financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

**Basis for Disclaimer of Opinion**

We refer to the following notes to Consolidated financial statements.

- (a) Note 2.40 to the Consolidated financial statements, in respect of preparation of financial statements of the group on going concern basis. During the year the group 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 Committee of Creditors (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 2.41 to the Consolidated financial statements 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) Note 2.42 to the Consolidated financial statements, 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) Note 2.43 to the Consolidated financial statements, 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 statements and the impact thereof.

#### Other Matters :

- (a) We draw attention to Note No. 2.46 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.

#### Responsibilities of Management and those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. 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 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is 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.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Auditor's responsibility is to conduct an audit of the entity's financial statements in accordance with Standards on Auditing and to issue an auditor's report. However, because of the matter(s) described



in the Basis for Disclaimer of Opinion section, we are not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

We are independent of the entity in accordance with the Code of Ethics and provisions of the Companies Act, 2013 that are relevant to our audit of the Consolidated financial statements in India under the Companies Act, 2013, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics and the requirements under the Companies act, 2013.

### Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report that:

- a) Except for possible effects of the matters as described in the "Basis for Disclaimer of opinion" paragraph, we have sought and obtained the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) Except for possible effects of the matters as described in the "Basis for Disclaimer of opinion" paragraph, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Statement of changes in equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.
- d) Due to the matters as described in the "Basis for Disclaimer of opinion" paragraph, in our opinion, the aforesaid consolidated financial statements do not comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) The matter described in the "Basis for Disclaimer of opinion" may have an adverse effect on the functioning of the company.
- f) On the basis of written representations received from the directors as on March 31, 2020, and taken on record by the Board of Directors, none

of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of Section 164(2) of the Act;

- g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the "Basis for Disclaimer of opinion" paragraph above;
- h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses a Disclaimer of opinion on the Company's internal financial controls over financial reporting.
- i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The group has disclosed the impact of pending litigations on its financial position to the extent ascertained, in its Consolidated financial statements;
  - (ii) Except for the possible effects of the matters described under "Basis for Disclaimer of opinion" paragraph, the group has made a provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The group did not have any derivative contracts.
  - (iii) There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the group.

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

**(CA N. RAJESH)**  
 PARTNER

Date : 07.10.2020

M.No : 223169

Place : Hyderabad

UDIN # 20223169AAAACW5236

**“Annexure A” to the Independent Auditor’s Report of even date on the Consolidated Financial Statements of MIC ELECTRONICS LIMITED.**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of MIC ELECTRONICS LIMITED (“the Company”) as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date. However, we have not audited the internal financial control of foreign subsidiary.

**Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance.

Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note

require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is not sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company’s internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Basis for Disclaimer of Opinion**

According to the information and explanation given to us, the Holding Company still has not established the internal financial controls over financial reporting on criteria based on or considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. Further, the holding company did not have proper internal audit system during the year commensurate with the size of the company and nature of its business.

**Disclaimer of Opinion**

Because of the significance of matters described in the basis for a disclaimer of opinion paragraph, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Holding Company had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2020.

We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Holding Company, and the disclaimer has affected our opinion on the financial statements of

the Group and we have issued Disclaimer of opinion on the consolidated financial statements.

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

**(CA N. RAJESH)**  
PARTNER

Date : 07.10.2020

M.No : 223169

Place : Hyderabad

UDIN # 20223169AAAACW5236

# CONSOLIDATED BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2020

(Amount in Rs.)

Particulars	Note.	As at 31.03.2020	As at 31.03.2019
<b>I. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
Property, Plant & Equipment	2.01	745,453,193	820,520,952
Capital Work-in-Progress		18,255,480	18,255,480
Other Intangible Assets	2.02	649,892	842,722
Financial Assets			
(i) Investments	2.03	77,477,790	71,221,226
Other Non Current Assets	2.04	115,618,770	118,774,838
		<b>957,455,125</b>	<b>1,029,615,218</b>
<b>(2) Current Assets</b>			
Inventories	2.05	495,292,608	498,790,270
Financial Assets			
(i) Trade receivables	2.06	95,068,509	194,366,986
(ii) Cash & Cash Equivalents	2.07	526,196	595,863
(iii) Bank balances other than (ii) above	2.08	13,017,564	17,206,281
(iv) Other Financial Assets	2.09	8,005,923	7,988,870
Other Current Assets	2.10	36,698,536	32,831,676
		<b>648,609,336</b>	<b>751,779,946</b>
<b>TOTAL ASSETS</b>		<b>1,606,064,461</b>	<b>1,781,395,164</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
Equity Share Capital	2.11	440,508,638	440,508,638
Other Equity		(1,719,397,359)	(1,484,842,125)
		<b>(1,278,888,721)</b>	<b>(1,044,333,487)</b>
<b>(2) Liabilities</b>			
<b>Non-current liabilities</b>			
Financial Liabilities			
(i) Borrowings	2.12	-	-
Long Term Provisions	2.13	21,466,974	21,466,974
		<b>21,466,974</b>	<b>21,466,974</b>
<b>Current liabilities</b>			
Financial Liabilities			
(i) Borrowings	2.14	144,769,543	148,630,315
(ii) Trade Payables	2.15	603,302,610	587,492,205
(iii) Other Financial Liabilities	2.16	1,692,776,488	1,812,745,705
Other current liabilities	2.17	415,740,193	248,496,078
Current Tax Liabilities (Net)	2.18	6,897,374	6,897,374
		<b>2,863,486,208</b>	<b>2,804,261,677</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>1,606,064,461</b>	<b>1,781,395,164</b>
See accompanying notes to financial statements	1-2.46		

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

For MIC Electronics Ltd.

Sd/-  
**Vishnu Ravi**  
Executive Director  
Din No. : 01144902

Sd/-  
**U.K.Gayathri**  
Director  
Din No.07901195

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

Sd/-  
**M.S. Murali Krishnan**  
Company Secretary  
M.No.: A7533

Date : 07.10.2020  
Place : Hyderabad

# CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR PERIOD ENDED 31<sup>st</sup> MARCH 2020

(Amount in Rs.)

Particulars	Year ending 31.03.2020	Year ending 31.03.2019
<b>I INCOME :</b>		
Revenue from operations 2.19	18,584,013	48,379,564
Other Income 2.20	9,951,116	6,601,036
<b>Total Revenue</b>	<b>28,535,129</b>	<b>54,980,600</b>
<b>II. EXPENDITURE :</b>		
Cost of material consumed 2.21	4,073,203	23,000,684
(Increase)/Decrease in Inventories 2.22	1,859,475	3,157,618
Employee benefits expense 2.23	24,614,850	36,880,994
Finance Costs 2.24	2,009,287	605,153
Depreciation and amortization expense 2.01/2.02	75,293,946	76,634,511
Other expenses 2.25	160,192,306	186,786,826
<b>Total expenses</b>	<b>268,043,067</b>	<b>327,065,786</b>
<b>III. Profit/(Loss) before exceptional items and tax (I-II)</b>	<b>(239,507,938)</b>	<b>(272,085,186)</b>
<b>IV Exceptional Items</b>		
Depletion in value of inventories	-	2,817,853
	-	2,817,853
<b>V Profit/(Loss) before tax (III+IV)</b>	<b>(239,507,938)</b>	<b>(274,903,039)</b>
<b>VI Tax expenses:</b>		
Deffered tax (Liability)/Asset	-	-
<b>VII Profit/(Loss) for the period from continuing operations (V - VI)</b>	<b>(239,507,938)</b>	<b>(274,903,039)</b>
<b>VIII Other comprehensive Income</b>		
A (i) Items That May Not Be Reclassified to Profit or Loss	-	-

(Amount in Rs.)

Particulars	Year ending 31.03.2020	Year ending 31.03.2019
(ii) Income Tax Relating to Items That May Not Be Reclassified to Profit or Loss	-	-
B (i) Items That May Be Reclassified to Profit or Loss	-	-
(ii) Income Tax Relating to Items That May Be Reclassified to Profit or Loss	-	-
<b>IX Total Comprehensive Income For The Period (VII+VIII) (Comprising Profit/(Loss) and Other Comprehensive Income For The Period)</b>	<b>(239,507,938)</b>	<b>(274,903,039)</b>
<b>X Earnings per equity share of par value Rs 2/- each</b>		
Basic	(1.09)	(1.25)
Diluted	(1.09)	(1.10)
<b>Notes forming part of financial statements</b>	1-2.46	

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

For MIC Electronics Ltd.

Sd/-  
**Vishnu Ravi**  
Executive Director  
Din No. : 01144902

Sd/-  
**U.K.Gayathri**  
Director  
Din No.07901195

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

Sd/-  
**M.S. Murali Krishnan**  
Company Secretary  
M.No.: A7533

Date : 07.10.2020  
Place : Hyderabad

**A. Movements in Equity Share Capital**

	No. of Shares	Equity Share Capital (Rs)
<b>As at 01.04.2019</b>	220,254,319	440,508,638
Changes in equity share capital	-	-
<b>As at 31.03.2020</b>	<b>220,254,319</b>	<b>440,508,638</b>

**B. Other Equity****Statement of Changes in Equity for the period ended 31st March 2020**

(Amount in Rs.)

Particulars	Reserves & Surplus										Total Other Equity
	Share Application Money pending Allotment	Capital Reserve	Securities Premium Reserve	Share warrants forfeited	Amalgamation Reserve	General Reserve	Retained Earnings	Revaluation Surplus	Money Received against Share Warrants		
Balance as at 01.04.2019	-	267,000	1,884,309,212	396,331,045	18,000,000	180,000,000	(4,151,299,682)	-	187,550,300	(1,484,842,125)	
conversion of share warrants	-	-	-	-	-	-	-	-	-	-	
Issue of Equity Shares on conversion of secured, unsecured loans and trade creditors through preferential allotment	-	-	-	-	-	-	-	-	-	-	
Money received during the year	-	-	-	187,550,300	-	-	-	-	(187,550,300)	-	
Share warrants forfeited during the year	-	-	-	-	-	-	-	-	-	-	
Money paid during the year	-	-	-	-	-	-	-	-	-	-	
Profit for the year	-	-	-	-	-	-	(239,507,938)	-	-	(239,507,938)	
Effect of currency translation on consolidation	-	-	-	-	-	-	6,037,271	-	-	6,037,271	
MIC Green energy solutions Pvt Ltd	-	-	-	-	-	-	(1,084,567)	-	-	(1,084,567)	
Adjustments pursuant to NCLT Order on resolution plan	-	-	-	-	-	-	-	-	-	-	
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-	
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	-	
<b>Balance as at 31.03.2020</b>	<b>-</b>	<b>267,000</b>	<b>1,884,309,212</b>	<b>583,881,345</b>	<b>18,000,000</b>	<b>180,000,000</b>	<b>(4,385,854,916)</b>	<b>-</b>	<b>-</b>	<b>(1,719,397,359)</b>	



(Amount in Rs)

Particulars	Figures as at the end of 31st March 2020	Figures as at the end of 31st March 2019
<b>Cash Flow from Operating Activities</b>		
Profit/(Loss) before Income tax from Continued Operations	(239,507,938)	(274,903,039)
Decrease on account of cessation of MIC Green Energy Solutions P Ltd	(1,084,567)	-
Effect of currency transaction on consolidation	6,037,271	4,118,991
<b>Profit before Income tax including discontinued operations</b>	<b>(234,555,234)</b>	<b>(270,784,048)</b>
Adjustments for non cash/non operational expenses :		
Depreciation & amortisation expenses	75,293,946	76,634,511
Financial Charges	2,009,287	605,153
Interest received /Other Income	696,873	(818,400)
<b>Operating Profit before Working Capital Changes</b>	<b>(156,555,128)</b>	<b>(194,362,784)</b>
Adjustments for working capital changes		
(Increase)/Decrease in Trade Receivables	99,298,469	143,181,947
(Increase)/Decrease in Inventories	3,497,662	6,773,150
(Increase)/Decrease in Other financial assets	(17,053)	(248,845)
Increase/(Decrease) in Other Non Current Assets	3,156,068	1,027,709
(Increase)/Decrease in Other Current Assets	(3,866,860)	(1,753,610)
Increase/(Decrease) in Trade Payables	15,810,405	22,214,407
(Increase)/Decrease in Provisions	-	(400,035)
Increase/(Decrease) in Other financial liabilities	(119,969,209)	5,155,697
Increase/(Decrease) in Other Current Liabilities	167,244,115	23,173,460
<b>Cash generated from Operations</b>	<b>165,153,597</b>	<b>199,123,879</b>
Financial Charges paid	(2,009,287)	(605,153)
<b>Net Cash Flow from operating activities</b>	<b>6,589,182</b>	<b>4,155,942</b>

# 07 CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2020

(Amount in Rs)

Particulars	Figures as at the end of 31 March 2019	Figures as at the end of 31 March 2018
<b>Cash Flow from Investing Activities</b>		
Expenditure on acquisition of tangible and intangible assets (net of Sale proceeds)	(33,357)	-
Purchase of Investments	(6,256,564)	(4,260,822)
Interest Received/Other Income	(696,873)	818,400
<b>Net Cash Flow from Investing Activities</b>	<b>(6,986,794)</b>	<b>(3,442,422)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	(3,860,772)	-
Deposits paid towards LCs & BGs	4,188,717	(733,095)
<b>Net Cash Flow from financing activities</b>	<b>327,945</b>	<b>(733,095)</b>
Net Increase in Cash and Cash equivalents	(69,667)	(19,575)
Cash and Cash equivalents as at the beginning of the year	595,863	615,438
<b>Cash and Cash equivalents as at the end of the year</b>	<b>526,196</b>	<b>595,863</b>

per our report of even date  
For **PAVULURI & CO**  
Chartered Accountants  
Firm Reg. No: 0121945

For MIC Electronics Ltd.

Sd/-  
**Vishnu Ravi**  
Executive Director  
Din No. : 01144902

Sd/-  
**U.K.Gayathri**  
Director  
Din No.07901195

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

Sd/-  
**M.S. Murali Krishnan**  
Company Secretary  
M.No.: A7533

Date : 07.10.2020  
Place : Hyderabad

## I Significant Accounting Policies

### I.1 Basis of Preparation

#### (a) Statement of Compliance

The consolidated financial statements has been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 and other relevant provisions of the Act.

#### (b) Basis of measurement

The consolidated financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following material items that have been measured at fair value as required by relevant Ind AS:

- i. Certain financial assets and liabilities measured at fair value (refer accounting policy on financial instruments);
- ii. Defined benefit and other long-term employee benefits.

#### (c) Functional and presentation currency

The consolidated financial statements are presented in Indian rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the entity operates. All financial information presented in Indian rupees has been rounded to the nearest rupee except share and per share data.

#### (d) Use of estimates and judgement

The preparation of consolidated financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

#### (e) Principles of consolidation

The consolidated financial statements have been prepared on the following basis :

- i. The consolidated financial statements are prepared to the extent possible by using 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 except as otherwise stated.
- ii. the financial statements of the company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses as specified in Indian Accounting Standard 110 - "Consolidated Financial Statements".
- iii. The difference between the cost of investment in the subsidiaries, the Company's share of 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.
- iv. Non controlling interest in net profit/loss of the 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 share holders of the company.
- v. Non controlling interest in the net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separately from liabilities and equity of the Company's share holders.

- vi. The financial statements of MIC Electronics Inc., USA have been prepared on accrual basis and according to the historical cost basis assuming the Company is a going concern and converted in Indian Rupees considering as non-integral operation as per Indian Accounting Standard 21 - "the effects of changes in Foreign Exchange Rates" for the purpose of consolidated financial statements.

## I.2 Summary of significant accounting policies

### i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which these entities operate (i.e. the "functional currency"). The consolidated financial statements are presented in Indian Rupee, the national currency of India, which is the functional currency of the Company.

### ii) Foreign currency transactions and balances

Transactions in foreign currency are translated into the respective functional currencies using the exchange rates prevailing at the dates of the respective transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the exchange rates prevailing at reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit and loss and reported within foreign exchange gains / (losses).

Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

### iii) Investment in subsidiaries

Investment in subsidiaries is measured at cost. Dividend income from subsidiaries is recognized when its right to receive the dividend is established.

### iv) Financial instruments

All financial instruments are recognized initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset (other than financial assets recorded at fair value through profit or loss) are included in the fair value of the financial assets. Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognized on trade date. While, loans and borrowings and payable are recognized net of directly attributable transactions costs.

For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories: non-derivative financial assets comprising amortized cost; non derivative financial liabilities at amortized cost.

The classification of financial instruments depends on the objective of the business model for which it is held. Management determines the classification of its financial instruments at initial recognition.

Financial instrument is derecognized only when the Company has transferred its right to receive/ extinguish its obligation to pay cash flow from such financial instruments.

#### a) Non-derivative financial assets

##### Financial assets at amortized cost

A financial asset shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment loss.

Amortized cost is represented by security deposits, cash and cash equivalents, employee and other advances and eligible current and non-current assets.

Cash and cash equivalents comprise cash on hand and in banks and demand deposits with banks which can be withdrawn at any time without prior notice or penalty on the principal.

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and in banks.

**b) Non-derivative financial liabilities**

**Financial liabilities at amortized cost**

Financial liabilities at amortized cost represented by trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest method.

**v) Property plant and equipment:**

Recognition and measurement: Normally Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the acquisition of the asset. The Company has elected to apply the optional exemption to use this previous GAAP value as deemed cost at 1 April 2016, the date of transition except land and building which are valued at market value.

Depreciation: Normally the Company depreciates property, plant and equipment over the estimated useful life of the assets as prescribed in Schedule II of the Companies Act 2013 on a straight-line basis from the date the assets are ready for intended use. Wherever the useful life is determined by technical assessment for certain assets, such assets are depreciated as per their assessed life. Assets acquired under finance lease and leasehold improvements are amortized over the lower of estimated useful life and related term. Depreciation methods, useful lives and residual values are reviewed at each reporting date.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Subsequent expenditure relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the statement of profit and loss when incurred. The cost and related accumulated depreciation are eliminated from the consolidated financial statements upon sale or disposition of the asset and the resultant gains or losses are recognized in the statement of profit and loss.

**vi) Intangible assets**

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

**vii) Inventory**

- a) Raw materials and Work in Progress are valued at cost. Finished goods are valued at cost or net realizable value whichever is less.
- b) The basis of determining the cost is

Raw materials : Weighted average cost

Stores and spares : Weighted average cost

Work in process and finished goods : Material cost plus appropriate share of labour, related overheads and levies

- c) In case of identified Obsolete/Surplus/Non-moving items necessary provision is made and charged to revenue.

### viii) Impairment

#### a) Financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss.

- i) The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivable.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 36-months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 36 months ECL.

Lifetime ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 36 months ECL is a portion of the lifetime ECL which results from default events that are possible within 36 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- ii) All contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- iii) Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/expense in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

Financial assets measured at amortised cost, contractual revenue receivable: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

**b) Non-financial assets**

The Company assesses at each reporting date whether there is any objective evidence that a non financial asset or a group of non financial assets is impaired. If any such indication exists, the Company estimates the amount of impairment loss.

An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

**ix) Employee benefits****a) Gratuity & Provident Fund:**

Gratuity provision is made to all eligible employees based on the actuarial valuation. The company is making actual gratuity payments as and when crystalized. The company has not taken any insurance policy for payment of gratuity.

**b)** The company has a provident fund scheme for their employees. Contribution to the scheme are charged to profit and loss account.

**c) Accrued Leave Salary:**

Liability towards Accrued Leave Salary, as at the end of the year is recognized on the basis of actuarial valuation. The company is making actual payments as and when crystalized.

**x) Provisions**

All the provision are recognized as per Ind AS 37. Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. Provisions for onerous contracts are measured at the present value of lower of the expected net cost of fulfilling the contract and the expected cost of terminating the contract.

**xi) Research & Development (R&D)**

Revenue expenditure 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.

**xii) Revenue recognition:****Accounting Policies, change in Accounting estimates and errors (As per Ind-AS 8) :****I. Review of accounting policies****a. Revenue recognition :**

Ind As 115 recognises revenue of transfer of the control of goods or services, either over a period of time or a point of time, at an amount that the entity expects to be entitled in exchange for those goods or services. In order to align with Ind As 115, the Accounting policy on revenue recognition was reviewed and revised.

The said revision has nil impact on the financials of the company as the company was recognising and accounting revenue in line with the Ind As 115.

**b. Lease :**

- a. Lease liability is initially recognised and measured at an amount equal to the present value of minimum lease payments during the lease term that are not yet paid.
- b. Right of use asset is recognised and measured at cost, consisting of initial measurement of lease liability plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, initial estimate of the restoration costs and any initial direct costs incurred by the lessee.
- c. the lease liability is measured in subsequent periods using the effective interest rate method. The right-of-use asset is depreciated over the lease term.
- d. Low value leases upto Rs.6 lakhs p.a. per lease and short term leases of 12 months or less are fully charged to expense.

**xiii) Finance income and expense**

Finance income consists of interest income. Interest income is recognized as it accrues in the statement of profit and loss, using the effective interest method.

Finance expenses consist of interest expense on loans and borrowings. Borrowing costs are recognized in the statement of profit and loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

**xiv) Income tax**

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

**a) Current income tax**

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted by the reporting date and applicable for the period. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.

**b) Deferred income tax**

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction. De-



ferred income tax asset are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. Deferred income tax liabilities are recognized for all taxable temporary differences. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

**xv) Earnings per share**

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the year.

Diluted EPS is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

**xvi) Borrowing costs**

Borrowings costs directly attributable to acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which it occur. Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

**xvii) Prepaid Expenses**

Expenses are accounted under prepaid expenses by only when the amount relating to the unexpired period.

**xviii) Restatement of earliest prior period financials on material error/ommissions**

The value of error and ommissions is construed to be material for restating the opening balances of assets and liabilities and equity for the earliest prior period presented if the amount in each case of earlier period income / expenses exceeds 1.00% of the previous year turnover of the company.

## Note 2.01 : Property, Plant &amp; Equipment

The changes in the carrying value of property, plant and equipment for the year ended 31st March, 2020 are as follows :

	GROSS CARRYING VALUE			ACCUMULATED DEPRECIATION			NET CARRYING VALUE		
	As at 01.04.2019	Additions	Disposals	As at 31.03.2020	As at 01.04.2019	Additions	Deletions	As at 31.03.2020	As at 31.03.2019
Land & Land Development	221,079,000	-	-	221,079,000	-	-	-	221,079,000	221,079,000
Buildings	220,315,679	-	-	220,315,679	25,593,396	9,450,885	35,044,281	185,271,398	194,722,283
Plant & Machinery	964,789,418	21,750	-	964,811,168	570,988,409	64,369,926	635,358,335	329,452,833	393,801,009
Furniture & Fixtures	21,507,814	-	-	21,507,814	18,642,734	647,692	19,290,426	2,217,388	2,865,080
Office Equipment	3,166,727	11,607	-	3,178,334	2,826,283	59,711	2,885,994	292,340	340,444
Electrical Installations	13,129,859	-	-	13,129,859	12,069,517	300,565	12,370,082	759,777	1,060,342
D.G.Set	1,228,230	-	-	1,228,230	1,166,422	392	1,166,814	61,416	61,808
Transformer	1,109,125	-	-	1,109,125	1,053,670	-	1,053,670	55,455	55,455
Vehicles	16,756,208	-	-	16,756,208	15,605,554	216,690	15,822,244	933,964	1,150,654
Computers	34,823,251	-	-	34,823,251	34,291,888	55,255	34,347,143	476,108	531,363
Display Equipment not put to use	4,853,514	-	-	4,853,514	-	-	-	4,853,514	4,853,514
<b>Total (Rs)</b>	<b>1,502,758,825</b>	<b>33,357</b>	<b>-</b>	<b>1,502,792,182</b>	<b>682,237,873</b>	<b>75,101,116</b>	<b>-</b>	<b>757,338,989</b>	<b>820,520,952</b>

(Amount in Rs.)

## Note 2.02 : Intangible Assets

The changes in the carrying value of intangible assets for the year ended 31st March, 2020 are as follows :

	GROSS CARRYING VALUE			ACCUMULATED DEPRECIATION			NET CARRYING VALUE		
	As at 01.04.2019	Additions	Disposals	As at 31.03.2020	As at 01.04.2019	Additions	Deletions	As at 31.03.2020	As at 31.03.2019
Computer Software	15,277,444	-	-	15,277,444	14,434,722	192,830	-	14,627,552	842,722
<b>Total (Rs)</b>	<b>15,277,444</b>	<b>-</b>	<b>-</b>	<b>15,277,444</b>	<b>14,434,722</b>	<b>192,830</b>	<b>-</b>	<b>14,627,552</b>	<b>842,722</b>

(Amount in Rs.)

(Amount in Rs.)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>NOTE - 2.03</b>		
<b>Investments</b>		
<b>Investments carried at cost, Unquoted equity shares in subsidiaries:</b>		
Other Investments by MIC Electronics Inc, USA, Sports LED Media	77,477,790	71,221,226
	<b>77,477,790</b>	<b>71,221,226</b>
<b>NOTE - 2.04</b>		
<b>Other Non Current Assets</b>		
<b>Unsecured, Considered Good :</b>		
Capital advances	-	30,090
Security Deposits		
- Deposit-Delhi Metro Rail Corpn	23,916,725	23,916,725
- Other Secured Deposits	88,502,045	90,469,184
Others		
- Share Application money pending allotment in other companies	3,000,000	3,000,000
Pre-operative expenses -Subsidiaries	-	720,653
Preliminary Expenses to the extent not written off	-	438,186
	<b>115,418,770</b>	<b>118,574,838</b>
<b>Unsecured, considered doubtful :</b>		
Security Deposits		
- Other Secured Deposits	200,000	200,000
	<b>200,000</b>	<b>200,000</b>
	<b>115,618,770</b>	<b>118,774,838</b>
<b>NOTE - 2.05</b>		
<b>Inventories</b>		
Raw Material	118,715,633	119,336,090
Material under customs clearance	54,924,197	55,890,420
Work-in-Progress	192,773,166	194,525,254
Finished Goods	127,745,741	127,853,128
Stores and Spares	1,133,871	1,185,378
	<b>495,292,608</b>	<b>498,790,270</b>

Materials under customs clearance represent certain materials imported and pending for customs clearance whose purchase value have been taken. With respect demurrages and other claims, the same have not been provided as they will be known at the time of clearance of materials.

(Amount in Rs.)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>NOTE- 2.06</b>		
<b>Trade Receivables</b>		
Trade receivables outstanding for a period exceeding six months from the due date of payments	614,145,909	594,852,895
Other Trade receivables	3,564,001	17,905,572
	<u>617,709,910</u>	<u>612,758,467</u>
Less : Loss Allowance	522,641,401	418,391,481
	<u><b>95,068,509</b></u>	<u><b>194,366,986</b></u>
Break-up security details		
i) Secured, Considered good	-	-
ii) UnSecured, Considered good	95,068,509	194,366,986
iii) Doubtful	522,641,401	418,391,481
<b>NOTE- 2.07</b>		
<b>Cash &amp; Cash equivalents</b>		
<b>Balance with Banks :</b>		
In Current Accounts	524,664	579,276
Cash in Hand	1,532	16,587
	<u><b>526,196</b></u>	<u><b>595,863</b></u>
<b>NOTE- 2.08</b>		
<b>Bank balances others than 2.07 above</b>		
In Margin Money Accounts	13,017,564	17,206,281
	<u><b>13,017,564</b></u>	<u><b>17,206,281</b></u>
<b>NOTE- 2.09</b>		
<b>Other Financial Assets</b>		
Advances to related parties	6,933,132	6,511,823
Advance for expenses	1,072,791	1,477,047
	<u><b>8,005,923</b></u>	<u><b>7,988,870</b></u>
<b>NOTE- 2.10</b>		
<b>Other Current Assets</b>		
<b>Unsecured Considered Good</b>		
Other Advances		
(i) Prepaid Expenses	122,875	371,387
(ii) Balances with Govt Authorities		
TDS receivable	3,301,520	2,879,294
IGST Receivable	6,065	10,753

(Amount in Rs.)

Particulars	As at	
	31.03.2020	31.03.2019
GST Input	14,064,346	15,584,415
VAT deposit refundable	-	435,150
(iii) Others		
Advance for Materials	13,074,784	10,569,035
Advance for Services	1,298,785	1,094,344
Other advances	4,830,160	1,887,298
	<b>36,698,536</b>	<b>32,831,676</b>
<b>Unsecured Considered Doubtful</b>		
(i) Balances with Govt. Authorities		
TDS receivable	5,639,060	5,639,060
(ii) Other Advances		
Advance for Materials	40,791,489	41,034,989
Advance for Services	663,352	721,372
Other advances	18,133,229	18,133,229
	<b>65,227,129</b>	<b>65,528,650</b>
<b>Less : Provision for bad and doubtful advances</b>	<b>65,227,129</b>	<b>65,528,650</b>
	<b>36,698,536</b>	<b>32,831,676</b>

**NOTE- 2.11****Equity Share Capital**

(Amount in Rs.)

Particulars	As at		As at	
	31.03.2020		31.03.2019	
	No. of Shares	Amount (Rs)	No. of Shares	Amount (Rs)
<b>I. Authorised:</b>				
Equity shares of Rs 2/- each with voting rights	270,000,000	540,000,000	270,000,000	540,000,000
<b>II. Issued, Subscribed and Paid up:</b>				
Equity shares of Rs 2/- each with voting rights	220,254,319	440,508,638	220,254,319	440,508,638
	<b>220,254,319</b>	<b>440,508,638</b>	<b>220,254,319</b>	<b>440,508,638</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 management 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, 2020		As at 31st March, 2019	
	No. of Shares	Amount (Rs)	No. of Shares	Amount (Rs)
<b>Equity shares with voting rights:-</b>				
Opening Balance	220,254,319	440,508,638	220,254,319	440,508,638
Fresh Issue	-	-	-	-
<b>Closing Balance</b>	<b>220,254,319</b>	<b>440,508,638</b>	<b>220,254,319</b>	<b>440,508,638</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, 2020		As at 31st March, 2019	
		Number of shares held	% holding	Number of shares held	% holding
	<b>Equity shares with voting rights</b>				
I	Malaxmi Infraventures India Pvt Ltd	14,000,000	6.36%	14,089,347	6.40%

## NOTE - 2.12

## Borrowings

	Current Portion (*)	Non-Current Portion	Current Portion (*)	Non-Current Portion
<b>Secured Loans</b>				
Long Term Loans - From Banks				
UCO Bank	71,231,180	-	71,231,180	-
State Bank of India, SAM Branch	590,000,000	-	590,000,000	-
<b>Long Term Loans - Others</b>				
Technology Development Board	150,000,000	-	150,000,000	-
Srei Equipment Finance Ltd	93,818,258	-	100,000,000	-
<b>Unsecured Loans</b>				
Financial Contribution from EESL	111,897,973	-	111,897,973	-
	<b>1,016,947,411</b>	<b>-</b>	<b>1,023,129,153</b>	<b>-</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.

## b) Term Loan taken from State Bank of India is secured as follows:

a) Primary Security:

(i) Exclusive Charge on hypothecation of stock

(ii) Exclusive charge on hypothecation of Receivables

## b) Collateral Security:

## (i) Pari-passu first charge on the below mentioned fixed assets along with Technology Development Board of India

- 1) EM Land admeasuring 4444.44 sq.yards with industrial building comprising of Plot No.A 4/I to A4/7 situated at Sy.Nos.321,321/5, 321/6 & 321/1A, Electronic Complex at Kushaiguda, RR District, Telangana state for Rs.15.42 crores as on 25.02.2016.
- 2) EM on residential plot no.41, 42, 60 and 61 at Kowkooor, Alwal Municipality, Hyderabad, Telangana State admeasuring 820 Sq.Yards valued for Rs.0.32 Crores as on 19.02.2016.
- 3) EM on industrial site admeasuring 1455 sq.mts with building with 5035 sft builtup area at Plot No.47, Raipur Industrial Area, Bhagawanpur, Roorkee Tahsil, Haridswar District, Uttaranchal State valued at Rs.1.25 crores as on 18.02.2016.
- 4) EM on industrail site at Khasra No.117 admeasuring 269.54 sq Mt (322.38 Sq.Yards) situated at Raipur Paragana, Roorkee Tehsil, Haridwar District valued for Rs.0.22 crores as on 18.02.2016.
- 5) Second charge on EM of industrial plot no.192/B, Sy.No.274 admeasuring 5341 Sq.Yards situated at Phase II, IDA, Cherlapally Village, Ghatkesar Mandal, RR District, Telangana (First charge held of M/s.Srei Equipment Finance Pvt Ltd for term loan of Rs.24.00 crores) valued at Rs.20.51 crores.
- 6) Charge on unencumbered Plant & Machinery of the company for Rs.9.15 crores as on 2016.

c) **Term Loan taken from Technology Development Board is secured as follows:**

## (i) Paripassu first charge on the below mentioned fixed assets along with State Bank of India.

- 1) EM Land admeasuring 4444.44 sq.yards with industrial building comprising of Plot No.A 4/I to A4/7 situated at Sy.Nos.321,321/5, 321/6 & 321/1A, Electronic Complex at Kushaiguda, RR District, Telangana state valued for Rs.15.42 crores as on 25.02.2016.
- 2) EM on residential plot no.41, 42, 60 and 61 at Kowkooor, Alwal Municipality, Hyderabad, Telangana State admeasuring 820 Sq.Yards valued for Rs.0.32 Crores as on 19.02.2016.
- 3) EM on industrial site admeasuring 1455 sq.mts with building with 5035 sft builtup area at Plot No.47, Raipur Industrial Area, Bhagawanpur, Roorkee Tahsil, Haridswar District, Uttaranchal State valued at Rs.1.25 crores as on 18.02.2016.
- 4) EM on industrail site at Khasra No.117 admeasuring 269.54 sq Mt (322.38 Sq.Yards) situated at Raipur Paragana, Roorkee Tehsil, Haridwar District valued for Rs.0.22 crores as on 18.02.2016.

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

## (i) Hypothecation of IT Equipments, work stations &amp; power electronic equipment

## (ii) Collateral Security : First charge on (Second charge held by State Bank of India) a) land with building located at Plot no.192/B, Sy.No.274 admeasuring 5341 Sq.Yards situated at Phase II, IDA, Cherlapally Village, Ghatkesar Mandal, RR District, Telangana with all the furniture &amp; fixtures.

e) **Financial contribution from Energy Efficiency Services Limited :**

MIC Electronics Limited (MIC) has entered a joint implementation agreement with Energy Efficiency Services Ltd (EESL) for joint implementation of order received from Nashik Municipal Corporation (NMC) for supply and maintenance of LED Luminaries. As per the agreement EESL shall extend financial contribution of Rs.39.93 crores payable in monthly instalments during the project period based on achievement of specified mile stones of the project. The first instalment shall be due after 30 days from the issue of "Implementation Completion Certificate" by NMC in favour of MIC on completion of installation of LED Lights.

(Amount in Rs.)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>NOTE - 2.13</b>		
<b>Long Term Provisions</b>		
Provision for employee benefits		
- Provision for gratuity	13,492,679	13,492,679
- Provision for leave encashment	7,974,295	7,974,295
	<b>21,466,974</b>	<b>21,466,974</b>
<b>NOTE - 2.14</b>		
<b>Borrowings</b>		
<b>(A) UnSecured Loans</b>		
<b>(i) Loans from related parties</b>		
Loans from directors	3,954,062	3,954,062
<b>(ii) Intercorporate Loans</b>		
JBB Infrastructures Pvt Ltd	11,728,480	12,000,000
MIC Electronics Limited Employees welfare trust	6,270,534	6,270,534
Reliance Capital Ltd	29,385,727	35,102,000
Sri Kanakadurga Castings Pvt Ltd	4,907,942	5,000,000
Think Solar India Pvt Ltd	46,460,155	46,460,155
Kiran impex pvt ltd	39,843,564	39,843,564
Andhra Bank	1,589,626	-
Axis Bank Ltd	629,453	-
<b>Total Borrowings (i+ii)</b>	<b>144,769,543</b>	<b>148,630,315</b>
<b>NOTE - 2.15</b>		
<b>Trade Payables</b>		
Payables for materials	590,872,801	574,574,418
Payables for services	12,429,809	12,917,787
	<b>603,302,610</b>	<b>587,492,205</b>
	<b>603,302,610</b>	<b>587,492,205</b>
<b>NOTE - 2.16</b>		
<b>Other Financial Liabilities</b>		
Current maturities of long term borrowings (Refer Note No : 2.12)	1,016,947,411	1,023,129,153
Interest accrued and due on borrowings		
- Interest accrued and due on long term borrowings	519,949,372	630,067,630
- Interest accrued and due on short term borrowings	18,382,802	19,542,133
- Interest accrued and due on others	4,929,100	5,901,302
Share Warrants Application Money refundable	71,360,176	72,308,866
Payables on purchase of fixed assets	3,531,957	4,129,157
Payables for expenses	57,675,670	57,667,464
	<b>1,692,776,488</b>	<b>1,812,745,705</b>



(Amount in Rs.)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>NOTE - 2.17</b>		
<b><u>Other Current Liabilities</u></b>		
Statutory remittances	102,102,737	100,065,904
Salaries Payable	93,404,763	111,128,906
Directors remuneration Payable	4,115,646	4,461,428
Advance from customers	3,732,689	3,952,959
Others	212,384,358	28,886,881
	<u>415,740,193</u>	<u>248,496,078</u>
<b>NOTE - 2.18</b>		
<b><u>Current Tax Liabilities (NET) :</u></b>		
Income Tax	6,897,374	6,897,374
	<u>6,897,374</u>	<u>6,897,374</u>
<b>NOTE- 2.19</b>		
<b><u>Revenue from Operations</u></b>		
<b><u>(A) Revenue from Sale of products (including excise duty)</u></b>		
Domestic	8,199,206	32,921,026
	<u>8,199,206</u>	<u>32,921,026</u>
	<u>8,199,206</u>	<u>32,921,026</u>
<b><u>(B) Other operating revenues</u></b>		
Equipment Lease Rentals	-	928,186
AMC Charges & Service Charges	10,384,807	14,530,352
	<u>10,384,807</u>	<u>15,458,538</u>
	<u>10,384,807</u>	<u>15,458,538</u>
<b>Total Revenue from Operations (A+B)</b>	<u>18,584,013</u>	<u>48,379,564</u>
<b>NOTE- 2.20</b>		
<b><u>Other Incomes</u></b>		
Interest Received	696,873	818,400
Credit Balances written back	6,017,624	27,445
Rents received	1,032,000	1,344,500
Bad debts collected	-	1,384,678
Claims/Settlement fee	-	3,000,000
Prior period income	1,985,642	-
Miscellaneous Income	218,977	26,013
	<u>9,951,116</u>	<u>6,601,036</u>
	<u>9,951,116</u>	<u>6,601,036</u>
<b>NOTE- 2.21</b>		
<b><u>Cost of Materials Consumed</u></b>		
<b><u>A) Raw Material Consumed</u></b>		
Opening Stock	119,336,090	122,422,274
Purchases	3,414,725	22,236,324

(Amount in Rs.)

Particulars	As at 31.03.2020	As at 31.03.2019
Less : Depletion in value of stocks	-	2,817,853
Less : Material consumed for R&D	16,673	49,814
	3,398,052	19,368,657
	<b>122,734,142</b>	<b>141,790,931</b>
Less : Closing Stock	118,715,633	119,336,090
<b>Raw Material Consumed</b>	<b>4,018,509</b>	<b>22,454,841</b>
<b>B) Packing Materials and consumables</b>		
Opening Stock	1,185,378	1,714,726
Purchase of packing material & consumables	3,187	14,082
Freight & Carriage Inwards	-	2,413
	<b>1,188,565</b>	<b>1,731,221</b>
Less : Closing Stock	1,133,871	1,185,378
<b>Consumption</b>	<b>54,694</b>	<b>545,843</b>
<b>Total Cost of material consumed</b>	<b>4,073,203</b>	<b>23,000,684</b>
<b>NOTE- 2.22</b>		
<b>Changes in Inventory</b>		
<b>Closing Stock of :</b>		
Work-in-Progress	192,773,166	194,525,254
Finished Goods / FG in transit	127,745,741	127,853,128
Total (A)	<b>320,518,907</b>	<b>322,378,382</b>
<b>Opening Stock of :</b>		
Work-in-Progress	194,525,254	1,109,607,572
Less : Depletion in value of inventories	-	914,285,972
Finished Goods	127,853,128	136,461,387
Less : Depletion in value of inventories	-	6,246,987
Total (B)	<b>322,378,382</b>	<b>325,536,000</b>
<b>Increase/(Decrease) in Stock (A-B)</b>	<b>(1,859,475)</b>	<b>(3,157,618)</b>
<b>NOTE- 2.23</b>		
<b>Employee Benefit expense</b>		
Salary, Wages, Allowances & other Benefits	22,226,973	32,288,680
Directors Remuneration	805,000	1,800,000
P. F. & ESI Contribution	1,427,633	2,256,684
Staff Welfare Expenses	155,244	535,630
	<b>24,614,850</b>	<b>36,880,994</b>

(Amount in Rs.)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>NOTE- 2.24</b>		
<b>Financial Cost</b>		
Bank Charges	1,927,245	147,666
<b>Interest on :</b>		
Others - Interest on other loans/ICDs & Financial Charges	82,042	457,487
	<b>2,009,287</b>	<b>605,153</b>
<b>NOTE- 2.25</b>		
<b>Other Expenses</b>		
Job-works, Installation charges & Maintenance Expenses	1,979,461	2,222,207
Power and Fuel	481,997	2,066,968
Insurance	281,070	462,465
Repairs & Maintenance	92,481	746,730
Printing & Stationary	348,628	326,699
Postage, Telephones & Internet	494,951	580,654
Rent	612,000	497,000
Interest, Rates & Taxes & Penalties	1,266,298	4,325,719
Professional Charges	3,501,299	2,113,323
<b>Auditors Remuneration</b>		
As Statutory Auditors	413,000	350,000
As Tax auditors	177,000	150,000
Auditors Expenses	3,371	29,189
General Expenses	1,403,558	2,747,340
Board Meeting Expenses	222,072	
Corporate Insolvency Resolution Process Cost Expenses	1,309,294	3,717,755
Foreign exchange rate difference	35,100,150	16,532,698
LD Charges	-	258,830
Security Expenses	112,050	67,550
Travelling & Conveyance	1,922,273	3,068,371
Bad debts & debit balances written off	1,662,341	1,671,533
Provision for bad/doubtful debts/advances	103,912,499	136,093,299
Vehicle Maintenance	378,866	858,020
Selling & Distribution Expenses	538,318	1,730,127
R & D Expenses	3,979,329	6,170,349
	<b>160,192,306</b>	<b>186,786,826</b>

**NOTE - 2.26**

- (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 - 2.27**

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

(Amount in Rs.)

Sl No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
1	Counter guarantees given by the company to banks towards issue of B.Gs.	5,234,760	6,931,750
2	Counter guarantees given by the company to banks towards issue of B.Gs to Customs & Central Excise Dept.	6,096,982	6,096,982
3	Bonds executed to Customs & Central Excise Dept. (net of BGs)	82,300,000	82,300,000
4	Corporate Guarantees given by the company to banks Invoked but not acknowledged	84,435,573	87,566,670
5	Claims against the company, not acknowledged:	34,226,950	34,226,950
	<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	3,195,527	3,195,527

**NOTE - 2.28**

**Managerial Remuneration :**

(Amount in Rs.)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
<b>Directors</b>		
Remuneration	805,000	1,800,000
Total	<b>805,000</b>	<b>1,800,000</b>

**NOTE- 2.29**

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". As per the records with the company, none of the enterprises have been identified as Micro, Small and Medium Enterprises.

**NOTE- 2.30**

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.

**Note : 2.31 : Disclosure Under Accounting Standards****2.31.1 Employee Benefits as per Ind-AS 19****General Description of defined/contributory benefit plans**

Plan	Description
Gratuity	Gratuity provision is made to all eligible employees based on the actuarial valuation. However, in view of ongoing CIRP Process, the company has not made any actuarial valuation for gratuity provision for the financial year 2019-20. The company is making actual gratuity payments as and when crystalized. The company has not taken any insurance policy for payment of gratuity.
Provident Fund	The company has a provident fund scheme for their employees. Contribution to the scheme are charged to profit and loss account.
Accrued Leave Salary	Liability towards Accrued Leave Salary, as at the end of the year is recognized on the basis of actuarial valuation. However, in view of ongoing CIRP Process, the company has not made any actuarial valuation for Accrued Leave Salary for the financial year 2019-20. The company is making actual payments as and when crystalized.

**Other Disclosures :****Other defined benefit plans :**

(Amount in Rs.)

	Gratuity	Accrued Leave Salary
<b>A.Changes in the present value of the obligation as on</b>		
<b>31st March 2019</b>		
Present value of obligation at the beginning of the year	13,892,714	7,974,295
Interest cost		
Current service cost		
Past service cost		
Benefits paid/payable		
Actuarial gain/loss on obligation		
<b>Present value of obligation at the end of the period</b>	<b>13,892,714</b>	<b>7,974,295</b>
<b>31st March 2020</b>		
Present value of obligation at the beginning of the year	13,892,714	7,974,295
Interest cost	-	-
Current service cost	-	-
Past service cost	-	-
Benefits paid/payable	-	-
Actuarial gain/loss on obligation	-	-
<b>Present value of obligation at the end of the period</b>	<b>-</b>	<b>-</b>
<b>B. Changes in the fair value of the plan Assets as on</b>		
<b>31st March 2019</b>		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions	-	-
Benefits paid/payable	-	-
Actuarial gain/loss on plan assets	-	-
<b>Fair value of plan assets at the end of the period</b>	<b>-</b>	<b>-</b>
<b>31st March 2020</b>		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-

Contributions	-	-
Benefits paid/payable	-	-
Actuarial gain/loss on plan assets	-	-

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**Fair value of plan assets at the end of the period**


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**C. Amounts recognised in the Balance sheet as on**
**31st March 2019**

Present value of the obligations at the end of the year	13,492,679	7,974,295
Fair value of plan assets at the end of the year	-	-
<b>Liability(+)/Asset (-) recognised in the balance sheet</b>	<b>(13,492,679 )</b>	<b>(7,974,295)</b>

**31st March 2020**

Present value of the obligations at the end of the year	-	-
Fair value of plan assets at the end of the year	-	-
<b>Liability(+)/Asset (-) recognised in the balance sheet</b>	<b>-</b>	<b>-</b>

**D. Amounts recognised in the Statement of P&L for the period ended**
**Expenses recognised in Statement of Profit and Loss**
**31st March 2019**

Current service cost	-	-
Past service cost	-	-
Interest cost	-	-
Expected return on plan assets	-	-
Net actuarial gain/loss recognised in the year	-	-
<b>Expenses recognised in Statement of Profit and Loss</b>	<b>-</b>	<b>-</b>

**31st March 2020**

Current service cost	-	-
Past service cost	-	-
Interest cost	-	-
Expected return on plan assets -	-	-
Net actuarial gain/loss recognised in the year	-	-
<b>Expenses recognised in Statement of Profit and Loss</b>	<b>-</b>	<b>-</b>

**E. Principal Actuarial Assumptions:**

DESCRIPTION	2019-20	2018-19
i. Discount Rate	-	-
ii. Mortality Rate	-	-
iii. Medical Cost Trend rates	-	-
iv. Expected average remaining service	-	-
v. Employee Attrition Rate (Past Service)	-	-

- i) The discount rate adopted above is based on market yields at the balance sheet date on government bonds.

**NOTE- 2.32**

**Segment Information (Ind AS 108):** The company is operating only in one segment i.e, LED based products and hence no segmental reporting is made.

**NOTE- 2.33**

**Ind As issued and effective from 1st April 2019 :**

**Ind As 116 Leases :**

Ministry of Corporate affairs has notified 'the Companies (Indian Accounting Standards) Amendment Rules, 2019 dated March 30, 2019 which interalia includes the new standard on Leases Ind AS 116 replacing the existing standard Ind As 17, to be effective from the 1st April 2019. The Company has applied the standard to its leases using the modified retrospective approach and comparative information is not restated. The impact on the profit for the period is not material.

**NOTE- 2.34**

**Related party disclosures :**

In Accordance with the Ind AS 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	100% Subsidiary Company
2	Dr.M.V.Ramana Rao, Director	
3	Shri L.N.Malleswara Rao, Director	
4	Shri R.Vishnu, Executive Director	
5	Shri K.Siva Lakshmana Rao, Non Executive Director	Key Management Personnel
6	Shri M.Srinivas, Independent Director	
7	Ms.U.K.Gayathri, Independent Director	
8	Atluri Venkata Ram, Director	
9	Shri M.S.Muralikrishnan, Company Secretary	
10	Shri N.Prabhakar, Resolution Professional	

**b) Aggregated Related party transactions**

i) Particulars of transactions during the year

(Amount in Rs.)

SI No.	Nature of Transaction	for the year ended 31st March, 2020	for the year ended 31st March, 2019
<b>Expenditure during the year</b>			
1	Remuneration to Key Managerial personnel	3,242,413	6,890,400
2	Sitting fees to Directors	216,000	-

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

(Amount in Rs.)

SI No.	Nature of Transaction	As at 31st March, 2020	As at 31st March, 2019
1	Outstanding balances payable to Management Personnel	7,393,357	9,568,618
2	Sitting fee and other expenses payable to Directors	2,640,262	2,490,862

**NOTE- 2.35****Calculation of earnings per share (Ind AS 33)**

(Amount in Rs.)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Profit attributable to Share Holders	(239,507,938)	(274,903,039)
No. of Equity Shares Outstanding	220,254,319	220,254,319
Weighted No. of Equity Shares	220,254,319	220,254,319
Convertible Share Warrants	-	30,000,000
No. of diluted equity shares	220,254,319	250,254,319
Nominal Value of Equity Share	2.00	2.00
Basic EPS	(1.09)	(1.25)
Diluted EPS	(1.09)	(1.10)

**NOTE - 2.36****Intangible Assets (Ind AS-38) - R&D**

The Research & Development expenditure, charged to statement of profit & loss during the year is Rs.39.79 lakhs (previous year Rs.61.70 Lakhs)

**NOTE - 2.37**

Provisions, Contingent Liabilities and Contingent Assets (Ind AS-37) : Necessary details in regard to provisions have been disclosed in notes 2.27

**Note - 2.38 : Others****2.38.1 Fair Value Measurement****Financial instruments by category**

(Amount in Rs.)

	As at March 20			As at March 19		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
<b>Financial Assets</b>						
Investments			-			-
Trade receivables			95,068,509			194,366,986
Cash and cash equivalents			526,196			595,863
Other bank balances			13,017,564			17,206,281
Loans			-			-
Other financial assets			8,005,923			7,988,870
<b>Total</b>	-	-	<b>116,618,192</b>			<b>220,158,000</b>
<b>Financial Liabilities</b>						
Borrowings			144,769,543			148,630,315
Trade payables			603,302,610			587,492,205
Other financial liabilities			415,740,193			1,812,745,705
<b>Total</b>	-	-	<b>1,163,812,346</b>	-	-	<b>2,548,868,225</b>

- Assets that are not financial assets (such as receivables from statutory authorities, prepaid expenses, advances paid and certain other receivables) as of 31 March 2020, and 31st March 2019, respectively, are not included.
- Other liabilities that are not financial liabilities (such as statutory dues payable, advances from customers and certain other accruals) as of 31 March 2020, and 31st March 2019, respectively, are not included.



The carrying amounts of above financial assets and liabilities are considered to be same as their fair values, due to their short-term nature.

### 2.38.2 Financial Risk Management

#### a) Risk Management Framework

The Company's management has overall responsibility for the establishment and oversight of the Company's risk management framework. The management has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the management on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The management monitors the compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

The Company has exposure to the following risks arising from financial instruments:

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, loans	Ageing analysis	Diversification of bank deposits and close monitoring of receivables
Liquidity risk	Borrowings and other liabilities	Cash flow forecasts	Regular follow up on receivables and temporary borrowings to meet day to day operations.
Market risk-currency risk	Imports giving rise to foreign currency payables	-	-

#### A. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables)

##### Trade receivables

"The Company sales are generally based on advance payments and credit sales. The trade receivables in the books are mainly on account of credit sales to different parties, government undertakings like Railways, EESL etc.

#### (i). Expected credit loss for trade receivables under simplified approach is detailed as per the below tables:

##### Year ended 31 March 2020

(Amount in Rs.)

Ageing	< 6 months	6-12 months	>1-3 years	>3 years	Total
Gross carrying amount	3,564,001	4,712,978	294,189,460	315,243,472	617,709,910
Expected loss rate	67.68	86.78	71.08	97.39	84.61
Expected credit losses (loss allowance provision)	2,412,143	4,089,989	209,123,706	307,015,563	522,641,401
Carrying amount of trade receivables (net of impairment)	1,151,858	622,989	85,065,754	8,227,909	95,068,509

## Year ended 31 March 2019

(Amount in Rs.)

Ageing	< 6 months	6-12 months	>1-3 years	>3 years	Total
Gross carrying amount	17,905,572	9,327,359	528,640,410	56,885,126	612,758,467
Expected loss rate	34.34	77.96	66.09	97.71	68.28
Expected credit losses (loss allowance provision)	6,149,432	7,271,230	349,389,311	55,581,508	418,391,481
Carrying amount of trade receivables (net of impairment)	11,756,140	2,056,129	179,251,099	1,303,618	194,366,986

**(ii) Reconciliation of loss allowance provision - trade receivables**

Loss allowance on 1 April 2018	279,542,352
Changes in loss allowance	138,849,129
Loss allowance on 31 March 2019	418,391,481
Changes in loss allowance	104,249,920
Loss allowance on 31 March 2020	522,641,401

The impairment provisions for trade receivables disclosed above are based on assumptions about risk of default and expected loss rates.

**B. Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

However, the Company is facing financial difficulties and currently does not have sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations.

**Maturities of financial liabilities**

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

(Amount in Rs.)

	Year ended 31 March 2020	Year ended 31 March 2019
	On demand	On demand
Borrowings	144,769,543	148,630,315
Trade payables	603,302,610	587,492,205
Other financial liabilities	1,692,776,488	1,812,745,705
<b>Total</b>	<b>2,440,848,641</b>	<b>2,548,868,225</b>

**C. Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**Foreign currency risk**

Since majority of the Company's operations are being carried out in India and since all the material balances are denominated in its functional currency, the company does not carry any material exposure to currency fluctuation risk.

The Company's exposure to foreign currencies is minimal and hence no sensitivity analysis is presented.

**Other Notes**

- 2.39 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.
- Pursuant to approval of the Resolution Plan, the same, inter alia, upon implementation shall result into the following :
- a) Payments to Stake Holders - The Resolution plan contemplates, inter alia, payments amounting to
    - i) upto an aggregate of Rs.5.80 Crores towards payment of CIRP Cost
    - ii) Rs.1.05 crores towards workmen, Employee dues and ex employees claims (Form D)
    - iii) Rs.0.08 crores towards government dues
    - iv) Rs.2.16 Crores to Certain Operational creditors
    - v) Rs.49.72 crores towards repayment of secured and unsecured financial creditors
  - b) Infusion of funds - Infusion of need based working capital funds for an approximate amount of Rs.6 Crores and infusion of an amount of Rs.3 crores for capital expenditure.
  - c) Reduction of existing share capital - The resolution plan proposes reduction of company's share capital without any payout to the share holders, by reducing the number of shares from 22,02,54,319 shares to 5,50,64,000 shares of face value Rs.2.00 each. Remaining 16,51,90,319 shares will be issued and allotted to new promoters, strategic investors and associates after the NCLT approval.
- 2.40 During the year , the company has incurred a net loss of Rs.23.95 crores resulting into accumulated loss of Rs.171.94 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.
- 2.41 The company has certain trade receivables , security deposits , loans and advances, other financial and current assets aggregating to Rs.25.54 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.
- 2.42 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.
- 2.43 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.
- 2.44 Money received against share warrants amounting to Rs.18.76 crores has been forfeited during the financial year.
- 2.45 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.
- 2.46 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).

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## MIC Electronics Limited

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

### FORM NO. MGT - II PROXY FORM

[Pursuant to the provisions of Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s) :

Registered Address :

E-mail ID :

Folio No./ Client ID :

DP ID :

I/We being the Member(s) of \_\_\_\_\_ equity shares of the above named, hereby appoint:

1. Name: \_\_\_\_\_ E-mail Id: \_\_\_\_\_

Address: \_\_\_\_\_ Signature: \_\_\_\_\_

or failing him

2. Name: \_\_\_\_\_ E-mail Id: \_\_\_\_\_

Address: \_\_\_\_\_ Signature: \_\_\_\_\_

or failing him

3. Name: \_\_\_\_\_ E-mail Id: \_\_\_\_\_

Address: \_\_\_\_\_ Signature: \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 32<sup>nd</sup> Annual General Meeting of the Company, to be held on Thursday, 31<sup>st</sup> day of December, 2020, at 10.30 A.M. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") and at any adjournment(s) thereof, in respect of the resolutions, as indicated below:

Resolution Number	Resolution	For	Against	Abstain
Ordinary Business				
1	Item No: 1: Adoption of Financial Statements To receive, consider and adopt: a) the Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2020 together with the Reports of the Board of Directors and the Auditors thereon; and b) the Audited Consolidated Financial Statements of the Company for the Financial year ended March 31, 2020 together with the Report of the Auditors thereon.			
2	Re-appointment of Mr. Ravi Vishnu :			
Special Business				
3.	Appointment of Ms. U K Gayathri as an Independent Director			

Signed: this \_\_\_\_\_ day of \_\_\_\_\_ 2020

Signature of Member(s): \_\_\_\_\_

Signature of the Proxy holder(s): \_\_\_\_\_

Affix Re. 1/- Revenue Stamp
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**Note : This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**

### ATTENDANCE SLIP

(Please complete this attendance slip and hand it over at the entrance of the Hall)

Registered Folio No./ DP ID no / Client ID No:

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Number of Shares held:

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I certify that I am a member / proxy / authorized representative for the member of the Company.

I hereby record my presence at the 32<sup>nd</sup> Annual General Meeting of the Company, to be held on Thursday, 31<sup>st</sup> day of December, 2020, at 10.30 A.M. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")

.....  
Name of the member / proxy

.....  
Signature of member / proxy

## CORPORATE INFORMATION

### Annual General Meeting

Date : 31<sup>th</sup> day of December 2020  
Day : Thursday  
Time : 10.30 AM  
through Video Conferencing  
("VC") / Other Audio Visual  
Means ("OAVM")

### 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

Shri Vishnu Ravi  
Shri Siva Lakshmanarao Kakarala  
Shri Medasani Srinivas  
Ms. U K Gayathri

### Company Secretary

M S Murali Krishnan

### 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  
Telangana

Registered Office Address:

**MIC Electronics Limited**

A-4/II, Electronic Complex, Kushaiguda, Hyderabad - 500062, Telangana, India.  
Tel : +91-40-271 22222, Fax : +91-40-2713 3333, Email : [cs@mic.co.in](mailto:cs@mic.co.in)