

CIN No: L31909TG1988PLC008652

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, October 19, 2016

To

The Secretary
Bombay Stock Exchange Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai-400001.

Sub: Annual Report for the financial year ended on 31st March 2016.

With reference to the above subject, please find enclosed 28th Annual Report for the year 2015-16 along with Statement on Impact of Audit Qualifications.

This is for your information and records.

Kindly acknowledge the receipt of the same.

Thanking you,

Yours truly,

For MIC Electronics Limited

(Dr. M V Ramana Rao)
Managing Director

Encl : As Above



MIC Electronics Limited

28th Annual Report 2015-16

INDEX

Sl. No.	Contents	Page Nos.
1.	Chairman speech	1
2.	Notice	2
3.	Directors' Report	8
4.	Corporate Governance Report	35
5.	Certificate by the CEO & CFO	49
6.	Management Discussion and Analysis Report	50
7.	Standalone Financials	51
8.	Consolidated Financials	85
9.	Attendance Slip and Proxy Form	117



Dr. M.V. Ramana Rao
Managing Director

Dear Shareholders,

While welcoming all of you to the General Body meeting I would like to share all the information relating to various achievements of your company during the year through this 28th annual report. At the outset it gives me immense pleasure to inform you that your company received much awaited patent for its **"LED Digi Poster"**, the key for next generation digital display technology for various applications across the world. This patent is valid up to the year 2028.

Your company continued the tradition of giving maximum importance to R&D and in the process achieved a major breakthrough in developing a **"Smart Solar LED street lighting solution"** for which already MIC secured a first commercial order. Further for the first time MIC designed and manufactured an unique **"Centralized Control and Monitoring System(CCMS)"**, which is meant for

automatically maintaining and monitoring the street lights. In the days to come CCMS is going to play a very important role in the maintenance of street lights in the country as it can drastically reduce the dependence on human element in switching on and off the street lights while assisting in logging so much of other vital information automatically. It is indeed a great pleasure to inform you that your company already supplied and installed 4000 CCMS across the country much to the delight of their end users.

While continuing the unabated focus on R&D, your company could expand and consolidate its platform required for mass production of its products. This can be visualized from the fact that your company successfully manufactured, supplied and installed more than 150,000 street lights across the country.

The demand for development of 3D Hologrammes and small pixel LED Display Systems has opened new avenues of business. Recently, the Railtel Corporation, a subsidiary of the Indian Railways came out with a plan to use digital media in all the railway stations across the country so as to provide better passenger information and to generate revenues through digital media using the bandwidth already in its possession, which is lying underutilized at present. As part of this programme a tender was invited by Railtel to identify and short list the competent partners for the project. It is a great pleasure once again to inform you that your company is one among four others short listed to prove their concept on this project before the final order is awarded. I have no hesitation to mention that this project has all the elements, which can transform the face of especially the advertising arena in the country beyond imagination. Further, the steps initiated by the Central Government for establishing 'Smart Cities' are also opening up new fronts, which can have tremendous impact on the business potential of your company.

As you are aware the LED sector has been expanding globally and our association with M/s. Leyard (China), LG Innotek (Korea) and other international business partners certainly is going to strengthen us in enhancing our global market share in the near future. All the countries including India have initiated programmes to adopt LED technologies in a big way thus leading to expansion of the scope of business in the LED sector to unprecedented levels. Considering these global developments, I have no hesitation to say that the growth of business potential in the LED sector is going to be very robust in the near future and assure you that every effort will be made to ensure that your company secure a very decent share out of that huge potential. I am also happy to inform you that Company's liquidity is improving. Seeing the huge market for the Company's products and its growth potential, Company's lenders are volunteering for debt restructuring to enable reduction in debt thru equity conversion. This would greatly facilitate in improving the finances of the Company to a large extent in the near future".

I sincerely thank all the shareholders for the trust and confidence reposed in your company and I look forward to your continuous support.

With best wishes,
Sd/-

Dr. M. V. Ramana Rao
(Managing Director)
(DIN 00010301)

NOTICE is hereby given that the 28th Annual General Meeting of MIC Electronics Limited will be held on Friday, 30th day of September, 2016, at 2.30 P.M. at the registered office of the Company situated at A4, Electronic Complex, Kushaiguda, Hyderabad, Telangana-500 062, 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, 2016 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, 2016 together with the Report of the Auditors thereon.

Item No: 2: Re-appointment of Director

To appoint a Director in place of Dr. M V Ramana Rao (DIN 00010301), who retires by rotation and being eligible, offers himself for re-election.

Item No: 3: Appointment of Auditors

To ratify the appointment of M/s. Pavuluri & Co, Chartered Accountants, as Statutory Auditors and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 139, 141 and 142 of the Companies Act, 2013 and the companies (Audit and Auditors) Rules 2014 (including any statutory modification(s) and all other applicable provisions if any, of the Companies Act, 2013, the company hereby ratifies the appointment of M/s. Pavuluri & Co, Chartered Accountants, Hyderabad (Registration No.012194S) as the Auditors of the Company to hold the office till the conclusion of the 29th Annual General Meeting, be and is hereby ratified and confirmed, on such remuneration as may be agreed upon by the Board of Directors and the Auditors, in addition to reimbursement of all out of pocket expenses in connection with the audit of the accounts of the Company for the financial year ending 31st March, 2017.”

Special Business:

Item No: 4: Ratification/amendment to the resolution/explanatory statement passed at the Extra-ordinary General Meeting held on 22nd August 2015 for issue of Convertible Share Warrants to Investors.

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

“RESOLVED THAT as per the regulation 73(1)(e) of SEBI ICDR Regulations, 2009 and in connection with In-principle approval for listing of 30,000,000 Equity shares of Rs.2/- each to be allotted on conversion of warrants issued on preferential basis to M/s. Leyard (Hong Kong) Co. Limited, the consent of the members of the Company be and is hereby accorded to ratify/modify the clause (f) in item no. 3 of the explanatory statement of the Extra-ordinary General Meeting held on 22nd August, 2015 be and is hereby read as “**100% beneficiary owners of M/s. Leyard (Hong Kong) Co. Limited is M/s. Leyard Optoelectric Co. Ltd**, which is listed company at Shenzhen Stock Exchange, China.”

By order of the Board
For MIC Electronics Limited

Sd/-
Dr. M. V. Ramana Rao
(Managing Director)
(DIN 00010301)

Place : Hyderabad
Date : 03.06.2016

NOTES:

1. The relative Explanatory Statements pursuant to Section 102 of the Companies Act, 2013 ("Act") setting out material facts concerning the special business under Item Nos. 4 of the Notice, are annexed here to. The relevant details as required under Regulation 36(3) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), of the person seeking re-appointment as Director under Item No. 2 of the Notice, are also annexed.
2. 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.
3. 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.
4. 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.
5. Members/ proxies should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
6. 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.
7. 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.
8. The Register of Members and Share Transfer Books of the Company will remain closed from 27th September, 2016 to Friday, 30th September, 2016 (both days inclusive).
9. 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.
10. 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.
11. 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.

12. Members holding shares in physical form, in 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.
13. Details under SEBI (Listing Obligations & Disclosure Requirements) 2015 in respect of the Directors seeking appointment/ re-appointment at the Annual General Meeting, forms integral part of the notice. The directors have furnished the requisite declarations for their appointment/re-appointment.
14. 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.
15. 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 share holders 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 share holders to contribute towards a greener environment. This is a golden opportunity for every share holder 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 M/s. 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.
16. Copies of the Annual Report 2015-2016 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. For members who have not registered their email addresses, physical copies of the Annual Report 2015-2016 are being sent by the permitted mode.
17. 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 M/s. 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.
18. 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 & 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.
19. 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.
20. The Notice of the 28th AGM and instructions for e-voting, along with the Attendance Slip 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, physical copies of the aforesaid documents are being sent by the permitted mode.
21. Members may also note that the Notice of the 28th AGM and the Annual Report 2015-16 will be available on the Company's website www.mic.in.
22. The board of directors has appointed M/s. 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.

23. 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.
24. E- voting cut of date is 22nd September 2016, E-voting opens from 27th September 2016 at 9.00 hours and ends on 29th September 2016 at 17.00 hours.
25. The instructions for e-voting are as under:

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 27th September 2016 at 09.00 hours (IST) and ends on 29th September 2016 at 17.00 hours (IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 22nd September 2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) 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. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders).</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	<p>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.</p> <ul style="list-style-type: none"> 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 (iv).

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. 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.

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) 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.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) 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.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xvii) 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.
- (xviii) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) **Note for Non – Individual Shareholders and Custodians**
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to 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 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.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

EXPLANATORY STATEMENT

(Pursuant to Section 102 of the Companies Act, 2013) As required by Section 102 of the Companies Act, 2013 ("Act"), the following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 2 and 4 of the accompanying Notice:

ITEM NO 2

Additional information on directors recommended for appointment / re-appointment as required under Clause 49 of the Listing Agreement

Particulars	Details of Directors seeking reappointment
Name of the Director	Dr. M V Ramana Rao
Director Identification Number	00010301
Date of Birth	04/02/1960
Date of Appointment	17/05/1988
Qualification	Doctoral degree in Electronics & Communication Engineering. Master's degree in Applied Electronics Engineering.
Specific functional areas	Development activities encompassing embedded systems, extensive marketing and business development affairs.
Directorship in other companies	MIC Electronics INC USA. MIC Green Energy Solutions Private Limited Candilux Private Limited SMIC360 Entertainment Solutions Private Limited
Committee Memberships in other Companies	Nil
Number of shares held in the Company	4644902
Inters-e relationship between the Board members.	Nil

ITEM NO 4

In an Extra-ordinary General meeting held on 22nd August 2015 for issue, offer and allot upto 30,000,000 (Three Crores) Warrants to M/s. Leyard (Hong Kong) Co. Limited. Subsequently, the Company has approached both BSE and NSE for in-principal approval for the said issue of warrants. National Stock Exchange of India Limited and BSE Limited by vide its letter dated 28th January 2016 and 4th February 2016 respectively has communicated their consent subject to the modification of Clause (f) in the explanatory statement in Item No. 3 :

The proposed change in Clause (f) of the explanatory statement in Item No. 3 is as follows:

Clause (f): The ultimate beneficial owners of the shares and the percentage of post preferential issue capital:

100% beneficiary owners of M/s. Leyard (Hong Kong) Co. Limited is M/s. Leyard Optoelectric Co. Ltd, which is listed company at Shenzhen Stock Exchange, China, and the percentage of post preferential issue capital would be 21.74% including post-convertible equity share warrants).

The above placed resolution is to ensure the compliance with the ICDR Regulations.

None of the Directors, Key Managerial Personnel and their relatives of the Company directly/indirectly considered or interested in the above said resolution.

The Board of Directors recommends the special resolution set out at Item No. 4 of the Notice for approval of members.

By order of the Board
For MIC Electronics Limited

Sd/-

Dr. M. V. Ramana Rao
(Managing Director)
(DIN 00010301)

Place : Hyderabad
Date : 03.06.2016

To
The Members,

Dear Shareholders,

Your Directors have pleasure in presenting their 28th Annual Report on the business and operations of the Company and the accounts for the Financial Year ended 31st March 2016.

Financial summary or highlights / Performance of the Company:

The financial performance of the Company for the financial year ended 31st March, 2016, is summarized below:

Particulars	(Rs. in Lakhs)	
	31 st March 2016 (12 Months)	31 st March 2015 (12 Months)
Revenue From Operations	21,763.56	15,854.18
Other income	338.51	359.77
Total income	22,102.07	16,213.94
Expenditure	17,417.10	15,355.92
Profit before depreciation	4,684.97	858.02
Less: Depreciation	751.04	766.96
Profit before exceptional items and Tax	3,933.93	91.06
Exceptional Items	19,620.03	48.94
Profit / Loss before Tax	(15,686.10)	42.12
Less: Provision for Taxation	4597.54	177.50
Profit / Loss after Tax	(11,088.56)	219.62
EPS- Basic (In Rs.)	(7.71)	0.18
Diluted (In Rs.)	(5.91)	0.12

State of Company's Affairs

During the year under review, your Company has achieved significant business growth. The Company has recorded overall sales growth of products.

The company has recorded a profit of Rs. 39.34 Crores before Exceptional Items of Rs. 196.20 Crores.

Exceptional Items includes depletion in value of Inventories of Rs. 159.52 Crores, bad debts and debit balances written off Rs. 36.68 Crores during the year.

After Exceptional Items the company incurred a Net Loss of Rs. 110.89 Crores.

After confirmation we will place the same at Report.

Dividend

Your Directors doesn't recommend any Dividend on Equity Share Capital of your Company for the financial year ending 31st March, 2016.

Transfer to Reserves

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

Changes in Share Capital

During the period under review, your Company has:

Converted 4,72,14,848 warrants into Equity Shares in 1:1 ratio being a part of 7,44,62,070 Convertible Equity Shares Warrants allotted to the Promoters and Investors on 25th November 2014 and Pending Warrants for Conversion as on 31st March 2016 is 1,08,22,222, considering earlier conversion of 16,425,000 warrants as on 19th March 2015.

Conversion details are below:

Particulars	Total No. of CESW Converted
Conversion of Warrants into Equity Shares approved by Board of Directors on 25 th July 2015 and same has been listed with Stock Exchanges.	1,13,95,000
Conversion of Warrants into Equity Shares approved by Board of Directors on 30 th September 2015 and same has been listed with Stock Exchanges	2,70,87,070
Conversion of Warrants into Equity Shares approved by Board of Directors on 10 th November 2015 and same has been listed with Stock Exchanges	87,32,778
Total Warrants Converted during the Financial Year	4,72,14,848

Further 3,30,00,000 Preferential Convertible Share Warrants of Rs. 25/- each (i.e Face Value of Rs. 2/- at a premium of Rs. 23/-) allotted to the Investors on 15th February 2016.

Deposits:

The Company has not invited/ accepted any deposits from the public during the year ended March 31, 2016. There were no unclaimed or unpaid deposits as on March 31, 2016.

Change in the Nature of Business, if any

There is no change in the 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:

During the year 7,49,100 shares which were lying in the trust were distributed to the employees. 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 are receiving 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-1 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 audited accounts of each of its subsidiaries, are available on our website 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, 2016, the following are the subsidiaries:

1. MIC Electronics Inc., USA
2. MIC Green Solutions Private Limited
3. Candilux Private Limited (Formerly MIC Candilux Private Limited)

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 does not require. 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

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

Corporate Governance

The Company is committed to maintain the highest standards of corporate governance and adhere to the corporate governance requirements set out by SEBI. The Company has also implemented several best corporate governance practices as prevalent globally. 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.

Number of Meetings of the Board of Directors

The Board met eight times during the financial year, the details of which are given in the Corporate Governance Report that forms part of this Annual Report. The maximum interval between any two meetings did not exceed 120 days.

Directors

The Board of the Company has an appropriate mix of executive and independent directors to maintain the independence of the Board, and separate its functions of governance and management. As on 31st March, 2016, the Board consists of 6 members, two of whom are executive directors, one non-executive director and three are independent directors. The Board periodically evaluates the need for change in its composition and size.

As per the provisions of the Companies Act 2013, Dr. M V Ramana Rao retires at the ensuing Annual General Meeting and being eligible, seeks re-appointment. The Board recommends his re-appointment.

Details of Directors or Key Managerial Personnel who were appointed or have resigned during the year.

- The Members at the 27th Annual General Meeting held on 30th September 2015:

Pursuant to the provisions of Section 152 of the Companies Act, 2013 and any other applicable provisions thereof Shri Atluri Venkata Ram (DIN 00753969), Director of the Company retires by rotation, and re-appointed as Director.

Pursuant to the provisions of section 149 150, 152, Schedule IV and any other applicable provisions of the Companies Act, 2013, and the Rules made there under Dr. Venkata Ramani Vedula (DIN: 01298522) has appointed as Independent Director of the company for a period up to 30th March, 2020.

Pursuant to the provisions of Section 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act 2013 and the Companies (Appointment and Qualifications) Rules 2014 (including any statutory modification(s) and read with Schedule IV to the Companies Act, 2013 or enactment thereof for the time being in force Dr. M V Ramana Rao (DIN 00010301), Re-appointment as Managing Director of the Company for a period of 3 years commencing from 30th November 2015 to 29th November 2018.

Pursuant to the provisions of Section 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act 2013 and the Companies (Appointment and Qualifications) Rules 2014 (including any statutory modification(s) and read with Schedule IV to the Companies Act, 2013 or enactment thereof for the time being in force Mr. L N Malleswara Rao (DIN 00010318), Re-appointment as Executive Director of the Company for a period of 3 years commencing from 31st December 2015 to 30th December 2018.

- Mr. Malleswara Durga Prasad resigned as Company Secretary with effect from 26th december 2015 and continued as CFO of the Company.
- Pursuant to the provisions of Section 152 of the Companies Act, 2013 and any other applicable provisions thereof Dr. M V Ramana Rao (DIN 00010301), Director of the Company retires by rotation, and being eligible offers himself for re-appointment.

Committees of the Board

Currently, the Board has three Committees:

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

A detailed note on the Board and its committees is provided under the corporate governance report section in this Annual Report.

Statutory Auditors

The Statutory Auditors of the Company, M/s. Pavuluri & Co., were appointed at the 26th Annual General Meeting till the conclusion of the 29th Annual General Meeting (AGM) of the Company. In terms of Section 139 of the Companies Act, 2013, the appointment of the auditors shall be placed for ratification at every Annual General Meeting. Accordingly, M/s. Pavuluri & Co., Chartered Accountants, as the Auditors of the Company is placed for ratification by the shareholders. In this regard the Company has received a certificate from the auditors to the effect if they are re-appointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

Replies to the observations made in Auditor's Report:**Audit Qualification (each audit qualification separately):**

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 Rs.11.87 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 Rs. 2.73crores 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 Rs. 6.96crores (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.

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 favorably, 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.

Internal Auditor

The Company has an in-house internal audit team which monitors the effectiveness of the internal control systems. It reports to the Audit Committee about the adequacy and effectiveness of the internal control system of your Company. Your Company also retains the services of M/s. Sarath & Associates Chartered Accountants.

The recommendations of the internal audit team on improvements in the operating procedures and control systems are also presented to the Audit Committee and the business to use these as tools for strengthening the operating procedures.

Secretarial Auditor

The Board has appointed Y Ravi Prasada Reddy Practicing Company Secretary, to conduct Secretarial Audit for the financial year 2015-16. The Secretarial Audit Report for the financial year ended March 31, 2016 is annexed herewith marked as Annexure IV to this Report.

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 is enclosed as Annexure V to this Report.

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

There are no Material changes and commitments in the business operations of the Company from the Financial Year ended 31st March 2016 to the date of signing of the Director's Report.

The company and State Bank of India have mutually agreed for a one time settlement of working capital loan as per the settlement letter dated 3rd August 2016. The bank has agreed to waive the total outstanding interest of Rs. 22.46 crores. As a result, the total outstanding due of the company towards this loan has reduced to Rs. 57.43 Crores.

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

No 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 - VI to this Report.

Particulars of loans, guarantees or investments under section 186

Loans, Guarantees, Investments given during the Financial Year ended on 31st March 2016, 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 individual 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.

During the Financial year ended 31st March, 2016 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.

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 order of the Board
For **MIC Electronics Limited**

Sd/-
Dr. M. V. Ramana Rao
(Managing Director)
(DIN 00010301)

Date : 03.09.2016
Place : Hyderabad

Annexure - I

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 15-16	Remuneration FY 14-15	% of Increase in Remune- ration on	Ratio of Remun- eration to MRE	Ratio of Remuneration to	
						Revenues FY-15-16	Net Profit FY 14-15
M.V. Ramana Rao	Managing Director	24,00,000	24,00,000	No Change	9.24	0.11%	NA
L.N. Malleswara Rao	Executive Director	15,00,000	15,00,000	No Change	5.81	0.07%	NA
Key Managerial Personnel							
*Malleswara Durga Prasad	CFO & CS	6,00,000	50,000	NA	NA	NA	NA

Note: During the year company incurred losses so we are not evaluating Ratio of Remuneration of Net Profit.

* Remuneration for the period 01.04.2015 to 31.03.2016 due to Shri Malleswara Durga Prasad resigned as Company Secretary with effect from 26th December 2015 and continued as CFO of the Company during the Financial Year. Rs. 50,000 for the year 2014-15 is for the month of March.

Remuneration paid to Independent Directors (Sitting Fee)

Name of Director	Remuneration FY 15-16	Remuneration FY 14-15	% Increase of Remuneration
Mr. N Srinivasa Rao	1,32,000	1,29,600	NIL
Mr. Veera Venkata Satya Surya Chandra Bhima Sekhar Babu Alla	1,32,000	1,29,600	NIL
Smt. V. Venkata Ramani	1,20,000	NIL	NA

- The Median Remuneration of the employees of the Company during the financial year was Rs. 1,58,717/-.
- In the financial year, there was an increase of 12.47% in the median remuneration employees.
- The number of permanent employees on the rolls of the Company as of March 31, 2016 and March 31, 2015 was 156 and 143 respectively.
- Variations in the market capitalization of the Company:
 - The Market Capitalization as on 31st March, 2016 is Rs. 3,314,455,554 and on 31st March, 2015 was Rs. 951,386,200.

- b. Price earnings ratio of the Company as on 31st March, 2016 is not provided due to present financial year occurs Loss.
- 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 BSE as on 31st March, 2016 is Market Value Rs. 19.50/- Face value of Rs.2/- each representing a 35% of decreased 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.

- 6. The key parameters for the variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee
- 7. 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 - N.A. and
- 8. 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/-
(Dr. M V Ramana Rao)
Managing Director
(DIN 00010301)

Date : 03.09.2016
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-1]

16

(Amount in Rs.)												
Name of the Subsidiary	Financial Period ended	Exchange	Share Capital	Reserves & Surplus	Total assets	Total Liabilities(excluding share capital and reserves & surplus)	Investments	Turnover / Other Income	Profit/ (Loss) before Taxation	Provision for taxation	Profit/ (Loss) after Taxation	% of share holding
MIC Electronics Inc., USA	31.03.16	1 USD = 66.0989	4,539,450	3,167,685	70,055,062	62,347,927	67,949,669	521,332	-25,381	-	-25,381	100%
*MIC Green Energy Solutions Private Limited	31.03.16	INR	100,000	-	1,100,439	1,000,439	-	-	-	-	-	100%
*MIC Candilux Private Limited	31.03.16	INR	100,000	-	266,400	166,400	-	-	-	-	-	100%

* Yet to commence operations of the business

By the Order of the Board
For **MIC Electronics Limited**Date : 03.09.2016
Place : HyderabadSd/-
(Dr. M V Ramana Rao)
Managing Director
(DIN 00010301)

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 arms-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 Green Energy Solutions Pvt. Ltd,	Subsidiary	Ongoing since Incorporation of the Company. (i.e 11/03/2009)	MIC Green Energy Solutions Pvt. Ltd. 100% is a subsidiary of MIC Electronics Limited	9,48,667
2	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	5,26,57,650
3	MIC Candilux Pvt. Ltd,	Subsidiary	Ongoing since Incorporation of the Company. (i.e - 05/05/2011)	MIC Candilux Pvt. Ltd. is a 100% subsidiary of MIC Electronics Limited	1,36,400

Outstanding balances receivable from Subsidiaries

	MIC Electronics Inc. USA,	Subsidiary	Ongoing		0
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Outstanding balances payable to Subsidiaries

	MIC Electronics Inc. USA,	Subsidiary	Ongoing		0
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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)
Outstanding balances payable to Managerial Personnel					
Remuneration					
	M.V. Ramana Rao	Managing Director	NA	NA	2,784,000
	L.N. Malleswara Rao	Executive Director	NA	NA	1,500,000
Sitting Fee					
	N. Srinivasa Rao	Independent Director	NA	NA	54,000
	A V S S C B Shekar Babu	Independent Director	NA	NA	64,800
	V Venkata Ramani	Independent Director	NA	NA	86,400

Note: Sitting Fee does not include Conveyance charges.

By the Order of the Board
For **MIC Electronics Limited**

Date : 03.09.2016
Place : Hyderabad

Sd/-
(Dr. M V Ramana Rao)
Managing Director
(DIN 00010301)

FORM MR-3
SECRETARIAL AUDIT REPORT
For the Financial Year ending 31st March 2016

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

To

The Members of
M/s. MIC Electronics Limited,
A-4/II, Electronic Complex,
Kushaiguda, Hyderabad - 500 062.

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

Based on my 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 my opinion, the Company has, during the audit period covering the "Financial Year" ended on **31st March, 2016, (i.e. from 1st April, 2015 to 31st March, 2016)** 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:

- A 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, 2016 according to the provisions of 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;
2. Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company during the financial year under report:

- a. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - b. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - c. 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;
 - d. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
3. I have also examined compliance with the applicable clauses/regulations of the following:
- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI)
 - (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Uniform Listing Agreements entered into with BSE Limited and National Stock Exchange of India Limited;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above. However certain eForms are yet to be filed with ROC under the Act for the events occurred during the audit period.

4. I further report that, having regard to the compliance system prevailing in the Company and on examination of relevant documents and records in pursuance thereof, on test check basis, the Company has complied with all the applicable laws.

5. **I further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. 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.

Adequate notice is given to all directors to schedule the board meetings, agenda and detailed notes on agenda were sent in advance as required, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All the decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be. I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

6. I further report that during the financial year the Company has undertaken the following reportable events:
- Conducted 8 Board Meetings on 16-May-15, 25-Jul-15, 14-Aug-15, 5-Sep-15, 30-Sep-15, 10-Nov-15, 9-Jan-16 and 15-Feb-16.
 - Conducted 5 Audit Committee Meetings on 16-May-15, 11-Aug-15, 5-Sep-15, 10-Nov-15 and 9-Jan-16.
 - Conducted 2 Nomination and Remuneration Committee Meetings on 16-May-15 and 05-Sep-15.
 - Conducted one Extra-ordinary General Meeting on 22nd August, 2015.
 - Conducted the 26th Annual General Meeting on 30th September, 2015.

The details of appointment and resignation/vacation of directors/KMPs are as follows:

S.No.	Name of the Director/KMP	Particulars
1.	Malleswara Durga Prasad	Resigned as CS and continued as CFO of the Company with effect from 26 th December 2015
2.	V Venkata Ramani	Appointed as an Independent Director at the AGM held on 30 th September 2015

- Altered Articles of Association as per the provisions of the Companies Act, 2013 in the Annual General Meeting held on 30th September 2015.
- Related Party Transactions were carried out based on necessary approvals.
- The charge created for an amount of Rs. 15.00 Crores in favour of Standard Chartered Bank was satisfied on 30/06/2015 and filed the relevant eform with ROC on 02/07/2015.
- The Authorised Share Capital of the Company was increased from Rs. 40,00,00,000 (Rupees Forty Crores only) to Rs. 50,00,00,000 (Rupees Fifty Crores Only) by creation of 5,00,00,000 (Five Crores) Equity Shares of Rs. 2/- (Rupees Two only) each at the EGM held on 22nd August 2015 and eForm SH-7 was filed with ROC on 01/03/2016.
- The Nomination and Remuneration committee at their meeting held on 16th May 2015 has approved to distribute 7,49,100 Equity shares (of Rs.2/- each) which were lying in the trust to the employees. 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.

Sd/-

Y. Ravi Prasada Reddy
Practicing Company Secretaries
FCS No. : 5783, C P No. : 5360.

Place : Hyderabad
Date : 03.09.2016

Annexure V

Form No. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended on December 31, 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN : L31909TG1988PLC008652

Registration Date : 17th May 1988

Name of the Company : **MIC ELECTRONICS LIMITED**

Category / Sub-Category of the Company : Company Limited by shares / Indian Non-Government Company

Address of the registered office and contact details: : A4/II, Electronic Complex, Kushaiguda, Hyderabad, 500062,
Tel: 040-27122222 Fax: 040-27133333
Email id: cs@mic.co.in
Website: www.mic.in.

Whether listed company : Yes

Name, Address & Contact details of Registrar and Transfer Agent if any : Venture Capital and Corporate Investments Pvt. Ltd.
12-10-167, Bharatnagar, Hyderabad-500018.
Contact Person:
Mr. E.S.K. Prasad / P. Srinivas Reddy
Tel : 040-23868257 / 258

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl No	Name and Description of main products / services	NIC Code of the Product/ service	% to total turn over of the Company
1.	Manufacture of Electric Lighting equipment	274	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl No	Name of the company	Country	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares Held	Applicable section
1	MIC Electronics Inc.	USA	NA	Subsidiary	100	2(87)(ii)
2	MIC Green Energy Solutions Pvt. Ltd.	India	U40300TG2009PTC063021	Subsidiary	100	2(87)(ii)
3	Candilux Pvt. Ltd. (Formerly MIC Candilux Private Limited)	India	U31908TG2011PTC074307	Subsidiary	100	2(87)(ii)

Following Companies are yet to commence their operations:

1. MIC Green Energy Solutions Pvt. Ltd.
2. Candilux Pvt. Ltd. (Formerly MIC Candilux Private Limited)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
	Demat	Physical	Total Shares	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	4,644,902	-	4,644,902	3.91	4,644,902	-	4,644,902	2.80	(1.11)
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	8,597,375	-	8,597,375	7.23	21,270,223	-	21,270,223	12.80	5.57
Sub Total (A) (1)	13,242,277	-	13,242,277	11.14	25,915,125	-	25,915,125	15.60	4.46
(2) Foreign	-	-	-	-	-	-	-	-	-
a) NRI Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Any other	-	-	-	-	-	-	-	-	-
Sub Total (A) (2)	-	-	-	-	-	-	-	-	-
TOTAL (A)	13,242,277	-	13,242,277	11.14	25,915,125	-	25,915,125	15.60	4.46
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	245,906	-	2,45,906	0.15	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
	Demat	Physical	Total Shares	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
a) Bodies Corp.	6,689,002	-	6,689,002	5.62	32,714,892	-	32,714,892	19.69	14.07
i) Indian	-	-		-	-	-			-
ii) Overseas	-	-		-	-	-			-
b) Individuals									
i) Individual share holders holding nominal share capital upto Rs. 1 lakh	43,231,266	389,512	43,620,778	36.68	51,663,390	362,637	52,026,027	31.31	(5.36)
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	33,811,258	12,784,375	46,595,633	39.18	41,705,801	1,359,375	43,065,176	25.92	(13.26)
c) Others (specify)	-	-		-	-	-			-
Non Resident Indians	6,361,210	304,820	6,666,030	5.61	10,413,201	304,820	10,718,021	6.45	0.85
Overseas Corporate Bodies	-	-		-	-	-			-
Foreign Nationals	-	-		-	-	-			-
Clearing Members	1,339,295	-	1,339,295	1.13	1,441,826	-	1,441,826	0.87	(0.26)
Trusts	770,260	-	770,260	0.65	11,150	-	11,150	0.01	(0.64)
Foreign Bodies-DR	-	-	-	-	-	-	-		-
Sub-total (B)(2):-	92,202,291	13,478,707	105,680,998	88.86	138,196,166	2,026,832	140,222,998	84.40	(4.46)
Total Public (B)	105,444,568	13,478,707	118,923,275	100.00	164,111,291	2,026,832	166,138,123	100.00	0.00
C. Shares held by Custodian for GDRs & ADRs	-	-		-	-	-			-
Grand Total (A+B+C)	105,444,568	13,478,707	118,923,275	100.00	164,111,291	2,026,832	166,138,123	100.00	-

(ii) Shareholding of Promoters

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	VENKATARAMANA RAO MAGANTI	4644902	3.91	93.65	4644902	2.80	93.65	-1.11
2	SREENIVASA RAO MAGANTI	239825	0.20	0.00	239825	0.14	0	-0.06
3	USHA RANI MAGANTI	5205010	4.38	0.00	9205010	5.54	0	1.16
4	CHAITANYA KEERTHI MAGANTI	575000	0.48	0.00	4752778	2.86	0	2.38
5	CHAITANYA DEEPTHI MAGANTI	575000	0.48	0.00	575000	0.35	0	-0.14
6	CHAITANYA PAVAN MAGANTI	1800000	1.51	0.00	6295070	3.79	0	2.28
7	RAMA CHANDRARAO MAGANTI	165540	0.14	60.41	165540	0.10	60.41	-0.04
8	DHANA KOTESWARAMMA MAGANTI	37000	0.03	100.00	37000	0.02	100	-0.01
	Total	13242277	11.14	33.88	25915125	15.60	17.31	—

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

SN	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares	No. of shares	% of total shares**
1.	USHA RANI MAGANTI				
	At the beginning of the year	5,205,010	4.38	5,205,010	3.13
	Changes during the year				
	Conversion of Warrants into Equity Shares as on 27-07-15 Balance 40,00,000	40,00,000	NA	4,000,000	2.41
	At the end of the year	9,205,010	5.54	9,205,010	5.54
2.	CHAITANYA KEERTHI MAGANTI				
	At the beginning of the year	5,75,000	0.48	5,75,000	0.35
	Changes during the year				
	Conversion of Warrants into Equity Shares As on 25-07-15 Balance 26,00,000 As on 30-09-15 Balance 10,00,000 As on 10-11-15 Balance 57,77,78	4,177,778	NA	4,177,778	2.51
	At the end of the year	4,752,778	2.86	4,752,778	2.86
3.	CHAITANYA PAVAN MAGANTI				
	At the beginning of the year	18,00,000	1.51	18,00,000	1.08
	Changes during the year				
	Conversion of Warrants into Equity Shares As on 30-09-15 Balance 44,95,070	4,495,070	NA	4,495,070	2.71
	At the end of the year	6,295,070	3.79	6,295,070	3.79

Promoters Warrants Holding as on 31.03.2016 which are pending for Conversion

S.No.	Shareholder's Name	Equity Shares		Warrants Pending for Conversion		Post Holding	
		No. of Warrants	% of total shares	Changes	% of total Warrants	Changes	% of total shares
1	CHAITANYA KEERTHI MAGANTI	47,52,778	2.86	23,22,222	5.30	7,075,000	3.37
2	CHAITHANYA DEEPTHI MAGANTI	5,75,000	0.35	50,00,000	11.41	5,575,000	2.66
3	CHAITHANYA PAVAN MAGANTI	62,95,070	3.79	20,00,000	4.56	8,295,070	3.95
	Total	11,622,848	9.77	93,22,222	21.27	20,945,070	9.98

Note : No. of Warrants Pending for Conversion as on 31.03.2016 is 43,822,222

(iv) Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For each of the Top 10 shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares	No. of shares	% of total shares
1	IDEAMAX CONSULTANCY SERVICES PRIVATE LTD				
	At the beginning of the year	-	-	-	-
	Changes during the year				
	Conversion of Warrants into Equity Shares As on 30-09-15 Balance 18,292,000 As on 10-11-15 Balance 66,00,000	24,892,000	NA	24,892,000	14.98
	At the end of the year	24,892,000	14.98	24,892,000	14.98
2	PRABHAKARA RAO MANDAVA				
	At the beginning of the year	7,693,153	6.47	7,693,153	4.63
	Changes during the year	3,262,498	NA	3,262,498	1.96
	At the end of the year	4,430,655	2.67	4,430,655	2.67
3	YARLAGADDA RAGHU VEER				
	At the beginning of the year	5,950,000	5.00	5,950,000	3.58
	Changes during the year	-	0.00	-	0.00
	At the end of the year	5,950,000	3.58	5,950,000	3.58

4	D HITESH CHENCHU RAM				
	At the beginning of the year	2,561,555	2.15	2,561,555	1.54
	Changes during the year	-	-	-	-
	At the end of the year	2,561,555	1.54	2,561,555	1.54
5	KRISHNA KUMARI BANDI				
	At the beginning of the year	1,928,608	1.62	1,928,608	1.16
	Changes during the year	-	-	-	-
	At the end of the year	1,928,608	1.16	1,928,608	1.16
6	PURANDESWARI DAGGUBATI				
	At the beginning of the year	1,837,575	1.55	1,837,575	1.11
	Changes during the year	-	-	-	-
	At the end of the year	1,800,870	1.11	1,800,870	1.11
7	GIRIJESH KUMAR AGARWAL				
	At the beginning of the year	-	-	-	-
	Changes during the year				
	Conversion of Warrants into Equity Shares As on 25-07-15 Balance 1,395,000 As on 10-11-15 Balance 5,000	1,400,000	NA	1,400,000	0.84
	At the end of the year	1,400,000	0.84	1,400,000	0.84
8	ANJALI KHOSLA SOHALI KHOSLA				
	At the beginning of the year	1,359,375	1.14	1,359,375	0.82
	Changes during the year	-	-	-	-
	At the end of the year	1,359,375	0.82	1,359,375	0.82
9	SAHIL KHOSLA				
	At the beginning of the year	1,275,000	1.07	1,275,000	0.77
	Changes during the year	-	-	-	-
	At the end of the year	1,275,000	0.77	1,275,000	0.77
10	G.V.V. KIRAN				
	At the beginning of the year	100,00	0.08	100,000	0.06
	Changes during the year	988,500	NA	988,500	0.59
	At the end of the year	1,088,500	0.66	1,088,500	0.66

(v) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares	No. of shares	% of total shares
1	VENKATARAMANA RAO MAGANTI				
	At the beginning of the year	4,644,902	3.91	4,644,902	2.80
	Changes during the year	-	-	-	-
	At the end of the year	4,644,902	2.80	4,644,902	2.80
2	VENKATA RAM ATLURI				
	At the beginning of the year	1,052,255	0.88	1,052,255	0.63
	Changes during the year	-	-	-	-
	Conversion of Warrants into Equity Shares As on 25-07-15 Balance 1,600,000	1,600,000	NA	1,600,000	0.96
	At the end of the year	2,652,255	1.60	2,652,255	1.60
3	Shri Alla Chandra Sekhar				
	At the beginning of the year	-	0.00	-	0.00
	Changes during the year	-	0.00	-	0.00
	At the end of the year	-	0.00	-	0.00
4	Shri N Sreenivasa Rao				
	At the beginning of the year	65	0.00	65	0.00
	Changes during the year	-	0.00	1,950,000	1.17
	Conversion of Warrants into Equity Shares As on 30-09-15 Balance 1,950,000	1,950,000	NA	1,950,000	1.17
	At the end of the year	1,950,065	1.17	1,950,065	1.17
5	Shri L N Malleswara Rao				
	At the beginning of the year	2,424,234	2.04	2,424,234	1.46
	Changes during the year	-	0.00	-	0.00
	At the end of the year	2,424,234	1.46	2,424,234	1.46
6	Dr. V. Venkata Ramani				
	At the beginning of the year	-	0.00	-	0.00
	Changes during the year	-	0.00	-	0.00
	At the end of the year	-	0.00	-	0.00
7	Malleswara Durga Prasad				
	At the beginning of the year	-	0.00	-	0.00
	Changes during the year	-	0.00	-	0.00
	At the end of the year	-	0.00	-	0.00

V. INDEBTEDNESS**Indebtedness of the Company including interest outstanding/accrued but not due for payment.**

(Amount. Rs./Lacs)

SN	Particulars	Secured Loans	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness					
i)	Principal Amount	1,217,162,664	393,167,233	-	1,610,329,897.00
ii)	Interest due but not paid	18,139,682	18,958,050	-	37,097,732.00
iii)	Interest accrued but not due	2,414,916	0	-	2,414,916.00
	Total (i+ii+iii)	1,237,717,262	412,125,283	-	1,649,842,545
Change in Indebtedness during the financial year					
*	Addition	4,929,711	-	-	4,929,711.00
*	Reduction	266,604,581	20,000,00,00	-	46,604,581.00
	Net Change	-21,674,870	-20,000,000	-	-41,674,870.00
Indebtedne					
i)	Principal Amount	1,192,972,999	373,167,233		1,566,140,232.00
ii)	Interest due but not paid	23,069,393	18,958,050		42,027,443.00
iii)	Interest accrued but not due	0	0	-	
	Total (i+ii+iii)	1,216,042,392	392,125,283	-	1,608,167,675

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, whole-time Director**

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
	Name	Dr. M V RAMANA RAO	Shri L N Malleswara Rao	(Rs/Lac)
	Designation	MANAGING DIRECTOR	EXECUTIVE DIRECTOR	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,400,000	1,500,000	3,900,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	384,000	0	384,000
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	
2	Stock Option	-	-	
3	Sweat Equity	-	-	
4	Commission	-	-	
	- as % of profit	-	-	
	- others, specify	-	-	
5	Others, please specify	-	-	
	Total (A)	2,784,000	1,500,000	4,284,000
	Ceiling as per the Act	Yes	Yes	Yes

B. Remuneration to other directors:

Details as per Directors Report **Annexure - I** in addition to that any other amount was not paid.

C. Remuneration to other Key Managerial Personnel other than MD/Manager/WTO:

Details as per Directors Report **Annexure - I** in addition to that any other amount was not paid.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

By the Order of the Board
For MIC Electronics Limited

Sd/-
(Dr. M V Ramana Rao)
Managing Director
(DIN 00010301)

Date : 03.09.2016

Place : Hyderabad

Annexure VI

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. Researches 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. 62.6 Lakhs

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:

(Amount in Lakhs)

Particulars	31st March 2016 (12 Months)	31st March 2015 (12 Months)
Earnings	1664.46	464.00
Outgo	454.57	228.76

By the Order of the Board
For MIC Electronics Limited

Sd/-
(Dr. M V Ramana Rao)
Managing Director
(DIN 00010301)

Date : 03.09.2016
Place : Hyderabad

ANNEXURE'S TO DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement)

1) COMPANY PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

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

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

2) BOARD OF DIRECTORS

Composition and size of the Board:

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

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

According to Clause 49 of Listing Agreement and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, if the Chairman is Executive Director, at least one half of the Board should consist of non-executive, Independent Directors. As provided below shows, this provision is met at MIC.

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

* Smt. Venkata Ramani Vedula has been appointed as Director on 30th March, 2015 at AGM.

Meetings held and Attendance of Board Meetings:

During the financial year 2015-16, total of 8 (Eight) Board Meetings were held.

The Dates on which the Board Meetings were held are: 16-May-15, 25-Jul-15, 14-Aug-15, 5-Sep-15, 30-Sep-15, 10-Nov-15, 9-Jan-16 and 15-Feb-16.

Attendance of Directors in the above said meetings:

Sr. No	Director	Attendance Particulars	
		Board Meetings & Attendance	Presence at the Last AGM
1	Dr. M V Ramana Rao	7(8)	Yes
2	Shri Atluri Venkata Ram	1(8)	No
3	Shri L N Malleswara Rao	8(8)	Yes
4	Shri N Sreenivasa Rao	8(8)	Yes
5	Shri Veera Venkata Satya Surya Chandra Bhima Sekhar Babu Alla	8(8)	Yes
6	Smt. Venkata Ramani Vedula	7(8)	Yes

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 under Clause 49 of Listing Agreement and 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 31.03.2016:

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

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 49 of Listing Agreement and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Powers of Audit Committee

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

1. 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.

The Audit Committee comprises the following Directors.

Name of the Director	Designation	Nature of Directorship
Shri Veera Venkata Satya Surya Chandra Bhima Sekhar Babu Alla	Chairman	Independent Non Executive Director
Shri N Sreenivasa Rao	Member	Independent Non Executive Director
Dr. V Venkata Ramani (Appointed as Member by the Board of Directors held on 16th May 2015)	Member	Independent Non Executive Director

The Audit Committee consists of Three Independent who is financially literate as required by Clause 49 of Listing Agreement and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. Moreover, the Audit Committee has members who have accounting or related financial management expertise.

During the year under review Dr. V Venkata Ramani Appointed as Member of the Committee in the place of Dr. M V Ramana Rao.

All recommendations made by the Audit Committee were accepted by the Board of Directors.

Audit Committee Meetings and Attendance:

During the Period 5 (Five) Audit Committee Meetings were held during the Financial Year 2015-16.

The Dates on which the Audit Committee Meetings were held are: 16-May-15, 11-Aug-15, 5-Sep-15, 10-Nov-15 and 9-Jan-16.

Sr. No.	Director	No. of Meeting Attended
1.	Shri Veera Venkata Satya Surya Chandra Bhima Sekhar Babu Alla	5(5)
2	Shri N Srinivasa Rao	5(5)
3.	Dr. Venkata Ramani	5(5)

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

Company Secretary act as Secretary of the Audit Committee.

B) REMUNERATION COMMITTEE/ NOMINATION COMMITTEE

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

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

Composition of the committee:

Name of the Director	Designation	Nature of Directorship	Profession
Dr. V Venkata Ramani (Appointed as Member by the Board of Directors held on 16th May 2015)	Chairman	Independent Director	Service
Shri Veera Venkata Satya Surya Chandra Bhima Sekhar Babu Alla	Member	Independent Director	Practicing Company Secretary
Shri N Srinivasa Rao	Member	Independent	Business

The Remuneration Committee/Nomination Committee consists of Three Independent who are financially literate as required by Clause 49 of Listing Agreement and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

During the year under review Dr. V Venkata Ramani Appointed as Chairman of the Committee.

During the Period 2 (Two) Remuneration Committee / Nomination Committee Meetings were held during the Financial Year 2015-16.

The Dates on which the Remuneration Committee / Nomination Committee Meetings were held are: 16-May-15 and 5-Sep-15.

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

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

Name of the Director	Relationship with other Directors	Business Relationship with company if any	Loans and advances from company	Total Remuneration (Rs.)
Dr. M V Ramana Rao	None	None	None	2,400,000
Shri L N Malleswara Rao	None	None	None	1,500,000

Note: Dr. M V Ramana Rao Remuneration excludes Rent free accommodation of Rs. 3,84,000/-

Non-Executive Directors Compensation:

As per the Provisions of Clause 49 of Listing Agreement and 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'S 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.

Composition of the Committee:

Name of the Director	Designation	Nature of Directorship	Profession
Shri N. Srinivasa Rao	Chairman	Independent Director	Business
Shri Veera Venkata Satya Surya Chandra Bhima Sekhar Babu Alla	Member	Independent Director	Practicing Company Secretary
Dr. V Venkata Ramani (Appointed as Member by the Board of Directors held on 16th May 2015)	Member	Independent Director	Service

Note : Shareholders's Grievance Committee name changes as Shareholders's Relationship Committee by the Board of Directors at their Meeting held on 16th May 2016 as per the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015,

Name & Designation of the Compliance officer : Malleswara Durga Prasad
Company Secretary & CFO

Note : Malleswara Durga Prasad resigned as Company Secretary with effect from 26th December 2015 and continued as CFO of the Company

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 0 during the period the Company has received 3 complaints and resolved 2 complaints. There is 1 Pending complaint as on 31st March 2016.

During the Period there is no Shareholders's Relationship Committee Meetings held from 1st April 2015 to 31st March 2016.

The details of shares held by the Directors as on 31st March, 2016

Sr. No	Director	Category	No. of Shares	% of Holding
1	Dr. M V Ramana Rao	Promoter, Executive Director	4644902	2.80
2	Shri Atluri Venkata Ram*	Non-Independent, Non-Executive Director	2652255	1.60
3	Shri L N Malleswara Rao	Non-Independent, Executive Director	2424234	1.46
4	Shri N Sreenivasa Rao**	Independent, Non Executive	1950065	1.17
5	Shri Veera Venkata Satya Surya Chandra Bhima Sekhar Babu Alla	Independent, Non Executive	-	-
6	Smt. Venkata Ramani Vedula	Independent, Non Executive	-	-

4) SUBSIDIARY COMPANIES:

Subsidiary as on 31st March 2016

1. MIC Electronics Inc (USA) in which Dr M V Ramana Rao and Atluri Venkata Ram are Directors.
2. MIC Green Energy Solutions Private Limited (India) in which Dr M V Ramana Rao, Atluri Venkata Ram are Directors.
3. Candilux Private Limited (India) formally known as MIC Candilux Private Limited (India - in which Dr M V Ramana Rao is a Director.

The Details of aforesaid Subsidiary Companies as required in accordance with Clause 49 of Listing Agreement and 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.

Financial Year	Date & Time	Venue	Nature of special resolutions, if any passed
2014-15	30-09-2015 3.30 PM	Hall, Marigold by Green Park, 7-1- 25, Green Lands, Begumpet, Hyderabad - 500 016, Telangana	<ol style="list-style-type: none"> 1. Re-appointment of Dr. M V Ramana Rao (DIN 00010301), as Managing Director of the Company. 2. Re-appointment of Mr. L N Malleswara Rao (DIN 00010318), as Executive Director of the Company. 3. Alteration to the articles of association by Adoption of new set of Articles of Association of the Company. 4. Ratification of Resolution No. 2 of Extra-ordinary General Meeting held on 22nd August 2015 for allotment of Equity Share to Investors

Financial Year	Date & Time	Venue	Nature of special resolutions, if any passed
	22-08-2015 1.15 AM	A-4/II, Electronic C o m p l e x , Kushaiguda, Hyderabad-62	<ol style="list-style-type: none"> 1. Increase of Authorised Capital and alteration of the Clause V of the Memorandum of Association. 2. Issue of equity shares on preferential basis to Investors. 3. Issue of Warrants convertible into equity shares on preferential basis to Investors.
2013-14	30-09-2014 11.00 AM	A-4/II, Electronic C o m p l e x , Kushaiguda, Hyderabad-62	Ratification to the amendments made by the Board to the resolution passed by the members at their General Meeting held on 22nd November, 2013 for issue of Convertible Share Warrants to Promoters and Investors.
2012-13	22-11-2013 11.00 AM	A-4/II, Electronic C o m p l e x , Kushaiguda, Hyderabad-62	<ol style="list-style-type: none"> 1. Preferential Allotment of 2,69,95,070 Warrants to Promoters. 2. Preferential Allotment of 5,04,82,000 Warrants to Investors. 3. Employee Stock Option Scheme 2013 to Issue of 50,00,000 Shares of Rs. 2/- each. 4. Issue of Shares to employees / directors of the holding and subsidiary companies. 5. Approval for issue of shares to specified employees more than 1%.

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

6) DISCLOSURES

- Related party transactions:

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

- Penalties:

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

- Disclosure of Accounting Treatment

The Company follows the accounting standards as specified in the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 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 2016.

- Code of Conduct

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

- CEO/CFO Certification

The Chief Executive Officer and the Chief Financial Officer of the Company give certification on financial reporting and internal controls to the Board as required under Clause 49(V) of the Listing Agreement and 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 of the Company for the Period ended 31st March 2016.

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

Audit Qualification (each audit qualification separately):

Details of Audit Qualification:

- 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 Rs. 11.87 crores. Had the company made a provision for the same the current year loss would have been higher by the said amount.

- 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 Rs. 2.73 crores 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 Rs. 6.96 crores (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.

- 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".

- 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".

- 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.

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 favorably, 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.
- 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.in
- **News Release, Presentation etc.:** The official news releases, detailed presentations made to media, institutional investors, financial analysis etc. are displayed on the Company's website www.mic.in

- **Website:** The Company's website www.mic.in contains separate dedicated section 'Investor information' where the shareholders information is available. Full Annual Report, Quarterly Results, Press Releases, Products and Services etc. are also available on the web-site in a user-friendly manner.
- **Ministry** of Corporate Affairs as a 'Green Initiative in the Corporate Governance' has issued a Circular no 17/ 2011 on 21 April 2011, permitting companies to service delivery of documents electronically on the registered members'/shareholders' email addresses under section 53 of the Companies Act, 1956. The company is accordingly proposing to send documents, such as Notice calling the general meeting, audited financial statements, directors' report, auditors' report etc in electronic form on the email ids provided by the shareholders & made available by them to the company through the depositories. Shareholders desiring to receive the said documents in physical form will continue to get the same in physical form.

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

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

8) GENERAL SHAREHOLDER INFORMATION

Date & Venue of AGM	30 th September 2016 at 2.30 PM at A-4/II, Electronic Complex, Kushaiguda, Hyderabad-500062 Andhra Pradesh
Financial Year	1 st April 2015 to 31 st March 2016
Tentative Calendar of Events for the FY 2016-2017 (April- March)	1 st Quarter ending 30 th June 2016 - 6 th August 2016 2 nd Quarter ending 30 th September 2016 - on or before 14 th November 2016 3 rd Quarter ending 31 st December 2016 - on or before 14 th February 2017 4 th Quarter ending 31 st March 2017 - on or before 30 th May 2017
Book Closure for AGM (Both days Inclusive)	27 th September 2016 to 30 th September 2016
Dividend Payment Date (if declared & approved)	NIL
Listing on Stock Exchanges	National Stock Exchange Ltd (NSE) Stock Code - MIC Bombay Stock Exchange Ltd (BSE) Stock Code - 532850
Registrars & Transfer Agents (RTA)	Venture Capital and Corporate Investments Pvt. Ltd. 12-10-167, Bharatnagar, Hyderabad-500018. Tel: 040-23868257/258
Share Transfer System	Physical share transfers are processed and share certificates are returned to the Shareholders with in a maximum Period of twenty one days from the date of receipt, Subject to the documents being valid and complete in all respects.
Dematerialization of shares	Company had Provided Demat facility through National Securities Depository Ltd & Central Depository Services Ltd. ISIN : INE287C01029
CIN Number	L31909TG1988PLC008652
Outstanding GDRs / ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity	NIL

Plant Location

MIC Electronics Limited - EOU
Plot No. 192/B, Ground & Mazanine Floor,
Phase-II, IDA, Cherlapally, Hyderabad-500051

MIC Electronics Limited
Plot No. 192/B, Ist 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. Khush Mohammad
Company Secretary
MIC Electronics Limited
A-4/II, Electronic Complex, Kushaiguda, Hyderabad-500062
Telangana. cs@mic.co.in

- **Market Price data : High / Low during each month in the Period 2015-16 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
April -2015	13.85	7.65	8844.80	8144.75	13.98	7.60	29094.61	26897.54
May -2015	13.90	11.50	8489.55	7997.15	13.87	11.51	28071.16	26423.99
June - 2015	20.60	10.45	8467.15	7940.30	20.49	10.46	27968.75	26307.07
July - 2015	29.50	20.10	8654.75	8315.40	29.50	20.10	28578.33	27416.39
August -2015	28.85	20.30	8621.55	7667.25	28.80	20.35	28417.59	25298.42
September -2015	25.25	18.70	8055.00	7539.50	25.10	19.00	26471.82	24833.54
October -2015	22.35	15.90	8336.30	7930.65	22.40	15.95	27618.14	26168.71
November -2015	25.65	19.60	8116.10	7714.15	25.75	19.60	26824.3	25451.42
December -2015	26.45	20.50	7979.30	7551.05	26.55	20.50	26256.42	24867.73
January -2016	28.65	17.00	7972.55	7241.50	28.65	17.00	26197.27	23839.76
February -2016	24.75	18.20	7600.45	6825.80	24.80	18.20	25002.32	22494.61
March - 2016	23.75	18.40	7777.60	7035.10	23.65	18.30	25479.62	23133.18

• **Distribution of Shareholding as on 31st March 2016**

Shares	Holders		Shares	
	Number	% To Total	No of Shares	% To Total
Upto - 500	32421	68.58	6194352	3.73
501 - 1000	6171	13.05	5290362	3.18
1001 - 2000	3660	7.74	5843468	3.52
2001 - 3000	1473	3.12	3849512	2.32
3001 - 4000	707	1.5	2595353	1.56
4001 - 5000	718	1.52	3452704	2.08
5001 - 10000	1050	2.22	8026780	4.83
10001 and above	1073	2.27	130885592	78.78
Total	47273	100	166138123	100

• **Share holding pattern as on 31st March 2016.**

Category	Holding as on 31 st March 2016	% of Holding
BODIES CORPORATE	32,714,892	19.69
CLEARING MEMBER	1,441,826	0.87
CENTRAL/STATE GOVERNMENT(S)	0	0.00
FINANCIAL INSTITUTIONS/BANKS	245906	0.15
FOREIGN BODIES CORPORATE	0	0.00
FOREIGN INSTITUTIONAL INVESTORS	0	0.00
INSURANCE COMPANIES	0	0.00
MUTUAL FUNDS/UTI	0	0.00
NON RESIDENTIAL INDIVIDUALS	10,718,021	6.45
FOREIGN NATION	0	0.00
FOREIGN PORTFOLIO INVESTORS - INDIVIDUAL(FPI)	0	0.00
FOREIGN PORTFOLIO INVESTORS - CORPORATE(FPI)	0	0.00
PROMOTER AND PROMOTER GROUP	25,915,125	15.60
PUBLIC	95,091,203	57.24
CLEARING MEMBERS	1,441,826	0.87
TRUST	11,150	0.01
TOTAL	166,138,123	100.00

BY ORDER OF THE BOARD OF DIRECTORS
For MIC ELECTRONICS LIMITED

Place : Hyderabad
Date : 03.09.2016

Sd/-
Dr. M.V. Ramana Rao
Managing Director
(DIN 00010301)

DECLARATION

As provide under Clause 49 of Listing Agreement and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 with the Stock Exchange, the Board of Directors and the Senior Management personnel have confirmed compliance with the Code of Conduct and Ethics for the Period ended 31st March 2016.

Sd/-
Dr. M V Ramana Rao
Managing Director
(DIN 00010301)

04 CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
MIC Electronics Limited

We have reviewed the records concerning the Company's compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered by the Company, with the Stock Exchanges of India, for the Financial Year ended 31st March 2016.

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

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

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

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

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

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

Place : Hyderabad
Date : 03.09.2016

To

The Board of Directors
MIC Electronics Limited
Hyderabad

Dear members of the Board,

We, Dr. M. V. Ramana Rao, Managing Director, and L. N. Malleswara Rao, Executive Director & Chief Financial Officer of MIC Electronics Limited, to the best of our knowledge and belief, certify that:

- a) We have reviewed the financial statements and the cash flow statements for the year ended 31st March, 2016 and certify that to the best of our knowledge and belief;
 - i) These statements do not contain any materially untrue statement nor omit any material fact not contain statements that might be misleading; and
 - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- b) 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 in violation of the Company's code of conduct;
- c) We accept responsibility for establishing and maintaining internal controls in the Company and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the audit committee, deficiencies in the design or the operation of internal controls, if any, of which we are aware and the steps that we have taken or propose to take and rectify the identified deficiencies;
- d) We have indicated to the auditors and the Audit Committee of:
 - i) Significant changes in the internal controls 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) There are no instances of significant fraud of which we have become aware.
- e) We affirm that we have not denied any personnel access to the Audit Committee of the Company (in respect of matters involving alleged misconduct).
- f) We further declare that all Board Members and designated Senior Management have affirmed compliance with the Code of Conduct for the Current year.

For MIC Electronics Limited

Place : Hyderabad
Date : 03.09.2016

Sd/-
Dr. M V Ramana Rao
Managing Director
(DIN 00010301)

Sd/-
L. N. Malleswara Rao
Executive Director & CFO
(DIN 00010318)

In the context of the importance being given nationally and internationally for Energy Conservation and mitigating the climate change process resulting from expending fossil fuels, LED Lighting assumes very important technological and economic significance in the country. The emergence of smart cities and smart grids leads to large scale requirements of day-night visible LED Display products for control room applications in addition to a host of other information dissemination applications. The vast business potential offered by these two product domains, coupled with the associated technological eco-system is not only attractive from the financial point of view but also is vital from the national perspective. MIC Electronics Limited has done pioneering work in both the fields and is well positioned to benefit from the opportunities offered by these fields.

MIC Electronics Limited has done pioneering work in the field of LEDs over the last three decades. MIC is the only company in India with design to manufacturing capabilities in True Color LED display products. MIC's display products are promoted for Passenger Information Display applications in Indian Railways, Sports coverage, event coverage, variable message signage for surface transport, mass communications & political campaigns and for publicity and commercial advertisements. MIC's LED display products, outdoor, indoor and mobile have been supplied to USA, Australia, South Africa, Srilanka and Middle East.

In the LED lighting segment, MIC again has been pioneer in the field in India, through its grid and off-grid products. The company proved successful in its bids for large scale LED Street lighting projects against competition from Indian Lighting Industry leaders and a host of other LED players in India. In addition to expertise in the LED domain, MIC has established strengths in the fields of Embedded systems, wired and wireless communications and networking technologies including Internet of Things (IoT).

Your company continued the tradition of giving maximum importance to R&D and in the process achieved a major breakthrough in developing a **"Smart Solar LED street lighting solution"** for which already we secured a first commercial order. Further for the first time we designed and manufactured an unique **"Centralized Control and Monitoring System(CCMS)"**, which is meant for automatically maintaining and monitoring the street lights. In the days to come CCMS is going to play a very important role in the maintenance of street lights in the country as it can drastically reduce the dependence on human element in switching on and off the street lights while assisting in logging so much of other vital information automatically. It is indeed a great pleasure to inform you that your company already supplied and installed 4000 CCMS across the country much to the delight of their end users.

While continuing the unabated focus on R&D, your company could expand and consolidate its platform required for mass production of its products. This can be visualized from the fact that your company successfully manufactured, supplied and installed more than 150,000 street lights across the country. The demand for development of 3D Hologrammes and small pixel LED Display Systems has opened new avenues of business. Recently, the Railtel Corporaton , a subsidiary of the Indian Railways came out with a plan to use digital media in all the railway stations across the country so as to provide better passenger information and to generate revenues through digital media using the bandwidth already in its possession, which is lying underutilized at present. This project has all the elements, which can transform the face of especially the advertising arena in the country beyond imagination. Further, the steps initiated by the Central Government for establishing **'Smart Cities'** are also opening up new fronts, which can have tremendous impact on the business potential of your company. As you are aware the LED sector has been expanding globally and our association with M/s. Leyard (China), LG Innotek (Korea) and other international business partners certainly is going to strengthen us in enhancing our global market share in the near future.

All the countries including India have initiated programmes to adopt LED technologies in a big way thus leading to expansion of the scope of business in the LED sector to unprecedented levels. Considering these global developments, there is no hesitation to say that the growth of business potential in the LED sector is going to be very robust in the near future.

By order of the Board
For MIC Electronics Limited

Sd/-
Dr. M V Ramana Rao
Managing Director
(DIN 00010301)

Place : Hyderabad
Date : 03.09.2016

To

The Members of,

M/s. MIC ELECTRONICS LIMITED,

Report on the Standalone Financial Statements:

We have audited the accompanying Standalone financial statements of M/s. MIC ELECTRONICS LIMITED, which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the period ended 31st March, 2016 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The management and Board of Directors of the company are 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 and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 control, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

- (1) 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.
- (2) 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 Rs2.73 crores 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.
- (3) Reference is invited to Note 3.12 of the financial statements, the Company's Capital Advances to the extent of Rs9.52 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."
- (4) 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."

- (5) Reference is invited to Note 3.17 of the financial statements, the Company's Other Advances to the extent of Rs.47.91crores, "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."
- (6) 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.3.42crores. There are material uncertainties regarding the outcome of these litigations where in an unfavourable decision could result in a outflow of cash flows for the company.

Qualified Opinion

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

- in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- In the case of the Statement of Profit and Loss, of the loss for the year ending 31st March, 2016;
- In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143(3) of the Act, we further report that:

- We have sought and obtained all the information and explanations which to the best of our

knowledge and belief were necessary for the purposes of our audit;

- In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- The Balance Sheet and Statement of Profit and Loss dealt with by this Report are in agreement with the books of account;
- In our opinion, the aforesaid financial statements do not comply with the applicable accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014; because of the matters specified in basis for qualified opinion paragraph.
- The matters described in the Basis for Qualified opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the company.
- On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act;
- 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".
- 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
 - The Company has pending litigations and in our opinion, the company has disclosed the impact of pending litigations on its financial position in the financial statements as given in note 3.27.
 - The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise.
 - There have been no occasions in case of the company during the year under report to transfer any sums to the Investor Education and Protection Fund.

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

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

Place : Hyderabad
 Date : 30.05.2016

Referred to in paragraph 1 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, 2016:

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.
- (c) The title deeds of immovable properties are held in the name of the company.
- 2) (a) The management has conducted the physical verification of inventory at reasonable intervals.
- b) The discrepancies noticed on physical verification of the inventory as compared to books records have been properly dealt with in the books of account and were material.
- 3) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.
- 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) As informed to us, the maintenance of Cost Records has been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company, however, such accounts and records have not been properly maintained.
- 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.

According to the information and explanations given to 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, 2016 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 pay - ment
Finance Act, 1994	Service Tax	3,884,094	From 2011 onwards	Various dates	Nil
Central Excise Act, 1944	Excise Duty	2,032,738	from 2013 onwards	Various dates	Nil
Central Excise Act, 1944	Excise Duty	1,500,000	from 2013 onwards	Various dates	19.05.16
Employees Provident Fund & Miscellaneous provisions act, 1952	Provident Fund	16,068,098	From 2009 onwards	Various dates	Nil
Employees State Insurance Act, 1948	Employee State Insurance	4,177,374	From 2010 onwards	Various dates	Nil
APPT Act, 1987	Professional Tax	1,107,010	From 2011 onwards	Various dates	Nil
Income Tax Act, 1961	TDS	9,705,418	From 2012 onwards	Various dates	Nil
AP Value Added Tax Act, 2005	VAT	724,351	From 2015 onwards	Various dates	Nil
The Central Sales Tax Act, 1956	CST	248,831	From 2013 onwards	Various dates	Nil

- (b) According to the information and explanations given to 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	3,896,982/-	2008-2009	Customs, Excise & Service Tax Appellate tribunal, south zonal bench, Bangalore vide appeal no.C/2303 of 2010. Amt. deposited : Rs.2,896,982/-
Customs Act, 1962	Customs Duty	1,801,111/-	2008-2009	O/o. The Commissioner of Customs, Central Excise and Service Tax, Hyderabad III Commissionerate vide Appeal No.C/2302 of 2010
The A.P.VAT Act, 2005	APVAT	840,705/-	2008-2009	Appellate Deputy Commissioner (CT), Secunderabad Division vide Appeal No.S/23/09-10/V Amt. deposited :Rs. 840,705/-
The A.P.VAT Act, 2005	APVAT	545,677/-	2007-2008	Appellate Deputy Commissioner (CT), Secunderabad Division Amt. deposited : Rs.545,677/-
The A.P.VAT Act, 2005	APVAT	1,809,145/-	2005-2006	WP No.14764/2009 filed with High Court, AP Amt. deposited : Rs.1,809,145/-

- 8) In our opinion and according to the information and explanations given to us, the Company has defaulted in the repayment of dues to banks and financial institutions including interest and principal as on 31st March 2016.

Sl No.	Name of the bank/institution	Amount of default (Rs.)	Period of default
1.	UCO Bank	72,044,205/-	Since June 2013
2.	Technology Development Board	172,256,368/-	Since January 2013
3.	L&T Finance Ltd	59,541,462/-	Since October 2014
4.	State Bank of India	574,278,985/-	Since November 2014
5.	Srei Equipment Finance Pvt Ltd	169,748,167/-	Since July 2013
6.	Reliance Capital Limited	36,602,000/-	Since March 2013

- 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, 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 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
 M.No : 223169

Place : Hyderabad
 Date : 30.05.2016

"Annexure B" to the Independent Auditor's Report of even date on the Standalone 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, 2016 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 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 control 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.

Disclaimer of Opinion

According to the information and explanation given to us, the Company is still in the process of establishing internal financial control over financial reporting on criteria based on or 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. Because of this reason, 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, 2016.

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 qualified opinion on the financial statements.

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

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

Place : Hyderabad
Date : 30.05.2016

BALANCE SHEET AS AT 31st MARCH 2016

(Amount in Rs.)

Particulars	Note.	As at 31.03.2016	As at 31.03.2015
I. EQUITY AND LIABILITIES			
(1) Shareholder's funds:			
Share capital	3.01	332,276,246	237,846,550
Reserves and surplus	3.02	1,774,123,679	2,835,764,874
Money received against Share warrants		215,993,201	43,547,427
		2,322,393,126	3,117,158,851
(2) Non-current liabilities			
Long-term borrowings	3.03	128,437,268	168,131,576
Long-term provisions	3.04	51,419,666	168,955,223
		179,856,934	337,086,799
(3) Current liabilities			
Short-term borrowings	3.05	947,466,218	991,161,062
Trade payables	3.06	602,105,060	674,655,946
Other current liabilities	3.07	810,581,007	831,411,254
Short-term provisions	3.08	-	812,483
		2,360,132,285	2,498,040,745
TOTAL		4,862,382,345	5,952,286,395
II. ASSETS			
(1) Non-current assets			
Fixed assets	3.09		
(i) Tangible assets		1,200,945,958	1,273,063,117
(ii) Intangible assets		1,679,200	1,917,657
(iii) Capital Work in Progress		172,365,474	172,365,474
Deferred Tax asset (Net)	3.10	620,621,566	160,867,736
Non current Investments	3.11	22,897,250	22,897,250
Long-term loans and advances	3.12	321,735,934	453,539,885
Other Non-current assets	3.13	39,825,571	157,346,389
		2,380,070,953	2,241,997,508

BALANCE SHEET AS AT 31st MARCH 2016

(Amount in Rs.)

Particulars	Note.	As at 31.03.2016	As at 31.03.2015
(2) Current assets			
Inventories	3.14	752,268,618	1,919,483,149
Trade receivables	3.15	943,670,023	1,099,380,250
Cash and cash equivalents	3.16	23,949,658	20,829,368
Short-term loans and advances	3.17	742,570,515	650,029,239
Other current assets	3.18	19,852,578	20,566,881
TOTAL		2,482,311,392	3,710,288,887
		4,862,382,345	5,952,286,395
Notes forming part of financial statements 1-3.38			

per our report of even date

For PAVULURI & CO

Chartered Accountants

Firm Reg. No: 012194S

For and on behalf of the Board of Directors

Sd/-

Dr. M.V.Ramana Rao
Managing Director

Sd/-

L.N.Malleswara Rao
Executive Director & CFO

Sd/-

CA.N.Rajesh

Partner

M.No : 223169

Sd/-

Khush Mohammad
Company Secretary

Place : Hyderabad.

Date : 30.05.2016

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH 2016

(Amount in Rs.)

Particulars	Note.	Year ending 31.03.2016	Year ending 31.03.2015
I INCOME :			
Revenue from operations	3.19	2,176,355,988	1,585,417,582
Other income	3.20	33,851,371	35,976,534
Total Revenue		2,210,207,359	1,621,394,116
II EXPENDITURE :			
Cost of material consumed	3.21	1,235,146,537	359,727,235
Purchase of traded goods		676,826,510	1,021,933,797
(Increase)/ Decrease in Inventories	3.22	(417,920,748)	(99,625,003)
Employee benefits expense	3.23	34,615,506	34,690,807
Finance costs	3.24	4,668,818	65,119,388
Depreciation and amortization expense	3.09	75,103,489	76,695,621
Other expenses	3.25	208,373,786	153,746,168
Total expenses		1,816,813,898	1,621,288,013
III Profit / (Loss) before exceptional items and tax (I - II)		393,393,461	9,106,103
IV Exceptional Items			
Depletion in value of inventories		1,595,249,728	
Bad Debts /debit balances written off		366,753,606	1,962,003,334
			4,893,710
V Profit / (Loss) before tax (III+IV)		(1,568,609,873)	4,212,393
VI Tax expenses:			
Current tax		-	-
Mat Credit entitlement		-	(812,483)
Taxes of earlier years written back		-	1,769,172
Deferred tax Asset (Liability)		459,753,830	459,753,830
			16,793,867
VII Profit / (Loss) for the period (V - VI)		(1,108,856,043)	21,962,949
VIII Earnings per equity share of par value Rs. 2/- each			
Basic		(7.71)	0.21
Diluted		(5.91)	0.14

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH 2016

(Amount in Rs.)

Particulars	Note.	Year ending 31.03.2016	Year ending 31.03.2015
IX No.of shares used in			
computing earnings per share			
Basic		143,835,475	103,083,275
Diluted		187,657,697	161,120,345
Notes forming part of financial statements	1-3.38		

per our report of even date

For PAVULURI & CO

Chartered Accountants

Firm Reg. No: 012194S

For and on behalf of the Board of Directors

Sd/-

Dr. M.V.Ramana Rao

Managing Director

Sd/-

L.N.Malleswara Rao

Executive Director & CFO

Sd/-

CA.N.Rajesh

Partner

M.No : 223169

Sd/-

Khush Mohammad

Company Secretary

Place : Hyderabad.

Date : 30.05.2016

1. Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous years.

2. Significant accounting policies

2.1. Disclosure of Accounting Policies:

Financial statements have been prepared under the historical costs convention and in accordance with applicable accounting standards and provisions of the Companies Act, 2013. All income and expenditure having a material bearing in the financial statements are prepared on accrual basis.

2.2. Use of Estimates:

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

2.3. Valuation of Inventories:

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

2.4. Cash Flow Statements:

Cash flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of non cash

nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the companies are segregated based on the available information.

2.5. Accounting for Fixed Assets

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

2.6. Depreciation Accounting:

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets as per the schedule II of the Companies Act, 2013. The useful life of the assets adopted by the company is as per schedule II of the Companies Act, 2013 as follows:

Factory Buildings	30 years	Office Equipment	10 years
Plant & Machinery	15 years	Electrical Installations	10 years
Computer Equipment	3 Years	DG Set	10 years
Computer - Servers	6 Years	Transformer	10 years
Computer Software	10 years	Vehicles (Other than two wheelers)	8 years
Furniture & fixtures	10 years	Vehicles	10 years

2.7. Research & Development (R & D):

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

2.8. Revenue Recognition

Sales & Services are inclusive of taxes and duties collected.

Revenue from fixed price contracts are recognized as per the terms of the contract.

Revenue from other income is based on accrual basis.

2.9. Accounting for effects in foreign exchange rates :

- All monetary items denominated in foreign currency are reflected at the rates prevailing on the Balance sheet date.

- Income and Expenditure items involving foreign exchange are translated at the exchange rate prevailing on the dates of transaction.

- c) Exchange differences, if any, arising on account of fluctuations in foreign exchange have been duly reflected in the Profit & Loss Account except in respect of acquisition of fixed assets.

2.10. Accounting for Investments :

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

2.11. Accounting for Retirement Benefits :

- a) The Company has a provident fund scheme for their employees. Contributions to the scheme are charged to the profit and loss account.
- b) Provision for gratuity has been made for all the employees in the rolls of the company at the closing of accounting year. The company is making actual gratuity payments as and when crystallized by debiting to the gratuity fund account. The company has not taken any insurance policy for payment of gratuity.
- c) The Company extends benefit of Encashment of Leave to its employees while in service as well as on retirement. Leave encashment liability in respect of leave accumulated is accounted for on the basis of last drawn salary.

2.12. Borrowing Cost :

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

2.13. Segment Reporting :

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

2.14. Related party Disclosure :

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

2.15. Operating Leases :

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

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

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

2.16. Earnings Per Share :

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

2.17. Consolidated Financial Statements :

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

2.18. Deferred Taxation :

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

2.19. Contingencies and events occurring after the balance sheet date :

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

NOTE - 3.01**Share Capital**

	As at 31.03.2016		As at 31.03.2015	
	No.of Shares	Amount (Rs)	No.of Shares	Amount (Rs)
I. Authorised:				
Equity shares of Rs 2/- each with voting rights	250,000,000	500,000,000	200,000,000	400,000,000
II. Issued,Subscribed and Paid up:				
Equity shares of Rs 2/- each with voting rights	166,138,123	332,276,246	118,923,275	237,846,550
	166,138,123	332,276,246	118,923,275	237,846,550

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

During the financial year the company has converted 47,214,848 share warrants into equity shares of Rs.2/- each with a premium of Rs.1/- each.

During the financial year the company has allotted 30,000,000 convertible share warrants to Leyard Hongkong Co Ltd on 15.02.16, each of which is convertible into 1 equity share of Rs. 2/- each at a premium of Rs.23/- each. Out of which the company has received Rs.189,112,000/- as share warrants application money and the balance amount to be received within 18 months on conversion into equity shares.

During the financial year the company has allotted 3,000,000 convertible share warrants to Shri Pujitha Kamineni on 15.02.16, each of which is convertible into 1 equity share of Rs. 2/- each at a premium of Rs.23/- each. Out of which the company has received Rs.18,750,000/- as share warrants application money and the balance amount to be received within 18 months on conversion into equity shares.

a) Details of Reconciliation of Share Capital

Particulars	As at 31st March, 2016		As at 31st March, 2015	
	No. of Shares	Amount (Rs)	No. of Shares	Amount (Rs)
Equity shares with voting rights:				
Opening Balance	118,923,275	237,846,550	102,498,275	204,996,550
Fresh Issue	47,214,848	94,429,696	16,425,000	32,850,000
Closing Balance	166,138,123	332,276,246	118,923,275	237,846,550

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

Sl. No.	Class of shares / Name of shareholder	As at 31st March, 2016		As at 31st March, 2015	
		Number of shares held	% holding	Number of shares held	% holding
	Equity shares with voting rights				
1.	Usha Rani Maganti	9,205,010	5.54%	-	-
2.	Ideamax Consultancy Services Pvt Ltd	24,892,000	14.98%	-	-
3.	Prabhakar Rao Mandava	-	-	7,693,153	6.47%
4.	Raghu Veer Yarlagadda	-	-	5,950,000	5.00%

(Amount in Rs.)

Particulars	As at 31.03.2016	As at 31.03.2015
NOTE - 3.02		
Reserves and Surplus		
Share Premium Account		
As at Commencement of the Year	1,046,980,610	1,030,555,610
Add : Received on further issue of shares	47,214,848	16,425,000
	1,094,195,458	1,046,980,610
Profit and Loss Account		
As at Commencement of the Year	1,212,936,219	1,195,177,241
Depreciation as per Companies Act 2013	-	(4,203,971)
Add : Transferred from Profit & Loss Account	(1,108,856,043)	21,962,949
	1,04,080,176	1,212,936,219
Share warrants for feited		
As at Commencement of the Year	377,581,045	377,581,045
Add : Additions during the year	-	-
	377,581,045	377,581,045
Capital Reserve		
As at Commencement of the Year	267,000	267,000
Add : Additions during the year	-	-
	267,000	267,000
Amalgamation Reserve		
As at Commencement of the Year	18,000,000	18,000,000
Add : Additions during the year	-	-
	18,000,000	18,000,000
General Reserve		
As at Commencement of the Year	180,000,000	180,000,000
Add : Additions during the year	-	-
	180,000,000	180,000,000
	1,774,123,679	2,835,764,874

NOTE - 3.03**Long Term Borrowings**

(Amount in Rs.)

	Current Portion (*)	Non-Current Portion	Current Portion (*)	Non-Current Portion
Secured Loans				
Long Term Loans - From Banks				
UCO Bank	71,231,180	-	71,231,180	-
Long Term Loans - Others				
Technology Development Board	150,000,000	-	150,000,000	-
L&T Finance Ltd	99,235,770	16,539,295	59,541,462	56,233,603
Srei Equipment Finance P Ltd	169,748,167	-	169,748,167	-
Loans Under hire purchase against vehicles	41,629	-	516,450	-
Unsecured Loans				
Financial contribution from EESL	-	111,897,973	-	111,897,973
	490,256,746	128,437,268	451,037,259	168,131,576

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

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

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

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

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

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

(i) Hypothecation of charge over 19 LED Display Boards, (ii) Personal Guarantee of Managing Director of the Company. (iii) The Honourable High Court for the state of Telangana by its order dated 23.07.2014 approved the settlement reached between MIC Electronics Limited and L&T Finance Ltd. As per the settlement MIC has agreed to pay the outstanding debt of Rs.11.91 crores in 36 monthly instalments starting from 05.09.2014 out of which the company has paid 1st instalment of Rs.33.07 lakhs on 05.09.2014. As on 31.03.16 the total loan outstanding is Rs.11.58 crores.

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

(i) Hypothecation of equipments, fixtures etc. valued Rs.28.20 crore (ii) Mortgage of Land & building situated at 192/B, Phase II, IDA Cherlapally belonging to company. (iii) Personal Guarantee of the Managing Director of

the company. (iv) Term Loan - I of Rs.1000.00 lakhs is repayable in 18 quarterly EMIs of Rs.78.29 lakhs each (including interest) at a variable interest rate of 15.50% commencing from 15.01.2012 (v) Term Loan - II of Rs.1400.00 lakhs is repayable in 18 quarterly EMIs of Rs.109.60 lakhs each (including interest) at a variable interest rate of 15.50% commencing from 15.02.2012.

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

f) **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. As on date EESL has made a financial contribution of Rs.11.19 crores.

(Amount in Rs.)

Particulars	As at 31.03.2016	As at 31.03.2015
NOTE- 3.04		
Long Term Provisions		
Provision for employee benefits		
- Provision for gratuity	13,452,906	13,338,661
- Provision for leave encashment	2,489,765	2,618,749
Deferred Revenue Income - NMC Project	35,476,995	152,997,813
	51,419,666	168,955,223
NOTE - 3.05		
Short Term Borrowings		
(A) Secured Loans		
Working capital loans - From Banks		
State Bank of India-Cash Credit	574,278,985	597,993,829
	574,278,985	597,993,829
(B) UnSecured Loans		
(i) Loans from Directors	-	-
(ii) Intercompany Deposits		
Malaxmi Infra Ventures (India) Pvt Ltd	187,167,233	187,167,233
Sriba Seabase Pvt Ltd	6,000,000	6,000,000
Arkay Energy (Rameswaram) Limited	100,000,000	100,000,000
Bhagyanagar Investments & Trading Pvt. Ltd	80,000,000	100,000,000
	373,167,233	393,167,233
Total Short Term Borrowings (A+B)	947,446,218	991,161,062

Note : . The working capital loan from SBI has become NPA from 28.11.2014. During the year, the company has not provided interest on working capital loan from SBI for Rs.11.87 Crores (Previous Year Rs. 7.21 crores) in the books.

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

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

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

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

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

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

(Amount in Rs.)

Particulars	As at 31.03.2016	As at 31.03.2015
NOTE - 3.06		
Trade Payables		
Payables for materials	510,926,311	534,191,647
Payables for services	91,178,749	140,464,299
	602,105,060	674,655,946
	602,105,060	674,655,946
NOTE - 3.07		
Other Current Liabilities		
(i) Interest accrued and due on borrowings		
Interest accrued and due on long term borrowings	23,069,393	18,139,682
Interest accrued and due on short term borrowings	18,958,050	18,958,050
(ii) Interest accrued but not due on borrowings		
Interest accrued but not due on long term borrowings	-	2,414,916
(iii) Other payables		
Current maturities of long term borrowings (Refer Note No : 3.03)	490,256,746	451,037,259
Statutory remittances	58,797,400	63,769,237
Payables on purchase of fixed assets	6,875,073	9,464,003
Payables for expenses	42,144,351	45,712,515
Salaries Payable	78,456,995	88,882,310
Directors remuneration Payable	369,698	8,976,612
Audit Fees Payable	4,345,030	3,829,780
Share Warrants Application Money refundable	76,073,331	86,208,421
Advance from customers & Others	11,234,940	34,018,469
	810,581,007	831,411,254

Note : Interest on unsecured loans of Rs. 4.23 crores and interest on term loans of Rs 2.73 crores is not provided in the books for the current financial year since the company is pursuing the matter for settlement with the lenders and company is of the view that interest will be waived off. Total interest not provided in the books till 31.03.2016 is Rs.23.39 crores.

Particulars	As at 31.03.2016	As at 31.03.2015
NOTE - 3.08		
Short Term Provisions :		
Provision for Income Tax	-	812,483
	-	812,483

NOTE- 3.09

Fixed assets

(Amount in Rs.)

	Name of the asset	Gross Block			Accumulated Depreciation				Net Block	
		Balance as at 31st March 2015	Additions	Deletions	Balance as at 31st March 2016	Balance as at 31st March 2015	Depreciation charge for the year	On deletions	Balance as at 31st March 2016	Balance as at 31st March 2015
A	Tangible Assets									
	Land & Land Development	15,512,484	-	-	15,512,484	-	-	-	15,512,484	15,512,484
	Buildings	130,989,924	-	-	130,989,924	29,487,407	4,074,069	-	33,561,476	101,502,517
	Plant & Machinery	961,735,477	1,900,950	-	963,636,427	311,131,009	65,336,361	-	376,467,370	650,604,468
	Furniture and Fixtures	18,639,417	663,506	-	19,302,923	12,297,217	1,351,570	-	13,648,787	6,342,200
	Office equipment	2,999,119	-	-	2,999,119	1,982,122	265,091	-	2,247,213	1,016,997
	Electrical Installations	13,129,859	-	-	13,129,859	7,264,447	1,358,963	-	8,623,410	5,865,412
	D.G.Set	1,228,230	-	-	1,228,230	597,100	165,357	-	762,457	631,130
	Transformer	1,109,125	-	-	1,109,125	535,083	148,459	-	683,542	574,042
	Furniture and Fixtures-Others	1,201,571	-	-	1,201,571	1,174,639	-	-	1,174,639	26,932
	Vehicles	18,659,927	-	67,247	18,592,680	13,530,235	2,041,433	67,247	15,504,421	5,129,692
	Computers	341,183,896	108,992	-	34,292,888	33,678,009	49,304	-	33,727,313	505,887
	Display Equipment (not put to use)	485,351,356	-	-	485,351,356	-	-	-	485,351,356	485,351,356
	SUB TOTAL (A)	1,684,740,385	2,673,448	67,247	1,687,346,586	411,677,268	74,790,607	67,247	486,400,628	1,273,063,117
B	Intangible assets									
	Computer Software	15,053,389	74,425	-	15,127,814	13,135,732	312,882	-	13,448,614	1,917,657
	SUB TOTAL (B)	15,053,389	74,425	-	15,127,814	13,135,732	312,882	-	13,448,614	1,917,657
	Total [A + B] (Current Year)	1,699,793,774	2,747,873	67,247	1,702,474,400	424,813,000	75,103,489	67,247	499,849,242	1,274,980,774
	(Previous Year)	1,699,793,486	1,824,919	1,824,631	1,699,793,774	345,457,712	76,695,621	(2,659,667)	1,274,980,774	1,354,335,774

(Amount in Rs.)

Particulars	As at 31.03.2016	As at 31.03.2015
NOTE - 3.10		
Deferred Tax Asset		
On Depreciation (Difference as per Books & as Per Income Tax Act)	(94,234,996)	(96,874,692)
On Accrued compensation to employees	4,926,285	4,930,840
On IT Disallowances	38,286,758	75,951,391
On Others	671,643,519	176,860,197
	620,621,566	160,867,736
NOTE - 3.11		
Non Current Investments		
UNQUOTED in subsidiaries:		
MIC Electronics Inc., USA (10,00,000 No of ordinary shares of \$0.10 each fully paid up purchased at a premium of \$0.40 each converted into Indian Rupees using the conversion rate of 45.3945)	22,697,250	22,697,250
MIC Green Energy Solutions Pvt. Ltd. 10,000 equity shares of Rs. 10/-	100,000	100,000
MIC Candilux Pvt Ltd 10,000 equity shares of Rs. 10/- each	100,000	100,000
in other corporate bodies :		
	22,897,250	22,897,250

(Amount in Rs.)

Particulars	As at 31.03.2016	As at 31.03.2015
NOTE- 3.12		
Long-Term Loans and advances		
Unsecured, Considered Good :		
Capital advances	122,019,659	144,538,331
Deposit-Delhi Metro Rail Corpn	55,150,887	55,150,887
Retention Money-BSNL	-	112,418,655
Share Application money pending allotment in other companies	61,507,650	61,507,650
Loans & Advances to Subsidiaries	1,085,067	1,014,367
Other Secured Deposits	80,787,558	77,844,881
Other Loans and advances	1,185,113	1,065,114
	321,735,934	453,539,885
NOTE- 3.13		
Other Non Current Assets		
Pre-operative expenses - Lighting expansion (IREDA) Project	4,348,576	4,348,576
Deferred receivables - NMC Project	35,476,995	152,997,813
	39,825,571	157,346,389
NOTE- 3.14		
Inventories		
Raw Material	143,291,156	133,159,881
Work-in-Progress	2,073,508,640	-
Less : Depletion in value of inventories	1,595,249,728	1,629,988,133
Finished Goods	129,469,917	155,069,676
Stores and Spares	1,248,633	1,265,459
	752,268,618	1,919,483,149
NOTE- 3.15		
Trade Receivables		
Unsecured Considered Good		
Debtors outstanding for a period exceeding six months	144,603,493	719,916,738
Other Debtors	799,066,530	379,463,512
	943,670,023	1,099,380,250
Note: Trade receivables include debts due from:		
MIC Electronics Inc, USA - 100% Subsidiary	-	19,848,053

During the year bad debts to the extent of Rs.33.49 crores have been written off. The remaining trade receivables include Rs.6.67 Crores which are long overdue and the recovery of which is doubtful. However, the management is of the opinion that no provision is necessary during the year as they are persuing with debtors and the amounts may be recovered.

(Amount in Rs.)

Particulars	As at 31.03.2016	As at 31.03.2015
NOTE- 3.16		
Cash & Cash equivalents		
Cash in Hand	6,060,686	3,284,777
Balance with Banks :		
In Current Accounts	4,322,271	1,932,911
In Margin Money Accounts	13,566,701	15,611,680
	17,888,972	17,544,591
	23,949,658	20,829,368
NOTE- 3.17		
Short-term Loans & Advances		
Unsecured Advances - Considered good		
(i) Loans and advances to employees	7,402,011	2,181,364
(ii) Prepaid Expenses	447,987	1,190,625
(iii) Balances with Govt Authorities		
Cenvat Deposit	15,911,251	4,835,642
Deferred Cenvat Credit	93,750	98,262
Cenvat credit receivable	2,100,725	2,092,749
Service tax receivable	1,575,669	1,149,901
VAT credit	3,312,941	2,396,880
(iv) Others		
Advance for Materials	27,023,991	17,287,137
Advance for Services	6,337,063	4,000,169
Other advances	665,841,431	602,619,383
TDS receivable	10,723,550	10,376,981
Entry Tax & Octroi Deposit	605,940	605,940
VAT deposit refundable	1,194,206	1,194,206
	742,570,515	650,029,239
NOTE- 3.18		
Other Current Assets		
Amounts receivable against sale of investments	19,852,578	18,700,650
Deferred Revenue Expenditure to the extent not written off	-	1,866,231
	19,852,578	20,566,881

(Amount in Rs.)

Particulars	Year ended 31.03.2016		Year ended 31.03.2015	
NOTE- 3.19				
Revenue from Operations				
(A) Revenue from Sales				
Exports	45,456,617		22,875,975	
Domestic	1,422,562,499		502,295,325	
Freight & Insurance recd. on Sales	103,482		24,263	
	1,468,122,598		525,195,563	
Less : Excise Duty	93,830,895	1,374,291,703	43,315,910	481,879,653
Traded Goods		771,584,100		1,077,335,507
		2,145,875,803		1,559,215,160
(B) Other Operating Incomes				
Equipment Lease Rentals	114,500		2,679,927	
AMC Charges & Service Charges	13,618,844		14,754,056	
Transport, Loading & Unloading receipts	5,130,207		-	
Installation Charges	11,616,634		8,768,439	
		30,480,185		26,202,422
		30,480,185		26,202,422
Total Revenue from Operations (A+B)		2,176,355,988		1,585,417,582
NOTE- 3.20				
Other Incomes				
Interest Received		911,400		612,735
Credit Balances written back		23,079,990		3,012,550
Net Prior Period Income		1,035,217		19,628,267
Rents received		1,265,340		1,281,750
Profit on sale of investment in		-		11,173,341
Profit on sale of assets		4,000		-
Excess Provisions Written back		128,984		155,459
Foreign exchange gain		7,426,440		112,432
		33,851,371		35,976,534
NOTE- 3.21				
Cost of Materials Consumed				
A) Raw Material Consumed				
Opening Stock		133,159,881		132,707,419
Purchases	1,244,272,055		360,013,846	
Less : Material consumed for R&D	70,368		679,808	
		1,244,201,687		359,334,038
		1,377,361,568		492,041,457
Less : Closing Stock		143,291,156		133,159,881
Raw Material Consumed		1,234,070,412		358,881,576

(Amount in Rs.)

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
B) Packing Materials and consumables		
Opening Stock	1,265,459	1,208,505
Purchase of packing material & consumables	1,022,463	871,701
Freight & Carriage Inwards	36,836	30,912
	2,324,758	2,111,118
Less : Closing Stock	1,248,633	1,265,459
Consumption	1,076,125	845,659
Total Cost of material consumed	1,235,146,537	359,727,235
NOTE- 3.22		
Changes in Inventory		
Closing Stock of :		
Work-in-Progress	2,073,508,640	1,629,988,133
Finished Goods	129,469,917	155,069,676
Total (A)	2,202,978,557	1,785,057,809
Opening Stock of :		
Work-in-Progress	1,629,988,133	1,524,119,862
Finished Goods	155,069,676	161,312,944
Total (B)	1,785,057,809	1,685,432,806
Increase/(Decrease) in Stock (A-B)	417,920,748	99,625,003
NOTE- 3.23		
Employee Benefit expense		
Salary, Wages, Allowances & other Benefits	27,607,843	28,511,204
Directors Remuneration	3,900,000	3,900,000
Gratuity	114,245	-
P. F. & ESI Contribution	2,008,775	1,700,180
Staff Welfare Expenses	984,643	579,423
	34,615,506	34,690,807
NOTE- 3.24		
Financial Cost		
Bank Charges	1,396,183	18,622,223
Interest on :		
Term Loan	2,514,795	4,189,794
Working Capital Loans	178,725	41,653,245
Others - Interest on other loans/ICDs & Financial Charges	579,115	654,126
	4,668,818	65,119,388

(Amount in Rs.)

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
NOTE- 3.25		
Other Expenses		
Job-work Charges & Installation charges	23,330,594	7,798,279
Power and Fuel	3,486,775	2,870,295
Insurance	1,342,390	1,841,130
Repairs & Maintenance	1,715,522	522,191
Printing & Stationary	669,066	404,528
Postage, Telephones & Internet	1,597,723	1,262,538
Rent	1,466,292	1,103,583
Rates & Taxes	6,237,125	8,092,706
Excise duty on stock transfers	21,623,388	95,031
Lease rental Expenses	-	2,037,750
Professional Charges	8,657,378	9,422,942
Auditors Remuneration		
As Statutory Auditors	400,750	350,000
As Tax auditors	171,750	150,000
General Expenses	4,252,244	11,003,740
Security Expenses	747,467	513,774
Travelling & Conveyance	11,920,547	9,099,963
Vehicle Maintenance	1,414,270	1,147,194
Sales Tax	108,934,131	81,145,819
Selling & Distribution Expenses	2,313,742	1,256,695
Deferred Expenses written off	1,866,231	4,593,166
R & D Expenses	6,226,401	9,034,844
	208,373,786	153,746,168

NOTE- 3.26

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

(Amount in Rs.)

Sl No.	Particulars	As at 31st March 2016	As at 31st March, 2015
1	Counter guarantees given by the company to banks towards issue of B.Gs.	23,909,110	30,790,048
2	Counter guarantees given by the company to banks towards issue of B.Gs to Customs & Central Excise Dept.	7,096,982	7,096,982
3	Bonds executed to Customs & Central Excise Dept. (net of BGs)	92,300,000	82,300,000
4	Corporate Guarantees given by the company to banks on behalf of subsidiaries & associates	70,000,000	70,000,000
5	Claims against the company, not acknowledged:	34,226,950	1,076,141,736
TAX Matters in Appeals			
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- 3.28**Managerial Remuneration :**

(Amount in Rs.)

Particulars	For 12 months ended 31st March 2016	For 12 months ended 31st March 2015
Managing Director		
Remuneration	2,400,000	2,400,000
Perquisite value of Rent	384,000	380,000
Director		
Remuneration	1,500,000	1,500,000
Total	4,284,000	4,280,000

NOTE- 3.29**Segment Information :** The company is operating only in one segment i.e, LED based products and hence no segmental reporting is made.

NOTE- 3.30**Related party disclosures :**

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

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

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

b. Aggregated Related party disclosures for the 12 months period from April 15 to March 2016:

i) Particulars of transactions during the year

(Amount in Rs.)

Sl No.	Nature of Transaction	For the year ended 31st March 2016	For the year ended 31st March, 2015
1.	Expenditure during the year:		
	• Remunerations to Management personnel	3,900,000	3,900,000
	• Rents paid towards accommodation provided to Management Personnel	384000	380,000
	• Sitting Fee and other expenses reimbursed to Directors	525,901	346,206
2.	Sales to Subsidiaries :		
	M/s.MIC Electronics Inc., USA	-	251,895

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

(Amount in Rs.)			
Sl No.	Nature of Transaction	As at 31st March 2016	As at 31st March, 2015
1	Advances to Subsidiaries :		
	M/s.MIC Green Energy Solutions Pvt Ltd	948,667	930,067
	M/s.MIC Electronics Inc. USA	52,657,650	52,657,650
	M/s.MIC Candilux Pvt. Ltd.	136,400	84,300
2	Outstanding balances receivable from Subsidiaries		
	M/s.MIC Electronics Inc., USA	-	19,848,053
3	Outstanding balances Payable to Subsidiaries		
	M/s.MIC Electronics Inc., USA	-	3,903,378
4	Outstanding balances payable to Management Personnel		
	Remuneration payable to Management personnel	369,698	8,976,612
	Sitting fee and other expenses payable to Directors	280,800	954,973

NOTE - 3.31

Disclosure in respect of operating lease:

- i) A general description of leasing arrangements : Leasing arrangement for LED Display Systems
- ii) Lease payment recognized in the statement of Profit & Loss Account for the year: Rs.Nil (Previous year- Rs.Nil)
- iii) **lease amounts not recognised during the year** : First Leasing Company of India Ltd transferred the lease rentals receivables from MIC Electronics Ltd to Reliance Capital Ltd. As per the agreement, lease rentals are payable in 59 monthly instalments to Reliance Capital Ltd and the last instalment is due in Dec'14. MIC Electronics Ltd received a notice from Reliance Capital Ltd on 20.01.2012 about the loan agreement termination for delay in payment of lease rentals. Subsequently First Leasing Company stopped billing lease rentals w.e.f 01.04.2012. Hence MIC Electronics Ltd stopped recognizing lease rentals in the books from 01.04.2012. The unrecognized lease rentals from Apr'15 to Mar'16 is Rs.Nil (Total unrecognised lease rentals upto 31.03.16 is Rs.17.31 crores)

NOTE - 3.32**Calculation of earnings per share :**

(Amount in Rs.)

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
Profit attributable to Share Holders	(1,108,856,043)	21,962,949
No. of Equity Shares Outstanding	166,138,123	118,923,275
Weighted No. of Equity Shares	143,835,475	103,083,275
Convertible Share Warrants	43,822,222	58,037,070
No. of diluted equity shares	187,657,697	161,120,345
Nominal Value of Equity Share	2.00	2.00
Basic EPS	(7.71)	0.21
Diluted EPS	(5.91)	0.14

NOTE - 3.33

In accordance with the AS-22 'Accounting for taxes on Income issued by the Institute of Chartered Accountants of India , during the current year the company has accounted for the effect of deferred Tax against the income pertaining to current year and has accordingly provided for deferred tax asset of Rs.459,753,830 (Previous Year Rs.16,793,867/-) on account of current year's deferred tax.

(Amount in Rs.)

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
Opening Balance Deferred tax asset	160,867,736	144,073,869
Less : Deferred tax asset	459,753,830	16,793,867
Closing Balance	620,621,566	160,867,736

- (i) The company has incurred one time expenditure of Rs.9,331,130/- during the Year 2010-11 towards DMRC project finance which is being amortised over a period of 5 years . During the period an amount of Rs.1,866,231/- (Previous year Rs.1,866,224/-) has been amortised.

NOTE - 3.34**Details of Prior Period items credited to Statement of Profit & Loss :**

(Amount in Rs.)

Sl. No.	Particulars	Year ending 31st March, 2016	Year ending 31st March, 2015
1	Excess Provision of Income Tax written back	0	1,769,172
2	Net Prior period income	1,035,217	19,628,267
	Total	1,035,217	21,397,439

NOTE - 3.35

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

NOTE - 3.36**Value of Imported and Indigenous Materials Consumed and their Percentage to total consumption:**

(Amount in Rs.)

Particulars	For the year ended 31st March 2016		For the year ended 31st March 2015	
	Value	%	Value	%
Imported	171,886,376	8.99%	50,568,794	3.66%
Indigeneous (including purchase of traded goods)	1,740,086,671	91.01%	1,331,092,238	96.34%
Total	1,911,973,047	100.00%	1,381,661,032	100.00%

NOTE - 3.37**Foreign Currency / Exchange Transactions :**

(Amount in Rs.)

Sl. No.	Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
A)	Value of Imports on CIF Basis		
	Components	164,770,345	45,505,006
		164,770,345	45,505,006
B)	Expenditure		
	Travelling	1,676,053	895,248
		1,676,053	895,248
C)	Earnings in Foreign Exchange		
	FOB Value of Exports	45,456,617	22,875,975
		45,456,617	22,875,975

NOTE - 3.38

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

per our report of even date

For PAVULURI & CO

Chartered Accountants

Firm Reg. No: 012194S

For and on behalf of the Board of Directors

Sd/-

Dr. M.V. Ramana Rao

Managing Director

Sd/-

L.N. Malleswara Rao

Executive Director & CFO

Sd/-

CA.N.Rajesh

Partner

M.No : 223169

Sd/-

Khush Mohammad

Company Secretary

Place : Hyderabad.

Date : 30.05.2016

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2016

(Amount in Rs)

Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
Net Profit before tax and extraordinary items	393,393,461	4,212,393
Adjustments for:		
Depreciation	75,103,489	76,695,621
Financial Charges	4,668,818	65,119,388
Interest received /Other Income	911,400	612,735
Operating Profit before Working Capital Changes	474,077,168	146,640,137
Changes in Working Capital		
(Increase)/Decrease in Trade Receivables	155,710,227	(215,895,642)
(Increase)/Decrease in Inventories	1,167,214,531	(100,134,419)
(increase)/Decrease in Long Term Loans & Advances	131,803,951	20,671,025
(increase)/Decrease in Short Term Loans & Advances	(92,541,276)	15,558,026
(increase)/Decrease in Other Current Assets	714,303	2,589,467
(increase)/Decrease in Other Non Current Assets	117,520,818	(151,676,962)
Increase/(Decrease) in Long Term Provisions	(117,535,557)	151,574,702
Increase/(Decrease) in Short Term Provisions	(812,483)	(3,847,358)
Increase/(Decrease) in Trade Payables	(72,550,886)	(2,915,401)
Increase/(Decrease) in Other Current Liabilities	(20,830,247)	(116,261,519)
Increase/(Decrease) in Deferred Tax Asset	459,753,830	16,793,867
Cash generated from Operations	1,728,447,211	(383,544,214)
Financial Charges paid	(4,668,818)	(65,119,388)
Extraordinary items	(1,962,003,334)	-
Direct Taxes paid	(459,753,830)	(15,837,178)
Net Cash provided/(Used) from operating activities	(223,901,603)	(317,860,643)
(Increase) / Decrease of Current Investments	-	-
(Increase) / Decrease of Non Current Investments	-	32,518,203
(Increase) / Decrease of Fixed Assets	(2,747,873)	(1,544,592)
Interest Received/Other Income	(911,400)	(612,735)
Net Cash used in Investing Activities	(3,659,273)	30,360,876

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2016

(Amount in Rs)

Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
Proceeds from long term borrowings	(39,694,308)	167,695,286
Increase/(Decrease) in Short Term borrowings	(43,714,844)	33,973,604
Increase/(Decrease) in Share Capital	94,429,696	32,850,000
Increase/(Decrease) in Share Premium	47,214,848	16,425,000
Increase/(Decrease) in Share Warrants		
Application Money	172,445,774	43,547,427
Net Cash provided/(Used) from financing activities	230,681,166	294,491,317
Net Increase in Cash and Cash equivalents	3,120,290	6,991,550
Cash and Cash equivalents as at the commencement of the year	20,829,368	13,837,818
Cash and Cash equivalents as at the close of the year	23,949,658	20,829,368

per our report of even date

For PAVULURI & CO

Chartered Accountants

Firm Reg. No: 012194S

For and on behalf of the Board of Directors

Sd/-

Dr. M.V. Ramana Rao
Managing Director

Sd/-

L.N. Malleswara Rao
Executive Director & CFO

Sd/-

CA.N. Rajesh

Partner

M.No : 223169

Sd/-

Khush Mohammad
Company Secretary

Place : Hyderabad.

Date : 30.05.2016

To
The members of,
M/s. MIC ELECTRONICS LIMITED,

Report on the Financial Statements:

We have audited the accompanying consolidated financial statements of M/s. MIC Electronics Limited ('the Holding Company') which comprise the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year ended on that date and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The management and Board of Directors of the Holding company are responsible for the preparation of consolidated financial statements in terms of the requirement of the Companies Act ('the Act') that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 control, 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; which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions

of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Basis for Qualified Opinion

- (1) Reference is invited to Note 3.05 of the consolidated 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.
- (2) Reference is invited to Note 3.07 of the consolidated financial statements, The Company has not provided the interest on unsecured loans for Rs 4.23 crores and interest on term loans for Rs2.73 crores 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.

- (3) Reference is invited to Note 3.12 of the consolidated 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."
- (4) Reference is invited to Note 3.15 of the consolidated 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."
- (5) Reference is invited to Note 3.17 of the consolidated financial statements, the Company's Other Advances to the extent of Rs.47.91crores, "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."
- (6) Reference is invited to Note 3.27 of the consolidated 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 un-favorable decision could result in a outflow of cash flows for the company.

Qualified Opinion

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

- a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- b) In the case of the Consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and
- c) In the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matters:

- (1) 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 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.
- (2) 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.

Report on Other Legal and Regulatory Requirements:

1. As required by section 143(3) of the Act, we further report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.;
- b) In our opinion proper books of account as required by law relating to the preparation of consolidated financial statements have been kept so far as appears from our examination of those books;
- c) The Consolidated Balance Sheet, Consolidated Statement of Profit and Loss and the consolidated cash flow statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of consolidated financial statements;
- d) In our opinion, the aforesaid consolidated financial statements do not comply with the applicable accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014; because of the matters specified in basis for qualified opinion paragraph.
- e) The matters described in the Basis for Qualified opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the company.
- f) On the basis of written representations received from the directors of the Holding Company as on March 31, 2016, and taken on record by the Board of Directors, and the report of the statutory auditors of its subsidiary companies incorporated in India none of the directors incorporated in India is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act;
- g) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- h) 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 pending litigations and in our opinion, the group has disclosed the impact of pending litigations on its financial position in the consolidated financial statements as given in note 3.27.
- ii. The Group did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise.

There have been no occasions in case of the Group during the year under report to transfer any sums to the Investor Education and Protection Fund.

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

Place: Hyderabad
 Date: 30.05.2016

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

“Annexure A” to the Consolidated 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”) and its Indian subsidiaries as of March 31, 2016 in conjunction with our audit of the Consolidated 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 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 control 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.

Disclaimer of Opinion

According to the information and explanation given to us, the parent company still is in the process of establishing internal financial control over financial reporting on criteria based on or 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. Because of this reason, 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, 2016.

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

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

Place: Hyderabad
Date: 30.05.2016

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

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2016

(Amount in Rs.)

Particulars	Note.	As at 31.03.2016		As at 31.03.2015	
I. EQUITY AND LIABILITIES					
(1) Shareholder's funds:					
Share capital	3.01	332,276,246		237,846,550	
Reserves and surplus	3.02	1,759,133,564		2,817,673,389	
Money received against share warrants		215,993,201	2,307,403,011	43,547,427	
					3,099,067,366
(2) Non-current liabilities					
Long-term borrowings	3.03	128,437,268		168,131,576	
Long-term provisions	3.04	51,419,666	179,856,934	168,955,223	
					337,086,799
(3) Current liabilities					
Short-term borrowings	3.05	947,446,218		991,161,062	
Trade payables	3.06	609,903,058		669,009,279	
Other current liabilities	3.07	810,789,997		831,561,862	
Short-term provisions	3.08	-	2,368,139,273	812,483	2,492,544,686
TOTAL			4,855,399,218		5,928,698,851
II. ASSETS					
(1) Non-current assets					
Fixed assets	3.09				
(i) Tangible assets		1,200,945,958		1,273,100,896	
(ii) Intangible assets		1,679,200		1,917,657	
(iii) Capital Work in Progress		172,365,474		172,365,474	
Goodwill on consolidation and acquisitions		-		-	
Deferred Tax asset (Net)	3.10	620,621,566		160,867,736	
Non current Investments	3.11	67,949,669		64,280,840	
Long-term loans and advances	3.12	268,137,709		400,004,559	
Other Non-current assets	3.13	41,136,523		158,571,641	
			2,372,836,099		2,231,108,803

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2016

(Amount in Rs.)

Particulars	Note.	As at 31.03.2016		As at 31.03.2015	
(2) Current assets					
Inventories	3.14	752,268,618		1,919,483,149	
Trade receivables	3.15	943,670,023		1,079,599,588	
Cash and cash equivalents	3.16	24,147,845		21,219,856	
Short-term loans and advances	3.17	742,624,055		656,720,574	
Other current assets	3.18	19,852,578	2,482,563,119	20,566,881	3,697,590,048
TOTAL			4,855,399,218		5,928,698,851
Notes forming part of financial statements	1-3.37				

per our report of even date

For PAVULURI & CO

Chartered Accountants

Firm Reg. No: 012194S

For and on behalf of the Board of Directors

Sd/-

Dr. M.V. Ramana Rao

Managing Director

Sd/-

L.N. Malleswara Rao

Executive Director & CFO

Sd/-

CA.N.Rajesh

Partner

M.No : 223169

Sd/-

Khush Mohammad

Company Secretary

Place : Hyderabad.

Date : 30.05.2016

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR YEAR ENDED 31st MARCH 2016

(Amount in Rs.)

Particulars	Note.	Year ending 31.03.2016	Year ending 31.03.2015
I INCOME :			
Revenue from operations	3.19	2,176,355,988	1,585,548,353
Other income	3.20	34,372,703	35,976,534
Total Revenue		2,210,728,691	1,621,524,887
II EXPENDITURE :			
Cost of material consumed	3.21	1,235,146,537	359,739,759
Purchase of traded goods		676,826,510	1,021,933,797
(Increase)/ Decrease in Inventories	3.22	(417,920,748)	(99,625,003)
Employee benefits expense	3.23	34,615,506	36,601,344
Finance costs	3.24	4,674,687	65,136,407
Depreciation and amortization expense	3.09	75,141,268	78,266,166
Other expenses	3.25	208,876,851	159,191,007
Total expenses		1,817,360,611	1,621,243,477
III Profit before exceptional items and tax (I - II)		393,368,080	281,410
IV Exceptional Items			
Depletion in value of inventories		1,595,249,728	-
Bad Debts / Debts Balances written off		366,753,606 1,962,003,334	- -
V Profit before tax (III+IV)		(1,568,635,254)	281,410
VI Tax expenses:			
Current tax		-	-
Mat Credit entitlement		-	(812,483)
Taxes of earlier years written back		-	1,769,172
Deffered tax Asset (Liability)		459,753,830 459,753,830	16,793,867 17,750,556
VII Profit/(Loss) for the period (V - VI)		(1,108,881,424)	18,031,966

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR YEAR ENDED 31st MARCH 2016

(Amount in Rs.)

Particulars	Note.	Year ending 31.03.2016	Year ending 31.03.2015
VIII Earnings per equity share of par value Rs. 2/- each			
Basic		(7.71)	0.17
Diluted		(5.91)	0.11
IX No.of shares used in computing earnings per share			
Basic		143,835,475	103,083,275
Diluted		187,657,697	161,120,345
Notes forming part of financial statements	1-3.37		

per our report of even date

For PAVULURI & CO

Chartered Accountants

Firm Reg. No: 012194S

For and on behalf of the Board of Directors

Sd/-

Dr. M.V. Ramana Rao

Managing Director

Sd/-

L.N. Malleswara Rao

Executive Director & CFO

Sd/-

CA.N. Rajesh

Partner

M.No : 223169

Sd/-

Khush Mohammad

Company Secretary

Place : Hyderabad.

Date : 30.05.2016

1 Basis of Consolidation :

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

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

The subsidiaries considered in the financial statements are :

Company Name	As at 31-03-16	As at 31-03-15
MIC Electronics Inc.	100%	100%
MIC Green Energy Solutions Pvt Ltd	100%	100%
MIC Candilux Pvt Ltd	100%	100%

The financial statements of the subsidiaries, considered in the consolidated accounts, are drawn upto 31st March, 2016.

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

Financial statements have been prepared under the historical costs convention and in accordance with applicable accounting standards and provisions of the Companies Act, 2013. All income and expenditure having a material bearing in the financial statements are prepared on accrual basis.

2.2. Use of Estimates:

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

2.3. Valuation of Inventories:

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

2.4. Cash Flow Statements:

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

2.5. Accounting for Fixed Assets

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

2.6. Depreciation Accounting:

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets as per the schedule II of the Companies Act, 2013. The useful life of the assets adopted by the company is as per schedule II of the Companies Act, 2013 as follows:

Factory Buildings	30 years	Office Equipment	10 years
Plant & Machinery	15 years	Electrical Installations	10 years
Computer Equipment	3 Years	DG Set	10 years
Computer - Servers	6 Years	Transformer	10 years
Computer Software	10 years	Vehicles (Other than two wheelers)	8 years
Furniture & fixtures	10 years	Vehicles	10 years

2.7. Research & Development (R & D):

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

2.8. Revenue Recognition

Sales & Services are inclusive of taxes and duties collected.

Revenue from fixed price contracts are recognized as per the terms of the contract.

Revenue from other income is based on accrual basis.

2.9. Accounting for effects in foreign exchange rates :

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

2.10. Accounting for Investments :

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

2.11. Accounting for Retirement Benefits :

- a) The Company has a provident fund scheme for their employees. Contributions to the scheme are charged to the profit and loss account.
- b) Provision for gratuity has been made for all the employees in the rolls of the company at the closing of accounting year. The company is making actual gratuity payments as and when crystallized by debiting to the gratuity fund account. The company has not taken any insurance policy for payment of gratuity.
- c) The Company extends benefit of Encashment of Leave to its employees while in service as well as on retirement. Leave encashment liability in respect of leave accumulated is accounted for on the basis of last drawn salary.

2.12. Borrowing Cost :

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

2.13 Related party Disclosure :

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

2.14 Operating Leases :

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

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

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

2.15 Earnings Per Share :

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

2.16 Deferred Taxation :

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

2.17 Accounting for investments in associates :

Investment in associates is valued at cost of investment.

2.18 Contingencies and events occurring after the balance sheet date :

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

NOTE - 3.01**Share Capital**

	As at 31.03.2016		As at 31.03.2015	
	No. of Shares	Amount (Rs)	No. of Shares	Amount (Rs)
I. Authorised:				
Equity shares of Rs 2/- each with voting rights	250,000,000	500,000,000	200,000,000	400,000,000
II. Issued,Subscribed and Paid up:				
Equity shares of Rs 2/- each with voting rights	166,138,123	332,276,246	118,923,275	237,846,550
	166,138,123	332,276,246	118,923,275	237,846,550

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

During the financial year the company has converted 47,214,848 share warrants into equity shares of Rs.2/- each with a premium of Rs.1/- each.

During the financial year the company has allotted 30,000,000 convertible share warrants to Leyard Hongkong Co Ltd on 15.02.16, each of which is convertible into 1 equity share of Rs. 2/- each at a premium of Rs.23/- each. Out of which the company has received Rs.189,112,000/- as share warrants application money and the balance amount to be received with in 18 months on conversion into equity shares.

During the financial year the company has allotted 3,000,000 convertible share warrants to Shri Pujitha Kamineni on 15.02.16, each of which is convertible into 1 equity share of Rs. 2/- each at a premium of Rs.23/- each. Out of which the company has received Rs.18,750,000/- as share warrants application money and the balance amount to be received with in 18 months on conversion into equity shares.

a) Details of Reconciliation of Share Capital

Particulars	As at 31st March, 2016		As at 31st March, 2015	
	No. of Shares	Amount (Rs)	No. of Shares	Amount (Rs)
Equity shares with voting rights:				
Opening Balance	118,923,275	237,846,550	102,498,275	204,996,550
Fresh Issue	47,214,848	94,429,696	16,425,000	32,850,000
Closing Balance	166,138,123	332,276,246	118,923,275	237,846,550

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

Sl. No.	Class of shares / Name of shareholder	As at 31st March, 2016		As at 31st March, 2015	
		Number of shares held	% holding	Number of shares held	% holding
Equity shares with voting rights					
1.	Usha Rani Maganti	9,205,010	5.54%		
2.	Ideamax Consultancy Sevices Pvt. Ltd	24,892,000	14.98%		
3.	Prabhakar Rao Mandava	-	-	7,693,153	6.47%
4.	Raghu Veer Yarlagadda	-	-	5,950,000	5.00%

(Amount in Rs.)

Particulars	As at 31.03.2016		As at 31.03.2015	
NOTE - 3.02				
Reserves and Surplus				
Share Premium Account				
As at Commencement of the Year	1,046,980,610		1,030,555,610	
Add : Received on further issue of shares	47,214,848		16,425,000	
		1,094,195,458		1,046,980,610
Profit and Loss Account				
As at Commencement of the Year	1,194,844,734		1,184,238,461	
Less : Reserves of Maave Electronics Pvt. Ltd	-		(6,011,143)	
Less : Depreciation as per Companies Act 2013	-		(4,203,971)	
Add : Effect of currency translation on consolidation	3,126,751		2,789,421	
Add : Transferred from Profit & Loss Account	(1,108,881,424)		18,031,966	
		89,090,061		1,194,844,734
Share warrants forfeited				
As at Commencement of the Year	377,581,045		377,581,045	
Add : Additions during the year	-		-	
		377,581,045		377,581,045
Capital Reserve				
As at Commencement of the Year	267,000		267,000	
Add : Additions during the year	-		-	
		267,000		267,000
Amalgamation Reserve				
As at Commencement of the Year	18,000,000		18,000,000	
Add : Additions during the year	-		-	
		18,000,000		18,000,000
General Reserve				
As at Commencement of the Year	180,000,000		180,000,000	
Add : Additions during the year	-		-	
		180,000,000		180,000,000
		1,759,133,564		2,817,673,389

NOTE - 3.03**Long Term Borrowings**

(Amount in Rs.)

	Current Portion (*)	Non-Current Portion	Current Portion (*)	Non-Current Portion
Secured Loans				
Long Term Loans - From Banks				
UCO Bank	71,231,180	-	71,231,180	-
Long Term Loans - Others				
Technology Development Board	150,000,000	-	150,000,000	-
L&T Finance Ltd	99,235,770	16,539,295	59,541,462	56,233,603
Srei Equipment Finance P Ltd	169,748,167	-	169,748,167	-
Loans Under hire purchase against vehicles	41,629	-	516,450	-
Unsecured Loans				
Financial Contribution from EESL	-	111,897,973	-	111,897,973
	490,256,746	128,437,268	451,037,259	168,131,576

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

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

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

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

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

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

(i) Hypothecation of charge over 19 LED Display Boards, (ii) Personal Guarantee of Managing Director of the Company. (iii) The Honourable High Court for the state of Telangana by its order dated 23.07.2014 approved the settlement reached between MIC Electronics Limited and L&T Finance Ltd. As per the settlement MIC has agreed to pay the outstanding debt of Rs.11.91 crores in 36 monthly instalments starting from 05.09.2014 out of which the company has paid 1st instalment of Rs.33.07 lakhs on 05.09.2014. As on 31.03.16 the total loan outstanding is Rs.11.58 crores.

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

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

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

f) **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. As on date EESL has made a financial contribution of Rs.11.19 crores.

(Amount in Rs.)

Particulars	As at 31.03.2016	As at 31.03.2015
NOTE- 3.04		
Long Term Provisions		
Provision for employee benefits		
- Provision for gratuity	13,452,906	13,338,661
- Provision for leave encashment	2,489,765	2,618,749
Deferred revenue Income - NMC Project	35,476,995	152,997,813
	51,419,666	168,955,223
NOTE - 3.05		
Short Term Borrowings		
(A) Secured Loans		
Working capital loans - From Banks		
State Bank of India-Cash Credit	574,278,985	597,993,829
	574,278,985	597,993,829
(B) UnSecured Loans		
(i) Loans from Directors	-	-
(ii) Intercompany Deposits		
Malaxmi Infra Ventures (India) Pvt Ltd	187,167,233	187,167,233
Sriba Seabase Pvt Ltd	6,000,000	6,000,000
Arkay Energy (Rameswarm) Limited	100,000,000	100,000,000
Bhagyanagar Investments & Trading Pvt Ltd	80,000,000	100,000,000
	373,167,233	393,167,233
Total Short Term Borrowings (A+B)	947,446,218	991,161,062

Note : . The working capital loan from SBI has become NPA from 28.11.2014. During the year, the company has not provided interest on working capital loan from SBI for Rs.11.87 Crores (Previous Year Rs. 7.21 crores) in the books.

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

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

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

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

(Amount in Rs.)

Particular	As at 31.03.2016	As at 31.03.2015
NOTE - 3.06		
Trade Payables		
Payables for materials	520,467,598	534,191,647
Payables for services	89,435,460	131,817,632
	609,903,058	669,009,279
	609,903,058	669,009,279
NOTE - 3.07		
Other Current Liabilities		
(i) Interest accrued and due on borrowings		
Interest accrued and due on long term borrowings	23,069,393	18,139,682
Interest accrued and due on short term borrowings	18,958,050	18,958,050
(ii) Interest accrued but not due on borrowings		
Interest accrued but not due on long term borrowings	-	2,414,916
(iii) Other payables		
Current maturities of long term borrowings (Refer Note No :)	490,256,746	451,037,259
Statutory remittances	58,797,400	63,769,237
Payables on purchase of fixed assets	6,875,073	9,464,003
Payables for expenses	42,293,341	45,818,123
Salaries Payable	78,456,995	88,882,310
Directors remuneration Payable	369,698	8,976,612
Audit Fees Payable	4,405,030	3,874,780
Share Warrants Application Money refundable	76,073,331	86,208,421
Advances from related parties	-	-
Advance from customers & Others	11,234,940	34,018,469
	810,789,997	831,561,862

Note : Interest on unsecured loans of Rs. 4.23 crores and interest on term loans of Rs 2.73 crores is not provided in the books for the current financial year since the company is persuing the matter for settlement with the lenders and company is of the view that interest will be waived off. Total interest not provided in the books till 31.03.2016 is Rs.23.39 crores.

(Amount in Rs.)

Particulars	As at 31.03.2016	As at 31.03.2015
NOTE - 3.08		
Short Term Provisions :		
Provision for Income Tax	-	812,483
	-	812,483

NOTE - 3.09
Fixed Assets

(Amount in Rs.)

	Name of the asset	Gross Block				Accumulated Depreciation				Net Block	
		Balance as at 31st March 2015	Additions	Deletions	Balance as at 31st March 2016	Balance as at 1st April 2015	Depreciation charge for the year	On deletions	Balance as at 31st March 2016	Balance as at 31st March 2015	Balance as at 31st March 2015
A	Tangible Assets										
	Land & Land Development	15,512,484	-	-	15,512,484	-	-	-	-	15,512,484	15,512,484
	Buildings	130,989,924	-	-	130,989,924	29,487,407	4,074,069	-	33,561,476	97,428,448	101,502,517
	Plant & Machinery	967,722,582	1,900,950	-	969,623,532	317,080,335	65,374,140	-	382,454,475	587,169,057	650,642,246
	Furniture and Fixtures	18,639,417	663,506	-	19,302,923	12,297,217	1,351,570	-	13,648,787	5,654,136	6,342,200
	Office equipment	2,999,119	-	-	2,999,119	1,982,122	265,091	-	2,247,213	751,906	1,016,997
	Electrical Installations	13,129,859	-	-	13,129,859	7,264,447	1,358,963	-	8,623,410	4,506,449	5,865,412
	D.G.Set	1,228,230	-	-	1,228,230	597,100	165,357	-	762,457	465,773	631,130
	Transformer	1,109,125	-	-	1,109,125	535,083	148,459	-	683,542	425,583	574,042
	Furniture and Fixtures-Others	1,201,571	-	-	1,201,571	1,174,639	-	-	1,174,639	26,932	26,932
	Vehicles	18,659,927	-	67,247	18,592,680	13,530,235	2,041,433	67,247	15,504,421	3,088,259	5,129,692
	Computers	34,183,896	108,992	-	34,292,888	33,678,009	49,304	-	33,727,313	565,575	505,887
	Display Equipment (not put to use)	485,351,356	-	-	485,351,356	-	-	-	-	485,351,356	485,351,356
	SUB TOTAL (A)	1,690,727,490	2,673,448	67,247	1,693,333,691	417,626,594	74,828,386	67,247	492,387,733	1,200,945,958	1,273,100,896
B	Intangible assets										
	Computer Software	15,053,389	74,425	-	15,127,814	13,135,732	312,882	-	13,448,614	1,679,200	1,917,657
	SUB TOTAL (B)	15,053,389	74,425	-	15,127,814	13,135,732	312,882	-	13,448,614	1,679,200	1,917,657
	Total [A + B]										
	(Current Year)	1,705,780,879	2,747,873	67,247	1,708,461,505	430,762,326	75,141,268	67,247	505,836,347	1,202,625,158	1,275,018,553
	(Previous Year)	1,800,557,353	1,824,919	96,601,393	1,705,780,879	353,115,855	78,266,166	619,695	430,762,326	1,275,018,553	1,447,441,498

(Amount in Rs.)

Particulars	As at 31.03.2016	As at 31.03.2015
NOTE - 3.10		
Deferred Tax Asset		
On Depreciation (Difference as per Books & as Per Income Tax Act)	(94,234,996)	(96,874,692)
On Accrued compensation to employees	4,926,285	4,930,840
On IT Disallowances	38,286,758	75,951,391
On Others	671,643,519	176,860,197
	620,621,566	160,867,736
NOTE - 3.11		
Non Current Investments		
UNQUOTED		
in other corporate bodies :		
Other Investments by MIC Electronics Inc, USA	67,949,669	64,280,840
Sports LED Media		
	67,949,669	64,280,840
NOTE- 3.12		
Long-Term Loans and advances		
Unsecured, Considered Good :		
Capital advances	122,019,659	144,538,331
Deposit-Delhi Metro Rail Corpn	55,150,887	55,150,887
Retention Money-BSNL	-	112,418,655
Share Application money pending allotment in other companies	8,850,000	8,850,000
Other Secured Deposits	80,932,050	77,981,572
Other Loans and advances	1,185,113	1,065,114
	268,137,709	400,004,559

(Amount in Rs.)

Particulars	As at 31.03.2016	As at 31.03.2015
NOTE- 3.13		
Other Non Current Assets		
Pre-operative expenses - Lighting expansion (IREDA) Project	4,348,576	4,348,576
Deferred receivables - NMC Project	35,476,995	152,997,813
Pre-operative expenses -Subsidiaries	842,962	757,262
Preliminary Expenses to the extent not written off	467,990	467,990
	41,136,523	158,571,641
NOTE- 3.14		
Inventories		
Raw Material	143,291,156	133,159,881
Work-in-Progress	2,073,508,640	1,629,988,133
Less: Depletion in value of inventories	1,595,249,728	
Finished Goods	129,469,917	155,069,676
Stores and Spares	1,248,633	1,265,459
	752,268,618	1,919,483,149
NOTE- 3.15		
Trade Receivables		
Unsecured Considered Good		
Debtors outstanding for a period exceeding six months	144,603,493	700,136,076
Other Debtors	799,066,530	379,463,512
	943,670,023	1,079,599,588

During the year bad debts to the extent of Rs.33.49 crores have been written off. The remaining trade receivables include Rs.6.67 Crores which are long overdue and the recovery of which is doubtful. However, the management is of the opinion that no provision is necessary during the year as they are persuing with debtors and the amounts may be recovered.

(Amount in Rs.)

Particulars	As at 31.03.2016	As at 31.03.2015
NOTE- 3.16		
Cash & Cash equivalents		
Cash in Hand	6,116,573	3,340,664
Balance with Banks :		
In Current Accounts	4,464,571	2,267,512
In Margin Money Accounts	13,566,701	15,611,680
	18,031,272	17,879,192
	24,147,845	21,219,856

(Amount in Rs.)

Particulars	As at 31.03.2016	As at 31.03.2015
NOTE- 3.17		
Short-term Loans & Advances		
Unsecured Advances - Considered good		
(i) Loans and advances to employees	7,402,011	8,822,050
(ii) Prepaid Expenses	501,527	1,241,274
(iii) Balances with Govt Authorities		
Cenvat Deposit	15,911,251	4,835,642
Deferred Cenvat Credit	93,750	98,262
Cenvat credit receivable	2,100,725	2,092,749
Service tax receivable	1,575,669	1,149,901
VAT credit	3,312,941	2,396,880
(iv) Others		
Advance for Materials	27,023,991	17,287,137
Advance for Services	6,337,063	4,000,169
Other advances	665,841,431	602,619,383
TDS receivable	10,723,550	10,376,981
Entry Tax & Octroi Deposit	605,940	605,940
VAT deposit refundable	1,194,206	1,194,206
	742,624,055	656,720,574
NOTE- 3.18		
Other Current Assets		
Amounts receivable against sale of investments	19,852,578	18,700,650
Deferred Revenue Expenditure to the extent not written off	-	1,866,231
	19,852,578	20,566,881

(Amount in Rs.)

Particulars	Year ending 31.03.2016	Year ending 31.03.2015
NOTE- 3.19		
Revenue from Operations		
(A) Revenue from Sales		
Exports	45,456,617	22,624,080
Domestic	1,422,562,499	502,677,991
Freight & Insurance recd. on Sales	103,482	24,263
	1,468,122,598	525,326,334
Less : Excise Duty	93,830,895	43,315,910
Traded Goods	1,374,291,703	482,010,424
	771,584,100	1,077,335,507
	2,145,875,803	1,559,345,931

(Amount in Rs.)

Particulars	Year ending 31.03.2016	Year ending 31.03.2015
(B) Other Operating Incomes		
Equipment Lease Rentals	114,500	2,679,927
Transport, Loading & Unloading receipts	5,130,207	
AMC Charges & Service Charges	13,618,844	14,754,056
Installation Charges	11,616,634	8,768,439
	30,480,185	26,202,422
	30,480,185	26,202,422
Total Revenue from Operations (A+B)	2,176,355,988	1,585,548,353
NOTE- 3.20		
Other Incomes		
Interest Received	911,400	612,735
Credit Balances written back	23,601,322	3,012,550
Net Prior Period Income	1,035,217	19,628,267
Profit on Sale of Asset	4,000	-
Rents received	1,265,340	1,281,750
Profit on sale of investment	-	11,173,341
Excess Provisions Written back	128,984	155,459
Foreign exchange gain	7,426,440	112,432
	34,372,703	35,976,534
NOTE- 3.21		
Cost of Materials Consumed		
A) Raw Material Consumed		
Opening Stock	133,159,881	132,707,419
Purchases	1,244,272,055	360,013,846
Less : Material consumed for R&D	70,368	679,808
	1,244,201,687	359,334,038
	1,377,361,568	492,041,457
Less : Closing Stock	143,291,156	133,159,881
Raw Material Consumed	1,234,070,412	358,881,576
B) Packing Materials and consumables		
Opening Stock	1,265,459	1,208,505
Purchase of packing material & consumables	1,022,463	871,701
Freight & Carriage Inwards	36,836	43,436
	2,324,758	2,123,642
Less : Closing Stock	1,248,633	1,265,459
Consumption	1,076,125	858,183
Total Cost of material consumed	1,235,146,537	359,739,759

(Amount in Rs.)

Particulars	Year ending 31.03.2016	Year ending 31.03.2015
NOTE- 3.22		
Changes in Inventory		
Closing Stock of :		
Work-in-Progress	2,073,508,640	1,629,988,133
Finished Goods	129,469,917	155,069,676
	2,202,978,557	1,785,057,809
Opening Stock of :		
Work-in-Progress	1,629,988,133	1,524,119,862
Finished Goods	155,069,676	161,312,944
	1,785,057,809	1,685,432,806
Increase/(Decrease) in Stock (A-B)	(417,920,748)	(99,625,003)
NOTE- 3.23		
Employee Benefit expense		
Salary, Wages, Allowances & other Benefits	27,607,843	29,200,857
Directors Remuneration	3,900,000	5,120,884
Gratuity	114,245	-
P. F. & ESI Contribution	2,008,775	1,700,180
Staff Welfare Expenses	984,643	579,423
	34,615,506	36,601,344
NOTE- 3.24		
Financial Cost		
Bank Charges	1,402,052	18,639,242
Interest on :		
Term Loan	2,514,795	4,189,794
Working Capital Loans	178,725	41,653,245
Others - Interest on other loans/ICDs & Financial Charges	579,115	654,126
	3,272,635	46,497,165
	4,674,687	65,136,407

(Amount in Rs.)

Particulars	Year ending 31.03.2016	Year ending 31.03.2015
NOTE- 3.25		
Other Expenses		
Job-work Charges	23,330,594	7,798,279
Power and Fuel	3,486,775	2,870,295
Insurance	1,559,917	2,085,551
Repairs & Maintenance	1,715,522	522,191
Printing & Stationary	669,066	404,528
Postage, Telegrams & Telephones	1,597,723	1,288,177
Rent	1,466,292	1,103,583
Rates & Taxes	6,237,125	8,143,067
Excise duty on stock transfers	21,623,388	95,031
Lease rental Expenses	-	2,037,750
Professional Charges	8,663,747	9,444,765
Auditors Remuneration		
As Statutory Auditors	400,750	350,000
As Tax auditors	171,750	150,000
General Expenses	4,531,413	13,665,996
Security Expenses	747,467	513,774
Travelling & Conveyance	11,920,547	9,260,141
Vehicle Maintenance	1,414,270	1,147,194
Sales Tax	108,934,131	81,145,819
Selling & Distribution Expenses	2,313,742	1,256,695
Bad Debts written off	-	2,280,161
Deferred Expenses written off	1,866,231	4,593,166
R & D Expenses	6,226,401	9,034,844
	208,876,851	159,191,007

NOTE- 3.26

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

(Amount in Rs.)

Sl. No.	Particulars	As at 31st March 2016	As at 31st March, 2015
1	Counter guarantees given by the company to banks towards issue of B.Gs.	23,909,110	30,790,048
2	Counter guarantees given by the company to banks towards issue of B.Gs to Customs & Central Excise Dept.	7,096,982	7,096,982
3	Bonds executed to Customs & Central Excise Dept. (net of BGs)	92,300,000	82,300,000
4	Corporate Guarantees given by the company to banks on behalf of subsidiaries & associates	70,000,000	70,000,000
5	Claims against the company, not acknowledged:	34,226,950	1,076,141,736
TAX Matters in Appeals			
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- 3.28**Managerial Remuneration :**

(Amount in Rs.)

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
Managing Director		
Remuneration	2,400,000	2,400,000
Perquisite value of Rent	384,000	380,000
Director		
Remuneration	1,500,000	2,720,884
Total	4,284,000	5,500,884

NOTE- 3.29

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

NOTE- 3.30**Related party disclosures :**

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

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

Sl No.	Name of the Related Party	Nature of Relationship
1	Dr. M.V. Ramana Rao, Managing Director	Directors- Key Management Personnel
2	Shri L.N. Malleswara Rao, Executive Director	
3	Shri Atluri Venkata Ram, Executive Director	

b. Aggregated Related party disclosures for the 12 months period from April 15 to March 16 :

i) Particulars of transactions during the year

(Amount in Rs.)

Sl No.	Nature of Transaction	for the year ended 31st March, 2016	for the year ended 31st March, 2015
1.	Expenditure during the year:		
	• Remunerations to Management personnel	3,900,000	5,120,884
	• Rents paid towards accommodation provided to Management Personnel	384,000	380,000
	• Sitting Fee and other expenses reimbursed to Directors	525,901	346,206

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

(Amount in Rs.)

Sl No.	Nature of Transaction	As at 31st March 2016	As at 31st March, 2015
1	Outstanding balances payable to Management Personnel		
	Remuneration payable to Management Personnel	369,698	8,976,612
	Sitting fee and other expenses payable to Directors	280,800	954,973

NOTE - 3.31

Disclosure in respect of operating lease:

- i) A general description of leasing arrangements : Leasing arrangement for LED Display Systems
- ii) Lease payment recognized in the statement of Profit & Loss Account for the year: Rs.Nil (Previous year- Rs.Nil)
- iii) **lease amounts not recognised during the year** : First Leasing Company of India Ltd transferred the lease rentals receivables from MIC Electronics Ltd to Reliance Capital Ltd. As per the agreement, lease rentals are payable in 59 monthly instalments to Reliance Capital Ltd and the last instalment is due in Dec'14. MIC Electronics Ltd

received a notice from Reliance Capital Ltd on 20.01.2012 about the loan agreement termination for delay in payment of lease rentals. Subsequently First Leasing Company stopped billing lease rentals w.e.f 01.04.2012. Hence MIC Electronics Ltd stopped recognizing lease rentals in the books from 01.04.2012. The unrecognized lease rentals from Apr'15 to Mar'16 is Rs.Nil.(Total unrecognised lease rentals upto 31.03.16 is Rs.17.31 crores)

NOTE - 3.32

Calculation of earnings per share :

(Amount in Rs.)

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
Profit attributable to Share Holders	(1,108,881,424)	18,031,966
No. of Equity Shares Outstanding	166,138,123	118,923,275
	143,835,475	103,083,275
Convertible Share Warrants	43,822,222	58,037,070
Weighted No. of Equity Shares	187,657,697	161,120,345
Nominal Value of Equity Share	2.00	2.00
Basic EPS	(7.71)	0.17
Diluted EPS	(5.91)	0.11

NOTE - 3.33

In accordance with the AS-22 'Accounting for taxes on Income issued by the Institute of Chartered Accountants of India, during the current year the company has accounted for the effect of deferred Tax against the income pertaining to current year and has accordingly provided for deferred tax asset of Rs.459,753,830/-(Previous Year Rs.17,482,762/- deferred tax asset) on account of current year's deferred tax.

(Amount in Rs.)

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
Opening Balance Deferred tax asset	160,867,736	143,384,974
Less : Deferred tax asset (Liability)	459,753,830	17,482,762
Closing Balance	620,621,566	160,867,736

NOTE - 3.34

(i) The company has incurred one time expenditure of Rs.9,331,130/- during the Year 2010-11 towards DMRC project finance which is being amortised over a period of 5 years . During the period an amount of Rs.1,866,224/- (Previous year Rs.1,866,224/-) has been amortised.

NOTE - 3.35**Details of Prior Period items credited to Statement of Profit & Loss :**

(Amount in Rs.)

Sl. No.	Particulars	Year ending 31st March, 2016	Year ending 31st March, 2015
1	Excess Provision of Income Tax written back	0	1,769,172
2	Net Prior period income	1,035,217	19,628,267
	Total	1,035,217	21,397,439

NOTE - 3.36

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

NOTE - 3.37

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

per our report of even date

For PAVULURI & CO

Chartered Accountants

Firm Reg. No: 012194S

For and on behalf of the Board of Directors

Sd/-

Dr. M.V. Ramana Rao

Managing Director

Sd/-

L.N. Malleswara Rao

Executive Director & CFO

Sd/-

CA.N. Rajesh

Partner

M.No : 223169

Place : Hyderabad.

Date : 30.05.2016

Sd/-

Khush Mohammad

Company Secretary

(Amount in Rs)

Particulars	For 12 months ended 31.03.2016	For 12 months ended 31.03.2015
Net Profit before tax and extraordinary items	393,368,080	281,410
Adjustments for:		
Depreciation	75,141,268	78,266,166
Financial Charges	4,674,687	65,136,407
Interest received /Other Income	911,400	612,735
Decrease on account of cessation of Maave Electronics Pvt. Ltd	-	(6,011,143)
Effect of currency translation on consolidation	3,126,751	2,789,421
Operating Profit before Working Capital Changes	477,222,186	141,074,996
Changes in Working Capital		
(Increase)/Decrease in Trade Receivables	135,929,565	(177,489,641)
(Increase)/Decrease in Inventories	1,167,214,531	(42,531,242)
(increase)/Decrease in Long Term Loans & Advances	131,866,850	5,517,103
(increase)/Decrease in Short Term Loans & Advances	(85,903,481)	16,053,854
(increase)/Decrease in Other Current Assets	714,303	2,589,467
(increase)/Decrease in Other Non Current Assets	117,435,118	(151,868,362)
Increase/(Decrease) in Long Term Provisions	(117,535,557)	151,574,702
Increase/(Decrease) in Short Term Provisions	(812,483)	(4,586,116)
Increase/(Decrease) in Trade Payables	(59,106,221)	(43,218,680)
Increase/(Decrease) in Other Current Liabilities	(20,771,865)	(149,171,915)
Increase/(Decrease) in Deferred Tax Asset	459,753,830	16,104,972
Cash generated from Operations	1,728,784,590	(377,025,858)
Financial Charges paid	(4,674,687)	(65,136,407)
Extraordinary items	(1,962,003,334)	-
Direct Taxes paid	(459,753,830)	(15,837,178)
Net Cash provided/(Used) from operating activities	(220,425,075)	(316,924,447)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2016

(Amount in Rs)

Particulars	For 12 months ended 31.03.2016	For 12 months ended 31.03.2015
(Increase) / Decrease of Current Investments	-	-
(Increase) / Decrease of Non Current Investments	(3,668,829)	16,841,928
(Increase) / Decrease of Goodwill on consolidation & acquisitions	-	2,359,949
(Increase) / Decrease of Fixed Assets	(2,747,873)	89,952,808
(Increase) / Decrease of Capital Work-in-Progress	-	-
Interest Received/Other Income	(911,400)	(612,735)
Net Cash used in Investing Activities	(7,328,102)	108,541,950
Proceeds from long term borrowings	(39,694,308)	129,425,642
Increase/(Decrease) in Short Term borrowings	(43,714,844)	(13,788,740)
Increase/(Decrease) in Share Capital	94,429,696	32,850,000
Increase/(Decrease) in Share Premium	47,214,848	16,425,000
Increase/(Decrease) in Share Warrants Application Money	172,445,774	43,547,427
Net Cash provided/(Used) from financing activities	230,681,166	208,459,329
Net Increase in Cash and Cash equivalents	2,927,989	76,832
Cash and Cash equivalents as at the commencement of the year	21,219,856	21,143,024
Cash and Cash equivalents as at the close of the year	24,147,845	21,219,856

per our report of even date

For PAVULURI & CO

Chartered Accountants

Firm Reg. No: 012194S

For and on behalf of the Board of Directors

Sd/-

Dr. M.V. Ramana Rao

Managing Director

Sd/-

L.N. Malleswara Rao

Executive Director & CFO

Sd/-

CA.N. Rajesh

Partner

M.No : 223169

Place : Hyderabad.

Date : 30.05.2016

Sd/-

Khush Mohammad

Company Secretary

BLANK



MIC Electronics Limited

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

FORM NO. MGT – 11

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 28th Annual General Meeting of the Company, to be held on Friday, September, 30, 2016 at 2.30 p.m. at Registered Office situated at A-4/II, Electronic Complex, Kushaiguda, Hyderabad-500062. Telangana 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, 2016 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, 2016 together with the Report of the Auditors thereon.			
2	Re-appointment of Dr. M V Ramana Rao (DIN 00010301) as a Director, who is liable to retire by rotation and, being eligible, offers himself for re-appointment.			
3	Ratify the Appointment of M/s. Pavuluri & Co, Chartered Accountants, Hyderabad having Registration No. 012194S as the Auditors of the Company to hold the office till the conclusion of 29th AGM.			
Special Business				
4	Ratification/amendment to the resolution/explanatory statement passed at the Extra-ordinary General Meeting held on 22 nd August 2015 for issue of Convertible Share Warrants to Investors.			

Signed: this _____ day of _____ 2016

Signature of Member(s): _____

Signature of the Proxy holder(s): _____

Affix
Re. 1/-
Revenue
Stamp

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 Twenty-eighth Annual General Meeting of the Company on Friday, the 30th September, 2016 at 2:30 PM at Registered Office situated at A-4/II, Electronic Complex, Kushaiguda, Hyderabad-500062. Telangana.

.....
Name of the member / proxy

.....
Signature of member / proxy

CORPORATE INFORMATION

Annual General Meeting

Date : 30th day of September 2016
Day : Friday
Time : 2.30 PM
Place : A-4/II, Electronic Complex
Kushaiguda
Hyderabad – 500062
Telangana

Registrar and Transfer Agents

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

Board of Directors

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

CFO

Shri L N Malleswara Rao

Company Secretary

Khush Mohammad

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

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:

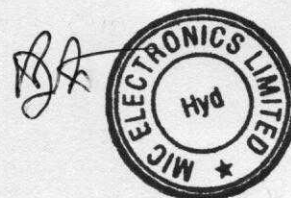
- i. Reference is invited to Note 3.05 of the financial statements, The Company has not provided the interest on working capital loan from SBI for Rs.11.87crores during the year (Previous Year Rs 7.21 crores) as the account has become NPA.

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.

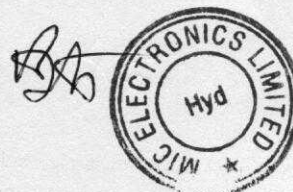
b. Type of Audit Qualification : Qualified Opinion

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

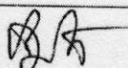
(ii) If management is unable to estimate the impact, reasons for the same:

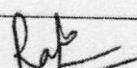
Management is of the opinion that no provision is necessary during the financial year because of aforesaid reasons in (d) above.

(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:

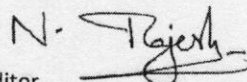

Dr. M V Ramana Rao
Managing Director


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

