

MIC Electronics Limited

A-4/II, Electronic Complex, Kushaiguda, Hyderabad - 500062, India
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www.mic.in www.micelectronics.com

ISO 9001:2008 ISO 14001:2004 Certified Company



Wednesday, July 11, 2018

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

Dear Sir / Madam,

Sub : Approval of Audited Financial Result for the Quarter and Year ended March 31,2018

This is to inform you that as per Section 17 of the Insolvency and Bankruptcy Code, 2016 ('Code'), upon appointment of the Resolution Professional, the powers of the Board of Directors stands suspended and such powers shall be exercised by the Resolution Professional appointed for the Company. Hence, in this regard, pursuant to Regulation 30 and 33 of SEBI (Listing obligations and Disclosure Requirements) Regulation 2015, the Resolution Professional on Wednesday, July 11, 2018 has taken view of the Audited Financial results for the Quarter and Year ended March 31, 2018, both Standalone & Consolidated as submitted by the Management, Standalone & Consolidated Audit Report for the year ended March 31, 2018 and Management's reply with respect to Qualifications in the Auditors' Report. The referred documents are enclosed.

The meeting between the members of the management and the Resolution Professional commenced at 5.30 PM and concluded at 11.55 PM

Further, Resolution Professional has given permission to the Management to publish the results in the newspapers and place on Company's and Stock Exchanges websites, vide his letter dated 11.07.2018 (enclosed).

Kindly take the results on record.

Thanking you,

Yours truly,

For MIC Electronics Limited

(M.S.MURALI KRISHNAN)
Company Secretary

Encl : As above

MIC Electronics Limited										
AUDITED FINANCIAL RESULTS FOR THE FOURTH QUARTER ENDED ON 31ST MARCH 2018										
STAND-ALONE					(Rs.in crores)					
3 months ended	Previous 3 months ended	Corresponding 3 months ended in the previous year	Year to date figures for current period ended (12m)	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)
Audited	Un-audited	Audited	Audited	Audited			Audited	Unaudited	Audited	Audited
31.03.2018	31.12.2017	31.03.2017	31.03.2018	31.03.2017			31.03.2018	31.12.2017	31.03.2017	31.03.2018

Notes:

Transition to Ind-AS :

The company has adopted Ind AS with effect from 1st April 2017 with comparatives being restated. Accordingly the impact of transition has been provided in the opening results as at 1st April 2016 and all the periods presented have been restated accordingly.

2 Results for the quarter ended 31st March 2018 are in compliance with Indan Accounting Standards notified by the Ministry of Corporate Affairs. Consequently result for the quarter ended 31st March 2017 and previous year ended 31st March 2017, have been restated to comply with Ind AS to make them comparable.

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). An appeal has been filed at NCLAT, Delhi by Dr. M. V. Ramana Rao being share holder of the company against the NCLT order and admission of claim of M/s. Sri Equipment Finance Pvt. Ltd, the applicant at the NCLT. The case has been posted for final hearing on 26th July 2018. Any outcome of the CIRP is subject to final decision of the Hon NCLAT in the above matter.

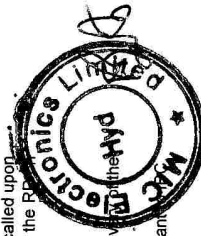
Accordingly, RP took control of the management and operations of the company. As the powers of the Board of Directors have not been adopted by the Board of Directors. However, the same have been reviewed and signed by Shri M V Ramana Rao, Managing Director of the Company. These financial statements have there after been taken on record by the RP on 11th July 2018 for filing with Stock Exchanges.

4 The statutory auditors have expressed their modified opinion for the year ended 31st March 2018 in respect of the following matters.

During the year, the company has incurred a net loss of Rs.190.75 crores resulting into accumulated losses of Rs.127.99 crores as at 31st March 2018 and erosion of its network. The company has obligations towards fund based borrowings aggregating to Rs.182.14 crores subject to reconciliation / verification as stated in note 4 (C) below that have been demanded or recalled by the financial creditors pursuant to CIRP, obligations pertaining to operations including unpaid creditors and statutory dues as at 31st March 2018. The company's ability to continue as going concern is dependent upon many factors including continued support from financial creditors, operational creditors and submission of a viable revival / resolution plan by the prospective investor/bidder. 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. As part of CIRP, creditors of the company are called upon to submit their claims to the Resolution Professional in terms of the applicable provisions of the IBC, 2016. Claims submitted by the financial and operational creditors have been verified and admitted by the RP on the basis of books and records and other supporting details. In some instances, the amount of claim admitted by the RP is different than the amount reflecting in the books of accounts of the Company.

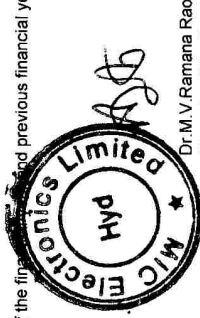
The company has certain trade receivables, loans and advances, other financial and current assets aggregating to Rs.48.85 crores. The management of the company is confident of recovery of aforesaid dues.

There are various claims submitted by financial creditors, operational creditors, workman or employees and authorised representative of workman or employees and others to resolution professional pursuant to the provisions of the Insolvency and Bankruptcy Code, 2016. The claims received from the parties and subject to further validation or verification by RP.



- d Confirmation of balances could not be obtained as at 31st March 2018 for various trade receivables, trade payables though the management has requested for confirmation of balances. 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.
- e Physical verification of fixed assets aggregating to Rs.91.62 crores (WDV as on 31st March 2018) and inventory aggregating to Rs.50.56 crores has been carried out by the management. The management believe that no item of inventory has a net realisable value in the ordinary course of business which is less than the amount at which it is included in the inventories. The management also believe that all the fixed assets of the company are physically in existence and are showed at WDV of the assets as on 31st March 2018. Accordingly, necessary provision has been made in the books of accounts.
- f The company has applied for extension of time with SEBI by another six months (i.e., upto 14.02.2018) for converting 3,00,00,00,000 share warrants given to M/s.Leyard Hongkong Co. Ltd. into equity shares. However, no extension has been granted by SEBI till date. The management hopes and wait for SEBI to extend the time line for conversion of share warrants and accordingly no forfeiture has been made in respect of the share warrants.
- g The company has not provided liability of Rs.84.28 Crores in respect of some parties relating to borrowings upto 31.03.2018 as per the claims submitted by the parties to Resolution Professional since the matter is in litigation / settlement. The management of the company is confident of positive outcome of litigations or settlements.
- h The company has not provided for interest expense of Rs.7.94 crores on operational creditors upto 31.03.2018 as per the claims submitted by the parties to the resolution professional since the company is in the process of pursuing the matter for settlement. The management of the company is confident of positive outcome of settlement.
- i The company has issued corporate guarantees issued to Andhra bank and Axis Bank Limited on behalf of M/s Maave Electronics Pvt Ltd and M/s Hyperion Green Energy India Pvt Ltd which have been invoked by banks but not acknowledged as debt by the company as the said companies are no longer related to MIC Electronics Limited. The total liability not acknowledged is Rs.8.76 crores as per the claims submitted by the said banks to Resolution Professional.
- 5 The statutory auditors have included an emphasis of matter in their report for the year ended 31st March 2018 in respect of following matters :
- a During the year, the company has received a claim of TDS arrears of Rs.5.32 crores from Income Tax department. However, as per company's records, only Rs.3.55 crores is liable towards TDS, Interest & penalty. The remaining amount of Rs.1.77 crores is not liable and the details have been provided to the Income Tax Department by the Resolution Professional.
- b During the year, the company has received a claim of VAT/CST by the Telangana commercial taxes department for Rs.2.15 crores. However, as per company's records, only Rs.0.93 crores is liable towards this. A reconciliation statement has been provided to the Commercial tax department by the Resolution Professional.
- c The company has made a provision of Rs.2.28 crores for impairment of investments and Rs.5.36 crores of loans and advances in the subsidiary companies since the networth has been eroded in the subsidiary companies and the recovery of these investments and advances are doubtful.
- 6 The company had reversed the deferred tax asset of Rs.59.85 crores during the financial year 2017-18 as the company is unsure about the profit in the foreseeable future.
- 7 While calculating diluted EPS, outstanding 3,00,00,00,000 convertible share warrants issued on preferential basis have been considered.
- 8 The consolidated financial results include the unaudited financial results of the wholly owned subsidiaries, M/s MIC Green Energy Solutions Pvt Ltd and M/s MIC Electronics Inc.
- 9 Post implementation of Goods and Service Tax ("GST") with effect from 1 July 2017, revenue from operations is disclosed net of GST. Revenue from operations for the earlier periods included excise duty and sales tax which is now subsumed in the GST. Revenue from operations for the twelve months ended 31st March 2018 includes excise duty and sales tax upto 30th June 2017. Accordingly, revenue from operations for the quarter and twelve months ended 31st March 2018 are not comparable with those of previous periods presented. Previous quarter ending 31st December 2017 figures are also regrouped to show net of GST.
- 10 The company is in the process of filing an appeal against the arbitration award of Rs.17.63 crores in favour of Technology Development Board (TDB) for reduction of interest rate and liability. However, the company has taken the total liability of Rs.27.38 crores as on 31st March 2018 as per the claim submitted by TDB to Resolution Professional.
- 11 The statement includes results for the quarter ended 31st March 2018 and 31st March 2017 being the balancing figure between the audited figures in respect of the financial year and previous financial year and the published figures upto 3rd quarter of the current financial year and previous financial year respectively, which is subject to limited review
- 12 The Company has only one segment i.e., LED Products.
- 13 Exceptional items comprises of depletion in value of inventories
- 14 Figures have been rearranged wherever necessary.

Place : Hyderabad
Date : 11.07.2018



Dr.M.V.Ramana Rao
Managing Director

(Rs.in crores)

Sr. No.	Nature of adjustments	Note ref.	Profit reconciliation	Reserve reconciliation
			Quarter ended	As at
			31-Mar-17	31-Mar-17
	Net Profit/Reserves as per Previous Indian GAAP		(8.03)	279.58
1	Fair valuation as deemed cost for property, plant and Equipment	a	-	(19.08)
2	Fair valuation as deemed cost for Capital work In progress			(12.41)
3	Fair valuation for financial assets	b	-	(147.69)
4	Deferred Tax	c	(2.04)	(2.04)
5	Others	d	(35.26)	(35.26)
	Total		(37.30)	(216.48)
	Net profit before OCI / Reserves as per Ind AS		(45.33)	63.10
5	Other Comprehensive Income		(0.33)	(0.33)
	Net profit After OCI / Reserves as per Ind AS		(45.66)	62.77

a Fair Valuation as deemed cost of property, plant and equipment :

b Fair Valuation of financial assets :

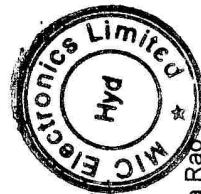
c **Deferred Tax :**

d Others :

Other adjustments primarily comprise of depreciation and foreign exchange fluctuation adjustments.

Place : Hyderabad
Date : 11.07.2018

Dr. M V Ramana Rao
Managing Director



STATEMENT OF ASSETS & LIABILITIES
AS AT 31st MARCH 2018

(Rs.in crores)

Stand Alone			Particulars	Consolidated		
As At 31.03.2018	As at 31.03.2017	As at 01.04.2016		As At 31.03.2018	As At 31.03.2017	As at 01.04.2016
			ASSETS			
			Non Current Assets			
89.68	92.41	101.01	Property, Plant & Equipment	89.68	92.41	101.01
1.82	6.65	4.83	Capital Work-in-Progress	1.82	6.65	4.83
0.12	0.14	0.17	Other Intangible Assets	0.12	0.14	0.17
		0.01	Financial Assets			
			(i) Investments	6.70	6.67	6.79
	59.85	62.06	(i) Loans			
11.85	10.74	7.08	Deferred Tax Assets (net)	11.98	59.85	62.06
			Other Non Current Assets	10.86	7.23	
103.47	169.79	175.16		110.30	176.58	182.09
			Current Assets			
50.56	113.66	75.23	Inventories	50.56	113.66	75.23
			Financial Assets			
33.75	34.04	68.11	(i) Trade receivables	33.75	34.04	68.78
0.06	0.17	1.04	(ii) Cash & Cash Equivalents	0.06	0.18	1.06
1.65	1.40	1.36	(iii) Bank balances other than ii above	1.65	1.40	1.36
0.15	0.82	0.74	(iv) Other financial assets	0.77	1.52	0.74
3.10	14.62	18.30	Other Current Assets	3.11	14.63	18.30
89.27	164.71	164.78		89.90	165.43	165.47
192.74	334.50	339.94	TOTAL ASSETS	200.20	342.01	347.56
			EQUITY AND LIABILITIES			
			Equity			
44.05	44.05	33.23	Equity Share Capital	44.05	44.05	33.23
-127.99	62.77	19.83	Other Equity	-121.41	69.34	26.65
-83.94	106.82	53.06		-77.36	113.39	59.88
			Liabilities			
			Non-current liabilities			
	37.39	12.04	Financial Liabilities		37.39	12.04
2.19	2.24	1.59	(i) Borrowings	2.19	2.24	1.59
2.19	39.63	13.63	Long Term Provisions	2.19	39.63	13.63
			Current liabilities			
			Financial Liabilities			
16.82	10.64	116.91	(i) Borrowings	16.82	10.47	116.73
55.65	38.70	50.32	(ii) Trade Payables	56.53	39.74	51.28
178.80	117.22	89.04	(iii) Other Financial Liabilities	178.80	117.29	89.06
22.53	20.80	16.98	Other current liabilities	22.53	20.80	16.98
0.69	0.69	0.00	Current Tax Liabilities (Net)	0.69	0.69	0.00
274.49	188.05	273.25		275.37	188.99	274.05
192.74	334.50	339.94	TOTAL EQUITY & LIABILITIES	200.20	342.01	347.56



PRABHAKAR . N

M.Com, LLB, CAIIB, ACS(Inter)

Insolvency Professional

(Regd. Under Insolvency & Bankruptcy Code 2016 With IBBI)

D.No. 11-12-7; Road No. 1,
Income Tax Colony, SRK Puram,
Hyderabad - 500 102.
Mob : 9502053200
Email : pnandiraju26@gmail.com

IP Regd. No. : BBI/IPA-002/IP-N00361/2017-18/11030

Dt. 11.07.2018

To
The Board of Directors
M/s MIC Electronics Limited
Kushaiguda
Hyderabad

Dear sir,

Sub: Permission for publication and uploading of Company's financial results for
Quarter/ Year ended 31st March 2018 in Company's/ Stock Exchanges website

Referring to the above, I permit you for publishing and uploading of Company's financial
results for the Quarter/ Year ended 31st March, 2018 in Company's / Stock Exchanges
website.


N Prabhakar
Insolvency Professional
For MIC Electronics Limited





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CHARTERED ACCOUNTANTS

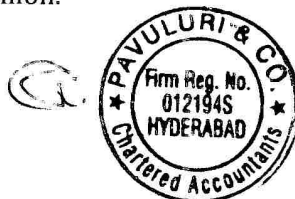
Plot No.48, Flat No.301,
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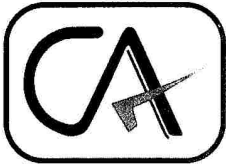
**Independent Auditor's Report on Consolidated Financial Results of MIC Electronics Limited
for year ended on 31st March 2018 pursuant to the Regulation 33 of the SEBI (Listing
Obligations and Disclosure Requirements) Regulations, 2015**

To

The Resolution Professional of MIC Electronics Limited

1. The Hon'ble National Company Law Tribunal, Hyderabad Bench ("NCLT") admitted an insolvency and bankruptcy petition filed by a financial creditor against MIC Electronics Limited ("the Holding 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).
2. As per section 134 of the Companies Act, 2013, the consolidated financial statements of a Company are required to be authenticated by the Chairperson of the Board of Directors, where authorized by the Board or at least two Directors of which one shall be the Managing Director or the CEO (being a Director), the CFO and the Company Secretary where they are appointed. In view of the ongoing Corporate Insolvency Resolution Process (CIRP), powers of the Board of Directors have been suspended and these powers are now vested with Mr. N. Prabhakar in his capacity as the RP from 13th March, 2018 as per the provisions of the Code. Further, pursuant to the order of NCLT, a public announcement about initiation of CIRP was made and a Committee of Creditors (COC) was formed pursuant to the provisions of the code and COC held their first meeting on 12th April, 2018.
3. We have audited the accompanying statement of consolidated financial results ("the Statement") of MIC Electronics Limited ("the holding Company") and its subsidiaries (together referred to as the Group) for the year ended on 31st March, 2018 attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. This statement, which is the responsibility of the Holding Company's management and reviewed by Resolution professional has been prepared from the related financial statements which has been prepared in accordance with the Indian Accounting Standards specified under Section 133 of the Companies Act 2013, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the statement based on our audit of such financial statements.
4. 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 consolidated 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 qualified opinion.





PAVULURI & Co.

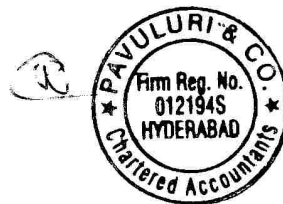
CHARTERED ACCOUNTANTS

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

5. We refer to following matters:

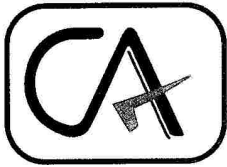
In notes to the consolidated financial results in respect of MIC Electronics Limited (Holding Company)

- (a) Note 4(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.190.80 crores resulting into accumulated losses of Rs.121.41crores and erosion of its Net worth as at 31st March 2018. The Company has obligations towards fund based borrowings aggregating to Rs.182.14 crores, operational creditors and statutory dues, subject to reconciliation/verification that have been demanded/recalled by the financial/operating creditors pursuant to ongoing Corporate Insolvency Resolution Process (CIRP). These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as going concern and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The ultimate outcome of these matters is at present not ascertainable.
- (b) Note 4(b) to the statement in connection with trade receivables, security deposits, loans and advances, other financial and current assets aggregating to Rs.49.61 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. Had the aforesaid assets been provided for impairment, loss after tax for the year ended 31st March 2018 would have been higher by the said amount and other equity would have been lower by the said amount.
- (c) Note 4(a) and 4(c) to the statement in respect of various claims submitted by financial creditors, operational creditors, workman or employee or authorized representative of workman or employees to Resolution Professional pursuing to IBC that are currently under consideration / reconciliation. Pending final reconciliation / admission of such claims by RP and NCLT, we are unable to comment on the consequential impact, if any, on the accompanying statement.
- (d) Note 4(d) of the statement in respect of 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.
- (e) Note 4(e) of the statement in respect of non availability of physical verification reports of fixed assets aggregating to Rs.91.62 crores as at 31st March 2018 and no provision for impairment has been made. In the absence of any alternative corroborative evidence we are unable to comment on the recoverability of the same. However, physical verification of inventory has been made by a registered valuer and the net realizable value of inventories has been taken in the books.



Branches :

Flat No : 301, Block C, Green City Towers, Green City Township, Near Export Apparel Park, **Visakhapatnam** - 530049.
Flat No.: 504, Madhu Towers, Srinivasa Nagar Bank Colony, **Vijayawada** - 520008, Ph : 0866-2545418



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- (f) Note 4(f) of the statement in respect of application for extension of time with SEBI by the company for another six months (i.e., upto 14.02.2018) for converting 3,00,00,000 share warrants given to M/s.Leyard Hongkong Co. Ltd. into equity shares . However, no extension has been granted by SEBI till date. We are of the opinion that the company should have forfeited the share warrants application money for an amount of Rs.18.76 crores since six months time for extension of time has been elapsed and no approval has been granted by SEBI. Had the company made a provision for the same the loss for the year would have been reduced by the said amount.
- (g) Note 4(g) of the statement in respect of non provision of liability of the company of Rs.84.28 Crores in respect of some parties relating to borrowings upto 31.03.2018 as per the claims submitted by the parties to Resolution Professional since the matter is in litigation / settlement. Had the company made a provision for the same the loss after tax for the year ended 31st March 2018 would have been higher by the said amount and other equity would have been lower by the said amount.
- (h) Note 4(h) of the statement in respect of non provision of interest expense of Rs.7.94 crores on operational creditors upto 31.03.2018 as per the claims submitted by the parties to the resolution professional since the company is in the process of pursuing the matter for settlement. Had the company made a provision for the same the loss after tax for the year ended 31st March 2018 would have been higher by the said amount and other equity would have been lower by the said amount.
- (i) Note 4(i) of the statement in respect of non provision of liability against corporate guarantees issued to Ardhra bank and Axis Bank Limited on behalf of M/s.Maave Electronics Pvt Ltd and M/s.Hyperion Green Energy India Pvt Ltd which have been invoked by banks but not acknowledged as debt by the company as the said companies are no longer related to MIC Electronics Limited. The total liability not acknowledged is Rs.8.76 crores as per the claims submitted by the said banks to Resolution Professional. Had the company made a provision for the same the loss after tax for the year ended 31st March 2018 would have been higher by the said amount and other equity would have been lower by the said amount.

In our opinion and to the best of our information and according to the explanations given to us, the statement :

- i) Is presented in accordance with the requirements of regulation 33 of the SEBI (listing obligations and disclosure requirements) regulations , 2015, as amended. in this regard except for the effects / possible effects of matters described in paragraph 5 ; and these quarterly consolidated financial results as well as the consolidated year to date results:





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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 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

ii) Give a true and fair view in conformity with the aforesaid Ind AS and other accounting principles generally accepted in India of the net loss, total comprehensive income and other financial information for the year ended 31st March 2018 except for the effects of the matter described in para 5. Had our observation been considered the net loss for the period would have been Rs.322.63 crores, networth as at 31st March 2018 would have been Rs.209.18 crores (negative networth)

6. We draw attention to the following matters:

(a) Note 5(a) of the statement in respect of the claim received from Income tax regarding TDS arrears of Rs.5.32 crores. However, as per company's records, only Rs.3.55 crores is liable towards TDS Interest & penalty. However, the company has provided only Rs.2.25 crores in the financials of the company.

(b) Note 5(b) of the statement in respect of the claim received for VAT/CST by the Telangana commercial taxes department for 2.15 crores. However, the company has provided only Rs.0.93 crores in the financials of the company.

(c) We did not audit the financial statements of the subsidiary company M/s.MIC Green Energy Solutions Pvt Ltd for year ended 31st March 2018. The 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.

(d) We have also relied on the unaudited financial statements of subsidiary M/s. MIC Electronics Inc., USA for year ended 31st March 2018. 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 report is not qualified in respect of these matters with respect to our reliance on the work done and the reports of other auditors and financial results.

Place: Hyderabad
Date: 11.07.2018

For PAVULURI & Co.
Chartered Accountants

Firm Reg. No:012194S



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



PAVULURI & Co.

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Independent Auditor's Report on Financial Results of MIC Electronics Limited for year ended on 31st March 2018 pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To

The Resolution Professional of MIC Electronics Limited

1. The Hon'ble National Company Law Tribunal, Hyderabad Bench ("NCLT") admitted an insolvency and bankruptcy petition filed by a financial creditor 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).
2. As per section 134 of the Companies Act, 2013, the standalone financial statements of a Company are required to be authenticated by the Chairperson of the Board of Directors, where authorized by the Board or at least two Directors of which one shall be the Managing Director or the CEO (being a Director), the CFO and the Company Secretary where they are appointed. In view of the ongoing Corporate Insolvency Resolution Process (CIRP), powers of the Board of Directors have been suspended and these powers are now vested with Mr. N. Prabhakar in his capacity as the RP from 13th March, 2018 as per the provisions of the Code. Further, pursuant to the order of NCLT, a public announcement about initiation of CIRP was made and a Committee of Creditors (COC) was formed pursuant to the provisions of the code and COC held their first meeting on 12th April, 2018.
3. We have audited the accompanying statement of financial results ("the Statement") of MIC Electronics Limited ("the Company") for the year ended on 31st March, 2018 attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. This statement, which is the responsibility of the Company's management and reviewed by Resolution professional has been prepared from the related financial statements which has been prepared in accordance with the Indian Accounting Standards specified under Section 133 of the Companies Act 2013, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the statement based on our audit of such financial statements.
4. 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 qualified opinion.





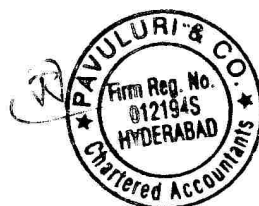
PAVULURI & Co.

CHARTERED ACCOUNTANTS

Plot No.48, Flat No.301,
Sucasas, Phase - I, Kavuri Hills,
Hyderabad - 500 033.
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Email : pavuluriandco@gmail.com

5. We refer to following matters:

- (a) Note 4(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.190.75 crores resulting into accumulated losses of Rs.127.99 crores and erosion of its Net worth as at 31st March 2018. The Company has obligations towards fund based borrowings aggregating to Rs.182.14 crores, operational creditors and statutory dues, subject to reconciliation/verification that have been demanded/recalled by the financial/operating creditors pursuant to ongoing Corporate Insolvency Resolution Process (CIRP). These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as going concern and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The ultimate outcome of these matters is at present not ascertainable.
- (b) Note 4(b) to the statement in connection with trade receivables, security deposits, loans and advances, other financial and current assets aggregating to Rs.48.85 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. Had the aforesaid assets been provided for impairment, loss after tax for the year ended 31st March 2018 would have been higher by the said amount and other equity would have been lower by the said amount.
- (c) Note 4(a) and 4(c) to the statement in respect of various claims submitted by financial creditors, operational creditors, workman or employee or authorized representative of workman or employees to Resolution Professional pursuing to IBC that are currently under consideration / reconciliation. Pending final reconciliation / admission of such claims by RP and NCLT, we are unable to comment on the consequential impact, if any, on the accompanying statement.
- (d) Note 4(d) of the statement in respect of 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.
- (e) Note 4(e) of the statement in respect of non availability of physical verification reports of fixed assets aggregating to Rs.91.62 crores as at 31st March 2018 and no provision for impairment has been made. In the absence of any alternative corroborative evidence we are unable to comment on the recoverability of the same. However, physical verification of inventory has been made by a registered valuer and the net realizable value of inventories has been taken in the books.





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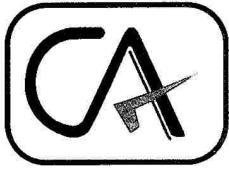
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- (f) Note 4(f) of the statement in respect of application for extension of time with SEBI by the company for another six months (i.e., upto 14.02.2018) for converting 3,00,00,000 share warrants given to M/s.Leyard Hongkong Co. Ltd. into equity shares . However, no extension has been granted by SEBI till date. We are of the opinion that the company should have forfeited the share warrants application money for an amount of Rs.18.76 crores since six months time for extension of time has been elapsed and no approval has been granted by SEBI. Had the company made a provision for the same the loss for the year would have been reduced by the said amount.
- (g) Note 4(g) of the statement in respect of non provision of liability of the company of Rs.84.28 Crores in respect of some parties relating to borrowings upto 31.03.2018 as per the claims submitted by the parties to Resolution Professional since the matter is in litigation / settlement. Had the company made a provision for the same the loss after tax for the year ended 31st March 2018 would have been higher by the said amount and other equity would have been lower by the said amount.
- (h) Note 4(h) of the statement in respect of non provision of interest expense of Rs.7.94 crores on operational creditors upto 31.03.2018 as per the claims submitted by the parties to the resolution professional since the company is in the process of pursuing the matter for settlement. Had the company made a provision for the same the loss after tax for the year ended 31st March 2018 would have been higher by the said amount and other equity would have been lower by the said amount.
- (i) Note 4(i) of the statement in respect of non provision of liability against corporate guarantees issued to Andhra bank and Axis Bank Limited on behalf of M/s.Maave Electronics Pvt Ltd and M/s.Hyperion Green Energy India Pvt Ltd which have been invoked by banks but not acknowledged as debt by the company as the said companies are no longer related to MIC Electronics Limited. The total liability not acknowledged is Rs.8.76 crores as per the claims submitted by the said banks to Resolution Professional. Had the company made a provision for the same the loss after tax for the year ended 31st March 2018 would have been higher by the said amount and other equity would have been lower by the said amount.

In our opinion and to the best of our information and according to the explanations given to us, the statement :

- i) Is presented in accordance with the requirements of regulation 33 of the SEBI (listing obligations and disclosure requirements) regulations , 2015, as amended. in this regard except for the effects / possible effects of matters described in paragraph 5 ; and





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- ii) Give a true and fair view in conformity with the aforesaid Ind AS and other accounting principles generally accepted in India of the net loss, total comprehensive income and other financial information for the year ended 31st March 2018 except for the effects of the matter described in para 5. Had our observation been considered the net loss for the period would have been Rs.321.82 crores, networth as at 31st March 2018 would have been Rs.215.01 crores (negative networth)

6. We draw attention to the following matters:

(a) Note 5(a) of the statement in respect in respect of the claim received from Income tax regarding TDS arrears of Rs.5.32 crores. However, as per company's records, only Rs.3.55 crores is liable towards TDS, Interest & penalty. However, the company has provided only Rs.2.25 crores in the financials of the company.

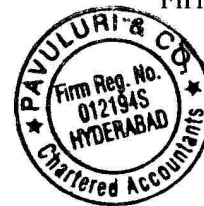
(b) Note 5(b) of the statement in respect of the claim received for VAT/CST by the Telangana commercial taxes department for 2.15 crores. However, the company has provided only Rs.0.93 crores in the financials of the company.

Our report is not qualified in respect of these matters.

7. The statement includes the results for the quarter ended 31st March 2018 and 31st March 2017 being the balancing figure between the audited figures in respect of the full financial year and previous financial year and the published figures upto the 3rd quarter of the current financial year and previous financial year respectively, which were subject to limited review.

Place: Hyderabad
Date: 11.07.2018

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



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

STATEMENT ON IMPACT OF AUDIT QUALIFICATIONS FOR THE FINANCIAL YEAR ENDED

MARCH 31, 2018:

[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	165.34	184.10
2.	Total Expenditure	356.09	505.92
3.	Net Profit/(Loss)	(190.75)	(321.82)
4.	Earnings Per Share	(8.66)	(14.61)
5.	Total Assets	192.74	162.65
6.	Total Liabilities	192.74	162.65
7.	Net Worth	(83.94)	(114.03)
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:

(a) Note 4(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.190.75 crores resulting into accumulated losses of Rs.127.99 crores and erosion of its Net worth as at 31st March 2018. The Company has obligations towards fund based borrowings aggregating to Rs.182.14 crores, operational creditors and statutory dues, subject to reconciliation/verification that have been demanded/recalled by the financial/operating creditors pursuant to ongoing Corporate Insolvency Resolution Process (CIRP). These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as going concern and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The ultimate outcome of these matters is at present not ascertainable.

- (b) Note 4(b) to the statement in connection with trade receivables, security deposits, loans and advances, other financial and current assets aggregating to Rs.48.85 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. Had the aforesaid assets been provided for impairment, loss after tax for the year ended 31st March 2018 would have been higher by the said amount and other equity would have been lower by the said amount.
- (c) Note 4(a) and 4(c) to the statement in respect of various claims submitted by financial creditors, operational creditors, workman or employee or authorized representative of workman or employees to Resolution Professional pursuing to IBC that are currently under consideration / reconciliation. Pending final reconciliation / admission of such claims by RP and NCLT, we are unable to comment on the consequential impact, if any, on the accompanying statement.
- (d) Note 4(d) of the statement in respect of 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.
- (e) Note 4(e) of the statement in respect of non availability of physical verification reports of fixed assets aggregating to Rs.91.62 crores as at 31st March 2018 and no provision for impairment has been made. In the absence of any alternative corroborative evidence we are unable to comment on the recoverability of the same. However, physical verification of inventory has been made by a registered valuer and the net realizable value of inventories has been taken in the books.
- (f) Note 4(f) of the statement in respect of application for extension of time with SEBI by the company for another six months (i.e., upto 14.02.2018) for converting 3,00,00,000 share warrants given to M/s.Leyard Hongkong Co. Ltd. into equity shares. However, no extension has been granted by SEBI till date. We are of the opinion that the company should have forfeited the share warrants application money for an amount of Rs.18.76 crores since six months time for extension of time has been elapsed and no approval has been granted by SEBI. Had the company made a provision for the same the loss for the year would have been reduced by the said amount.
- (g) Note 4(g) of the statement in respect of non provision of liability of the company of Rs.84.28 Crores in respect of some parties relating to borrowings upto 31.03.2018 as per the claims submitted by the parties to Resolution Professional since the matter is in litigation / settlement. Had

the company made a provision for the same the loss after tax for the year ended 31st March 2018 would have been higher by the said amount and other equity would have been lower by the said amount.

(h) Note 4(h) of the statement in respect of non provision of interest expense of Rs.7.94 crores on operational creditors upto 31.03.2018 as per the claims submitted by the parties to the resolution professional since the company is in the process of pursuing the matter for settlement. Had the company made a provision for the same the loss after tax for the year ended 31st March 2018 would have been higher by the said amount and other equity would have been lower by the said amount.

(i) Note 4(i) of the statement in respect of non provision of liability against corporate guarantees issued to Andhra bank and Axis Bank Limited on behalf of M/s.Maave Electronics Pvt Ltd and M/s.Hyperion Green Energy India Pvt Ltd which have been invoked by banks but not acknowledged as debt by the company as the said companies are no longer related to MIC Electronics Limited. The total liability not acknowledged is Rs.8.76 crores as per the claims submitted by the said banks to Resolution Professional. Had the company made a provision for the same the loss after tax for the year ended 31st March 2018 would have been higher by the said amount and other equity would have been lower by the said amount.

b. Type of Audit Qualification : Qualified Opinion

c. Frequency of qualification:

The audit qualification with respect to item no.(b) which is repetitive since 2012-13 financial year, other items are new in the Financial Year 2017-18.

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

i. The management is confident of recovery of trade receivables, security deposits, loans and advances, other financial and current assets and hence no provision has been made.

ii. The company has applied for extension of time with SEBI by another six months (i.e., upto 14.02.2018) for converting 3,00,00,000 share warrants given to M/s.Leyard Hongkong Co. Ltd. into equity shares. However, no extension has been granted by SEB till date. The management hopes and wait for SEBI to extend the time line for conversion of share warrants and accordingly no forfeiture has been made in respect of the share warrants.

iii. The company has not provided liability of Rs.84.28 Crores in respect of some parties relating to borrowings upto 31.03.2018 as per the claims submitted by the parties to Resolution Professional since the matter is in litigation / settlement. The management of the company is confident of positive outcome of litigations or settlements. iv. The company has not provided for interest expense of Rs.7.94 crores on operational creditors upto 31.03.2018 as per the claims submitted by the parties to the resolution professional since the company is in the process of pursuing the matter for settlement. The management of the company is confident of positive outcome of settlement v. The company has issued corporate guarantees issued to Andhra bank and Axis Bank Limited on behalf of M/s.Maave Electronics Pvt Ltd and M/s.Hyperion Green Energy India Pvt Ltd which have been invoked by banks but not acknowledged as debt by the company as the said companies are no longer related to MIC Electronics Limited. The total liability not acknowledged is Rs.8.76 crores as per the claims submitted by the said banks to Resolution Professional.	
e. For Audit Qualification(s) where the impact is not quantified by the auditor:	
(i) Management's estimation on the impact of audit qualification: Not determinable	
(ii) If management is unable to estimate the impact, reasons for the same: In respect of Qualification (a), in the opinion of the management, resolution and revival of the company is possible in foreseeable future, accordingly, in view of ongoing CIRP, the financial results have been prepared on the basis that the company is a Going Concern. In respect of Qualification (c), the claims received from all the parties are under further validation/ verification. In respect of Qualification (d), the Management believes that no material adjustments would be required in books of account upon receipt of these confirmations. In respect of Qualification (e), the management believe that no item of fixed assets has a net realizable value in the ordinary course of business which is less than the amount at which it is included in the fixed assets. Accordingly, no provision is required in respect of such fixed assets.	
(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:	
Sd/- Dr. M V Ramana Rao Managing Director	Sd/- L N Malleswara Rao Executive Director & CFO

Sd/-	Sd/-
A V V S S C B Sekhar Babu Audit Committee Chairman	N Rajesh Statutory Auditor
Place: Hyderabad Date: 11-07-2017	