

CIN No: L31909TG1988PLC008652

MIC Electronics Limited

A-4/II, Electronic Complex, Kushaiguda, Hyderabad - 500062, India
Ph: +91 40 27122222 Fax: +91 40 27133333
www.mic.in www.micelectronics.com

ISO 9001:2008 ISO 14001:2004 Certified Company



Monday, May 30, 2016

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

Dear Sir / Madam,

Sub: Outcome of Board Meeting held 30th May, 2016.

We wish to inform you that the Board Meeting has just been concluded and approved the following.

1. Audited Financial Results for the Fourth Quarter and Year ended 31st March, 2016. (Annexed herewith).
2. Resignation of Shri. Malleswara Durga Prasad as CFO of the Company with effect from 23rd May, 2016.
3. Appointment of Shri. L. N. Malleswara Rao Executive Director of the Company appointed as CFO with effect from 30th May, 2016.
4. Appointment of Mr. Khush Mohammad as Company Secretary of the Company with effect from 23rd May, 2016.

Thanking you,

Yours truly,

For MIC Electronics Limited


(Dr M V Ramana Rao)
Managing Director



Encl: Financial Results, Audit Report, Statement on Impact of Audit Qualifications.

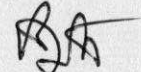
MIC Electronics Limited											
AUDITED FINANCIAL RESULTS FOR THE FOURTH QUARTER AND YEAR ENDED ON 31ST March, 2016											
STAND-ALONE					(Rs.in crores)						
					PART - 1	CONSOLIDATED					
3 months ended	Previous 3 months ended	Corresponding 3 months ended in the previous year	Year to date figures for current period ended (12M)	Previous Accounting Year ended(12 Months)	SR. NO.	Particulars	3 months ended	Previous 3 months ended	Corresponding 3 months ended in the previous year	Year to date figures for current period ended (12M)	Previous Accounting Year ended(12 Months)
31.03.2016	31.12.2015	31.03.2015	31.03.2016	31.03.2015			31.03.2016	31.12.2015	31.03.2015	31.03.2016	31.03.2015
Audited	Unaudited	Audited	Audited	Audited			Audited	Unaudited	Audited	Audited	Audited
60.57	53.75	44.38	214.59	155.92	1	a) Net Sales / Income from Operations (Excluding Branch Transfer) (Net of Excise Duty)	60.57	53.75	44.42	214.59	155.93
1.59	1.21	0.95	3.05	2.62		b) Other Operating Income	1.59	1.21	0.91	3.05	2.62
62.16	54.96	45.33	217.64	158.54		Total Income from operations (net)	62.16	54.96	45.33	217.64	158.55
56.03	20.05	16.71	123.52	35.97	2	Expenses					
13.11	15.44	19.31	67.68	102.19		a. Cost of Material Consumed	56.03	20.05	16.74	123.52	35.97
(26.51)	2.68	(8.99)	(41.79)	(9.96)		b. Purchase of traded goods	13.11	15.44	19.31	67.68	102.19
1.09	0.90	0.88	3.46	3.47		c. (Increase)/Decrease in inventories	(26.51)	2.68	(8.99)	(41.79)	(9.96)
1.88	1.88	1.92	7.51	7.67		d. Employee benefits expense	1.09	0.90	0.88	3.46	3.66
7.41	4.82	7.76	20.84	15.87		e. Depreciation and Amortisation expense	1.75	1.93	1.99	7.51	7.83
53.01	45.77	37.59	181.22	155.21		f. Other Expenses	7.43	4.82	7.73	20.89	15.92
9.15	9.19	7.74	36.42	3.33	3	Total Expenses	52.90	45.82	37.66	181.27	155.61
1.51	0.85	1.38	3.39	3.60	4	Profit / (Loss) from Operations before other income, finance costs and exceptional items (1 - 2)	9.26	9.14	7.67	36.37	2.94
10.66	10.04	9.12	39.81	6.93	5	Other Income	1.54	0.85	1.38	3.44	3.60
0.09	0.15	(3.16)	0.47	6.51	6	Profit / (Loss) from ordinary activities before finance costs and exceptional items (3 ± 4)	10.80	9.99	9.05	39.81	6.54
10.57	9.89	12.28	39.34	0.42	7	Finance Costs	0.09	0.15	(3.16)	0.47	6.51
189.10	7.10	0.00	196.20	0.00	8	Profit / (Loss) from ordinary activities after finance costs but before exceptional items (5 ± 6)	10.71	9.84	12.21	39.34	0.03
(178.53)	2.79	12.28	(156.86)	0.42	9	Exceptional Items - Expenditure / (Income)	189.10	7.10	0.00	196.20	0.00
(50.11)	0.53	(1.60)	(45.98)	(1.78)	10	Profit / (Loss) from Ordinary Activities before tax (7 ± 8)	(178.39)	2.74	12.21	(156.86)	0.03
(128.42)	2.26	13.88	(110.88)	2.20	11	Tax Expense-Deferred Tax	(50.11)	0.53	(1.60)	(45.98)	(1.78)
0.00	0.00	0.00	0.00	0.00	12	Net Profit / (Loss) from Ordinary Activities after tax (9 ± 10)	(128.28)	2.21	13.81	(110.88)	1.81
(128.42)	2.26	13.88	(110.88)	2.20	13	Extraordinary items (Net of Tax expense Rs. Nil)	0.00		0.00		0.00
0	0.00	0.00	0.00	0.00	14	Net Profit / (Loss) for the period (11 ± 12)	(128.28)	2.21	13.81	(110.88)	1.81
0	0.00	0.00	0.00	0.00	15	Share of Profit / (loss) of associates	0.00	0.00	0.00	0.00	0.00
(128.42)	2.26	13.88	(110.88)	2.20	16	Minority Interest	0.00	0.00	0.00	0.00	0.00
33.23	33.23	23.78	33.23	23.78	17	Net Profit / (Loss) after taxes, minority interest and share of profit / (loss) of associates (13 ± 14 ± 15)	(128.28)	2.21	13.81	(110.88)	1.81
0.00	0.00	0.00	177.41	283.58	18	Paid-up Equity Share Capital (Face Value Rs. 2/- each)	33.23	33.23	23.78	33.23	23.78
					19	Reserves Excluding Revaluation Reserves as per Balance Sheet of previous accounting year	0.00	0.00	0.00	175.91	281.77
(8.93)	0.14	1.17	(7.71)	0.18		Earning Per Share (face value of Rs.2/- each)					
(6.84)	0.13	0.78	(5.91)	0.12		(a) Basic	(8.92)	0.13	1.16	(7.71)	0.15
						(b) Diluted	(6.84)	0.12	0.78	(5.91)	0.10

For MIC Electronics Limited


(Dr. M.V. Ramana Rao)
Managing Director

PART - 2					
SR. NO.	Particulars	3 months ended	Previous 3 months ended	Corresponding 3 months ended in the previous year	Previous Accounting Year ended
		31.03.2016	31.12.2015	31.03.2015	31.03.2015
A	PARTICULARS OF SHAREHOLDING				
1	Public Share Holding				
	- Number of Shares	140,222,998	140,222,998	105,680,998	105,680,998
	- Percentage of Shareholding	84.40	84.40	88.86	88.86
2	Promoter and Promoter Group Shareholding				
	<u>a) Pledged / Encumbered</u>				
	- Number of Shares	4,487,000	4,487,000	4,487,000	4,487,000
	- Percentage of Shareholding (as a % of the total shareholding of promoter and promoter group)	17.31	17.31	33.88	33.88
	- Percentage of Shares (as a % of total share capital of the Company)	2.70	2.70	3.77	3.77
	<u>b) Non - Pledged / Encumbered</u>				
	- Number of Shares	21,428,125	21,428,125	8,755,277	8,755,277
	- Percentage of Shares (as a % of total shareholding of promoter and promoters group)	82.69	82.69	66.12	66.12
	- Percentage of Shares (as a % of total share capital of the Company)	12.90	12.90	7.36	7.36

For MIC Electronics Limited


 (Dr. M.V. Ramana Rao)
 Managing Director

	PARTICULARS	3 MONTHS ENDED 31.03.2016
B	INVESTOR COMPLAINTS	
1	PENDING AT THE BEGINNING OF THE QUARTER	1
2	RECEIVED DURING THE QUARTER	0
3	DISPOSED OF DURING THE QUARTER	0
4	REMAINING UNRESOLVED AT THE END OF THE QUARTER	1

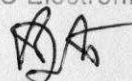
Notes:

1. The above results have been reviewed by the Audit Committee at its meeting held on 30th May 2016 and approved by the Board of Directors of the Company at its meeting held on 30th May 2016.
2. The figures for the quarter ended 31st March 2016 are balancing figures between audited figures in respect of 12 months financial year ended 31st March 2016 and published year to date figures for quarter ended 31st December 2015.
3. The consolidated financial results include the audited financial results of the wholly owned subsidiaries , M/s MIC Green Energy Solutions Pvt Ltd, M/s.Candilux Private Limited (formerly M/s.MIC Candilux Private Limited) and unaudited financial results of M/s.MIC Electronics Inc.
4. The company has not provided for interest expense of Rs.0.51 Crores on term loans for the current quarter since the matter is in litigation. This has resulted in current quarter loss being understated by Rs.0.51 Crores.
5. The company has not provided for interest expense of Rs.1.04 crores on some of the unsecured loans for the current quarter since the company is persuing matter for one time settlement. This has resulted in the current quarter loss being understated by Rs.1.04 crores
6. The company has not provided for interest expense of Rs.1.25 crores on SBI Working capital for the current quarter since the account has become NPA on 28.11.2014. This has resulted in the current quarter loss being understated by Rs.1.25 crores.
7. While calculating diluted EPS, outstanding 4,38,22,222 convertible share warrants issued on preferential basis have been considered.
8. Exceptional items include depletion in value of inventories of Rs.159.52 crores due to obselete technology of telecom software and equipment, software and material of high pixel pitch electronic modules with embedded FPGA & Software. These values have been depleted as they lost their commerical value.
9. Exceptional items include bad debts and debit balances written off of Rs.36.68 crores as these balances are long outstanding and management is of the opinion that it may not be able to recover these debts and hence such write off is warranted.
10. The Company has only one segment i.e., LED Products.
11. Figures have been rearranged wherever necessary.

Place : Hyderabad

Date : 30.05.2016

For MIC Electronics Limited



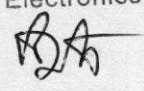
(Dr. M.V. Ramana Rao)
Managing Director

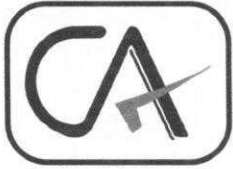
STATEMENT OF ASSETS & LIABILITIES
AS AT 31ST MARCH 2016

(Rs.in crores)

Stand Alone		Particulars	Consolidated	
As At (12 months ended) 31.03.16 (Audited)	As At (12 months ended) 31.03.15 (Audited)		As At (12 months ended) 31.03.16 (Audited)	As At (12 months ended) 31.03.15 (Audited)
		A EQUITY AND LIABILITIES		
		1. Shareholders Fund:		
33.23	23.78	(a) Share Capital	33.23	23.78
177.41	283.58	(b) Reserves and Surplus	175.91	281.76
21.60	4.36	(c) Money received against share warrants	21.60	4.36
232.24	311.72	Sub-total Shareholders Fund:	230.74	309.90
		2. Non-current liabilities		
12.84	16.81	(a) Long-term borrowings	12.84	16.81
5.14	16.90	(b) Long-term provisions	5.14	16.90
17.98	33.71	Sub-total - Non-current liabilities	17.98	33.71
		3. Current liabilities		
94.75	99.12	(a) Short-term borrowings	94.75	99.12
60.21	67.46	(b) Trade payables	60.99	66.90
81.06	83.14	(c) Other current liabilities	81.08	83.16
0.00	0.08	(d) Short-term provisions	0.00	0.08
236.02	249.80	Sub-total - Current liabilities	236.82	249.26
486.24	595.23	TOTAL - EQUITY AND LIABILITIES	485.54	592.87
		B ASSETS		
		1. Non-current assets		
137.50	144.74	(a) Fixed assets	137.50	144.74
2.29	2.29	(b) Non-current investments	6.80	6.43
62.06	16.09	(c) Deferred tax assets (net)	62.06	16.08
32.18	45.35	(d) Long-term loans and advances	26.81	40.00
3.98	15.73	(e) Other non-current assets	4.11	15.86
238.01	224.20	Sub-total - Non-current assets	237.28	223.11
		2 Current assets		
75.23	191.95	(a) Inventories	75.23	191.95
94.37	109.94	(b) Trade receivables	94.37	107.96
2.39	2.08	(c) Cash and cash equivalents	2.42	2.12
74.26	65.00	(d) Short-term loans and advances	74.26	65.67
1.98	2.06	(e) Other current assets	1.98	2.06
248.23	371.03	Sub-total - Current assets	248.26	369.76
486.24	595.23	TOTAL -ASSETS	485.54	592.87

For MIC Electronics Limited


 (Dr. M.V. Ramana Rao)
 Managing Director



PAVULURI & Co.

CHARTERED ACCOUNTANTS

105, 1st Block, 1st Floor, Divya Shakti Complex,
Ameerpet, Hyderabad - 500 016.

Ph : 040 - 2373 1837, 4025 8691

Fax : 040 - 2374 8729

Email : pavuluriandco@gmail.com

pavuluriandco@hotmail.com

Auditor's Report on Annual Financial Results of MIC ELECTRONICS LIMITED pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,

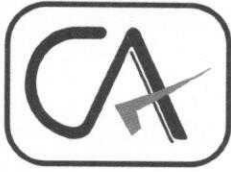
The Board of Directors of MIC ELECTRONICS LIMITED

1. We have audited the accompanying statement of standalone financial results of **MIC ELECTRONICS LIMITED** ("the company") for the year ended 31 March, 2016 ("the statement"), being submitted by the company pursuant to the requirement of regulation 33 of the SEBI (Listing obligation and Disclosure Requirement) regulation, 2015. This Statement, which is the responsibility of the Company's Management and approved by the board of directors, has been prepared on the basis of related financial statements which is in accordance with the accounting standards, prescribed under Section 133 of the Companies act, 2013 as applicable and other accounting principles generally accepted in India. Our responsibility to express an opinion on the statement
2. We conducted our audit in accordance with the standards on Auditing issued by the Institute of Chartered accountants of India. Those standards require that we comply with ethical requirement and plan and perform the audit to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosure in the Statement. The procedures selected depend on the auditor judgment, including the assessment of the risk of material misstatement of the statement, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the company's preparation and fair presentation of the statements in order to design audit procedure that are appropriate in the circumstances, but not for the purpose of Expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the statement

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





PAVULURI & Co.

CHARTERED ACCOUNTANTS

105, 1st Block, 1st Floor, Divya Shakti Complex,
Ameerpet, Hyderabad - 500 016.

Ph : 040 - 2373 1837, 4025 8691

Fax : 040 - 2374 8729

Email : pavuluriandco@gmail.com

pavuluriandco@hotmail.com

3. Basis for Qualified Opinion

- i. Reference is invited to Note 3.05 of the financial statements, The Company has not provided the interest on working capital loan from SBI for Rs.11.87crores during the year (Previous Year Rs 7.21 crores) as the account has become NPA.

Under accounting principles generally accepted in India, the company should have made a provision for interest expense of Rs11.87 crores. Had the company made a provision for the same the current year loss would have been higher by the said amount.

- ii. Reference is invited to Note 3.07 of the financial statements, The Company has not provided the interest on unsecured loans for Rs 4.23 crores and interest on term loans for Rs2.73crores for the year ended 31st March 2016, since the company is pursuing the matter for settlement.

Under accounting principles generally accepted in India, the company should have made a provision for interest expense of Rs6.96crores (Previous Year Rs 8.14 crores). Had the company made a provision for the same, the current year loss would have been higher by the said amount.

- iii. Reference is invited to Note 3.12 of the financial statements, the Company's Capital Advances to the extent of Rs 9.52 crores, "we are unable to ascertain whether such balances as at balance sheet date are fully recoverable. Accordingly, we are unable to ascertain the impact, if any, that may arise in case any of these advances are subsequently determined to be doubtful of recovery. Had the Company made a provision for the same, the loss for the period would have been higher by the said amount."

- iv. Reference is invited to Note 3.15 of the financial statements, during the year the company has written off Rs.33.49 crores as bad debts. However, the Company's Trade Receivables still consists of Rs.6.67 crores that are more than three years old and "we are unable to ascertain whether such balances as at balance sheet date are fully recoverable. Accordingly, we are unable to ascertain the impact, if any, that may arise in case any of these receivables are subsequently determined to be doubtful of recovery. Had the Company provided provision for the same, the loss for the period would have been higher by the said amount."



Branches :

10-51-13, Flat No. 201, Siri Avenue, Kailashmetta, Visakhapatnam - 530003.

48-18-5/3, Opp. NTR Health University, Nagarjuna Nagar, Vijayawada - 520008, Ph : 0866-2545418



PAVULURI & Co.

CHARTERED ACCOUNTANTS

105, 1st Block, 1st Floor, Divya Shakti Complex,

Ameerpet, Hyderabad - 500 016.

Ph : 040 - 2373 1837, 4025 8691

Fax : 040 - 2374 8729

Email : pavuluriandco@gmail.com

pavuluriandco@hotmail.com

- v. Reference is invited to Note 3.17 of the financial statements, the Company's Other Advances to the extent of Rs.47.91 crores, "we are unable to ascertain whether such balances as at balance sheet date are fully recoverable. Accordingly, we are unable to ascertain the impact, if any, that may arise in case any of these advances are subsequently determined to be doubtful of recovery. Had the Company provided provision for the same, the loss for the period would have been higher by the said amount."
- vi. Reference is invited to Note 3.27 of the financial statements, there are pending litigations against the company, not acknowledged by the company to the extent of Rs.3.42 crores. There are material uncertainties regarding the outcome of these litigations where in an unfavorable decision could result in cash outflows for the company.

4. Qualified Opinion:

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the point no 3 above, these quarterly financial results as well as the year to date results:

- a) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard; and
- b) give a true and fair view of the net loss and other financial information for year to date results for the period from 01/04/2015 to 31/03/2016
5. The statement includes the result for the quarter ended 31st March, 2016 being the balancing figure between audited figures in respect of the full financial year and published year to date figures up to the third quarter of the current financial year which were subjected to limited review by us.

Place : Hyderabad
Date : 30/05/2016

For PAVULURI&Co.
Chartered Accountants

Firm Reg. No:012194S

N. Rajesh
(CA N. RAJESH)
PARTNER
M.No : 223169





PAVULURI & Co.

CHARTERED ACCOUNTANTS

105, 1st Block, 1st Floor, Divya Shakti Complex,

Ameerpet, Hyderabad - 500 016.

Ph : 040 - 2373 1837, 4025 8691

Fax : 040 - 2374 8729

Email : pavuluriandco@gmail.com

pavuluriandco@hotmail.com

Auditor's Report on Consolidated Annual Financial Results of MIC ELECTRONICS LIMITED pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,

The Board of Directors of MIC ELECTRONICS LIMITED

1. We have audited the consolidated financial results of **MIC ELECTRONICS LIMITED** ("the company") for the year ended 31 March, 2016 ("the statement"), being submitted by the company pursuant to the requirement of regulation 33 of the SEBI (Listing obligation and Disclosure Requirement) regulation, 2015. This Statement, which is the responsibility of the Company's Management and approved by the board of directors, has been prepared on the basis of related financial statements which is in accordance with the accounting standards, prescribed under Section 133 of the Companies act, 2013 as applicable and other accounting principles generally accepted in India.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

2. Basis for Qualified Opinion

- i. Reference is invited to Note 3.05 of the financial statements, The Company has not provided the interest on working capital loan from SBI for Rs.11.87 crores during the year (Previous Year Rs 7.21 crores) as the account has become NPA.

Under accounting principles generally accepted in India, the company should have made a provision for interest expense of Rs11.87 crores. Had the company made a provision for the same the current year loss would have been higher by the said amount.





PAVULURI & Co.

CHARTERED ACCOUNTANTS

105, 1st Block, 1st Floor, Divya Shakti Complex,

Ameerpet, Hyderabad - 500 016.

Ph : 040 - 2373 1837, 4025 8691

Fax : 040 - 2374 8729

Email : pavuluriandco@gmail.com

pavuluriandco@hotmail.com

- ii. Reference is invited to Note 3.07 of the financial statements, The Company has not provided the interest on unsecured loans for Rs 4.23 crores and interest on term loans for Rs2.73crores for the year ended 31st March 2016, since the company is pursuing the matter for settlement.

Under accounting principles generally accepted in India, the company should have made a provision for interest expense of Rs6.96crores (Previous Year Rs 8.14 crores). Had the company made a provision for the same, the current year loss would have been higher by the said amount.

- iii. Reference is invited to Note 3.12 of the financial statements, the Company's Capital Advances to the extent of Rs 9.52 crores, "we are unable to ascertain whether such balances as at balance sheet date are fully recoverable. Accordingly, we are unable to ascertain the impact, if any, that may arise in case any of these advances are subsequently determined to be doubtful of recovery. Had the Company made a provision for the same, the loss for the period would have been higher by the said amount."
- iv. Reference is invited to Note 3.15 of the financial statements, during the year the company has written off Rs.33.49 crores as bad debts. However, the Company's Trade Receivables still consists of Rs.6.67 crores that are more than three years old and "we are unable to ascertain whether such balances as at balance sheet date are fully recoverable. Accordingly, we are unable to ascertain the impact, if any, that may arise in case any of these receivables are subsequently determined to be doubtful of recovery. Had the Company provided provision for the same, the loss for the period would have been higher by the said amount."
- v. Reference is invited to Note 3.17 of the financial statements, the Company's Other Advances to the extent of Rs.47.91 crores, "we are unable to ascertain whether such balances as at balance sheet date are fully recoverable. Accordingly, we are unable to ascertain the impact, if any, that may arise in case any of these advances are subsequently determined to be doubtful of recovery. Had the Company provided provision for the same, the loss for the period would have been higher by the said amount."
- vi. Reference is invited to Note 3.27 of the financial statements, there are pending litigations against the company, not acknowledged by the company to the extent of Rs.3.42 crores. There are material uncertainties regarding the outcome of these litigations where in an unfavorable decision could result in a outflow of cash flows for the company.





PAVULURI & Co.

CHARTERED ACCOUNTANTS

105, 1st Block, 1st Floor, Divya Shakti Complex,
Ameerpet, Hyderabad - 500 016.

Ph : 040 - 2373 1837, 4025 8691

Fax : 040 - 2374 8729

Email : pavuluriandco@gmail.com

pavuluriandco@hotmail.com

3. Qualified Opinion:

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the point no 3 above, these quarterly consolidated financial results as well as the consolidated year to date results:

- a) include the quarterly financial results and year to date results of the following entities.
 - M/s.MIC Green Energy Solutions Pvt Ltd
 - M/s.MIC Candilux Pvt Ltd
 - M/s. MIC Electronics Inc., USA
- b) have been presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard; and
- b) give a true and fair view of the consolidated net loss and other financial information for consolidated year to date results for the period from 01/04/2015 to 31/03/2016

Other Matters:

- We did not audit the financial statements of the subsidiary companies M/s.MIC Green Energy Solutions Pvt Ltd for year ended 31st March 2016 and M/s.MIC Candilux Pvt Ltd for year ended 31st March 2016. These financial statements and financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
- We have also relied on the unaudited financial statements of subsidiary M/s. MIC Electronics Inc., USA for year ended 31st March 2016. These unaudited financial statements approved by the respective Board of Directors of these companies have been furnished to us by the Management and our report in so far as it relates to the amounts included in respect of this subsidiary company is based solely on such approved unaudited financial statements.

Our Opinion is not qualified in respect of other matters.





PAVULURI & Co.

CHARTERED ACCOUNTANTS

105, 1st Block, 1st Floor, Divya Shakti Complex,

Ameerpet, Hyderabad - 500 016.

Ph : 040 - 2373 1837, 4025 8691

Fax : 040 - 2374 8729

Email : pavuluriandco@gmail.com

pavuluriandco@hotmail.com

4. The statement includes the result for the quarter ended 31st March, 2016 being the balancing figure between audited figures in respect of the full financial year and published year to date figures up to the third quarter of the current financial year which were subjected to limited review by us.

Place : Hyderabad
Date : 30/05/2016

For PAVULURI&Co.
Chartered Accountants

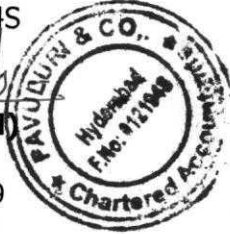
Firm Reg. No:012194S

N. Rajesh

(CA N. RAJESH)

PARTNER

M.No : 223169



STATEMENT ON IMPACT OF AUDIT QUALIFICATIONS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016:

[As per Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

(Rs. In Crores)

Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
1.	Turnover / Total income	221.03	221.03
2.	Total Expenditure	331.91	418.26
3.	Net Profit/(Loss)	(110.88)	(197.23)
4.	Earnings Per Share	(7.71)	(13.71)
5.	Total Assets	486.24	399.89
6.	Total Liabilities	486.24	399.89
7.	Net Worth	232.24	145.89
8.	Any other financial item(s) (as felt appropriate by the management)	NIL	NIL

II. Audit Qualification (each audit qualification separately):

a. Details of Audit Qualification:

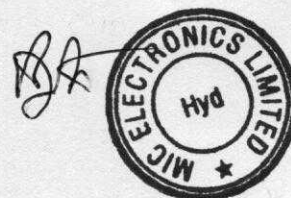
- i. Reference is invited to Note 3.05 of the financial statements, The Company has not provided the interest on working capital loan from SBI for Rs.11.87crores during the year (Previous Year Rs 7.21 crores) as the account has become NPA.

Under accounting principles generally accepted in India, the company should have made a provision for interest expense of Rs11.87 crores. Had the company made a provision for the same the current year loss would have been higher by the said amount.

- ii. Reference is invited to Note 3.07 of the financial statements, The Company has not provided the interest on unsecured loans for Rs 4.23 crores and interest on term loans for Rs2.73crores for the year ended 31st March 2016, since the company is pursuing the matter for settlement.

Under accounting principles generally accepted in India, the company should have made a provision for interest expense of Rs6.96crores (Previous Year Rs 8.14 crores). Had the company made a provision for the same, the current year loss would have been higher by the said amount.

- iii. Reference is invited to Note 3.12 of the financial statements, the Company's Capital Advances to the extent of Rs 9.52 crores, "we are unable to ascertain whether such balances as at balance sheet date are fully recoverable. Accordingly, we are unable to ascertain the impact, if any, that may arise in case any of these advances are subsequently determined to be doubtful of recovery. Had the Company made a provision for the same, the loss for the period would have been higher by the said amount.



- iv. Reference is invited to Note 3.15 of the financial statements, during the year the company has written off Rs.33.49 crores as bad debts. However, the Company's Trade Receivables still consists of Rs.6.67 crores that are more than three years old and "we are unable to ascertain whether such balances as at balance sheet date are fully recoverable. Accordingly, we are unable to ascertain the impact, if any, that may arise in case any of these receivables are subsequently determined to be doubtful of recovery. Had the Company provided provision for the same, the loss for the period would have been higher by the said amount.
- v. Reference is invited to Note 3.17 of the financial statements, the Company's Other Advances to the extent of Rs.47.91 crores, "we are unable to ascertain whether such balances as at balance sheet date are fully recoverable. Accordingly, we are unable to ascertain the impact, if any, that may arise in case any of these advances are subsequently determined to be doubtful of recovery. Had the Company provided provision for the same, the loss for the period would have been higher by the said amount.
- vi. Reference is invited to Note 3.27 of the financial statements, there are pending litigations against the company, not acknowledged by the company to the extent of Rs.3.42 crores. There are material uncertainties regarding the outcome of these litigations where in an unfavorable decision could result in cash outflows for the company.

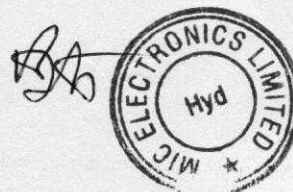
b. Type of Audit Qualification : Qualified Opinion

c. Frequency of qualification:

The audit qualifications from i to v are repetitive since 2012-13 financial year and vi appeared first time in this financial year.

d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:

- i. The loan has become NPA and management has submitted the proposal for settlement with the banks and is under consideration by the bankers and we are of the opinion that no provision is necessary.
- ii. Due to tight liquidity position, company has approached the lenders of unsecured loans and term loans for one time settlement. Since the company is of the opinion that the lenders will consider favourably, interest has not been provided on such loans.
- iii. Company has given advances to various suppliers for supply of capital goods for its LED Display Division's expansion projects. The management is closely pursuing with such suppliers for supply of such capital goods. We are insisting such suppliers to either supply the goods or refund the advance amount without further delay. The management is confident of adjustment of such capital advances and hence no provision has been made.
- iv. Due to the prevailing recessionary trend in the industry in the last 3 to 4 years, significant portion of trade receivables remain uncollected. The management has setup a separate team for close monitoring and collection of such overdue receivables and based on their recommendation we are already written off bad debts and other debit balances to the extent of Rs 33.49 crores. The management is confident of collecting the remaining overdue trade receivables over a period of time and hence no provision has been made.
- v. The above advances include a sum of Rs.1.90 Crores given as advance for acquisition of shares in those companies which are engaged in manufacture of LED lighting products and power electronics and the management is insisting such companies to allot/transfer shares at the earliest or else refund the invested amount. Balance of Rs.46.01 crores related to advances given to various suppliers for supply of



materials / services in the ordinary course of business. The management is closely pursuing with such suppliers for supply of materials / services. We are insisting such suppliers to either supply the materials/services or refund the advance amount without further delay. The management is confident of adjustment of such advances and hence no provision has been made.

vi. The litigation is still pending at Court and management is of the opinion that the result will be favorable to the company and hence no provision is necessary.

e. For Audit Qualification(s) where the impact is not quantified by the auditor: Not Applicable

(i) Management's estimation on the impact of audit qualification: Not Applicable

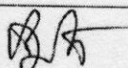
(ii) If management is unable to estimate the impact, reasons for the same:

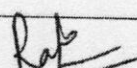
Management is of the opinion that no provision is necessary during the financial year because of aforesaid reasons in (d) above.

(iii) Auditors' Comments on (i) or (ii) above:

We are of the opinion that based on the concept of the prudence and applicable accounting standards a provision is necessary in the books of accounts and hence qualified in our report.

III. Signatories:

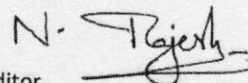

Dr. M V Ramana Rao
Managing Director


L N Malleswara Rao
Executive Director & CFO

A V V S S C B Sekhar Babu
Audit Committee Chairman



N Rajesh
Statutory Auditor



Place: Hyderabad
Date: 30-05-2016

