

CIN No: L31909TG1988PLC008652

MIC Electronics Limited

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www.micelectronics.com

ISO 9001:2008 ISO 14001:2004 Certified Company



Monday, October 16, 2017

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 2017.

With reference to the above subject, please find enclosed 29th Annual Report for the year 2016-17 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


(M S Murali Krishnan)
Company Secretary



Encl : As Above



MIC Electronics Limited

Smart IoT LED Technologies

29th Annual Report 2016-17

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Dr. M.V. Ramana Rao
Managing Director

Dear Shareholders,

“Driving Innovation’ is not just the tag line in the logo of MIC Electronics Limited. It has been the driving force behind all the endeavors of the company over the last three decades.

Development of ‘Smart’ street lighting products, solar powered street lights with integrated advanced battery technologies and non metal casing material, concept proving of ‘Smart’ street lights in New Delhi and Hyderabad, development of double layered images in the 3D Holographic systems domain can be stated to be path breaking development efforts of your company in the year under review. Your company has also been awarded patents for LED TV and LED Portable Lantern in addition to LED DigiPoster in the financial year 2016-17. MIC’s work in the area of LED street lighting in Andhra Pradesh has helped position the state to become one of the top ranking

states in the Country in the conversion of traditional street lighting to LED street lighting. User communities in the state of Uttar Pradesh have expressed genuine happiness about the quality and efficiency of your company’s solar powered street lights deployed in large numbers in that state as part of the Atal Jyoti Yojana. The performance and elegance of MIC’s grid based and solar street lights has attracted the attention of several countries and active negotiations are taking place with their representatives for exporting these products to those countries.

The programmes being taken up in the country in the areas of Smart Cities, Networked Display Systems, LED street lighting projects and Rural lighting programmes with solar powered street lighting products offer good business opportunities for your company in the years to come. The country’s recent and renewed emphasis on renewable energy sources and energy conservation, specifically smart grid and smart meter efforts as well as electric transportation offer opportunities for the company to participate in these initiatives building on the company’s systems integration and machine to machine communications strengths.

The procedures involved and the payment conditions associated with a few large lighting projects taken up by your company in different states of the Country have led to serious cash-flow constraints over the last couple of years. Concentrated and intensive efforts exercised by senior management have begun the process to help resolve these issues. However, it is proving to be a time consuming process. The customer organization, recognizing the ground realities has significantly modified its purchase processes which will enable a shorter payment cycle, improving your company’s cash management ability and the attendant operational flexibility.

MIC is endeavoring to change its business from being a predominantly Government agency based one to a ‘Business to Business’ and ‘Business to Customer’ based business with the objective of serving a larger market place as well as diversifying its risk away from being largely dependent on one sector or major customer. Management expects that this will also result in a more robust financial and operational capability of the company.

Important pilot programmes have already been launched in association with leading Multi National companies and Indian companies in the area of display projects. These projects position your company well to play an important role in smart city initiatives as well as the retail networked display segments. The company has also begun efforts to protect its Intellectual Property (IP) – the LED TV and Digital poster patents in particular. The company has first publicized this through an advertisement in a national newspaper describing the exclusive nature of the patent rights and indicating to manufacturers, suppliers and users that any use of such devices should only happen through an explicit arrangement with your company. It has also sent notices or otherwise indicated to major buyers that they should not be using such products without an explicit arrangement with your company.

The company continues to make significant progress in its efforts to become a debt free company. Some major initiatives were taken in the course of the year in easing the company’s debt position. With the active cooperation of various stakeholders involved such as financial institutions, individual investors and suppliers, the situation has improved considerably. Management continues to work at identifying further means to achieve the debt free goal. Operations improvement

efforts also continue to be implemented through pursuit of better, lower cost production sources, reduction or disposal of work in process inventories and through organizational restructuring and resizing efforts.

MIC's pioneering efforts in the field of true colour LED display systems and 3D-Holographic systems will enable to company exploit their potential as effective information dissemination devices in several application areas going beyond event coverage, advertisements and entertainment. Focused efforts and planning are underway to improve penetration and sales in these arenas.

The company is definitely on the path to recovery from the difficult times experienced in the past few years. Sustained focus and effort will continue to be made to reach targeted goals. We began this report citing our tagline of "Driving Innovation". Coming out of these difficult times, this has never been truer. Our future growth and success will depend on our embracing innovative approaches to management, markets and technologies. Management, with your support, is motivated and energized to not only keep this focus but also to generate the additional resources and capabilities required to capture the many market opportunities being presented to the company.

Thanking you all for the continued support and with best wishes,

With best wishes,

Sd/-

Dr. M. V. Ramana Rao

(Managing Director)

(DIN : 00010301)

Place : Hyderabad

Date : 04.09.2017

Notice is hereby given that the 29th Annual General Meeting of MIC Electronics Limited will be held on Friday, 29th day of September, 2017, at 11.00 A.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, 2017 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, 2017 together with the Report of the Auditors thereon.

Item No: 2: Re-Appointment of Director

To appoint a Director in place Shri L N Malleswara Rao (DIN 00010318), who is liable to retire by rotation and being eligible, offers himself for re-appointment.

Item No: 3: Appointment of Auditors

To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.

“RESOLVED THAT, pursuant to the provisions of section 139 of the Companies Act, 2013 and the Rules framed there under and pursuant to the recommendations of the audit committee of the Board of Directors, M/s. Pavuluri & Co, Chartered Accountants, Hyderabad (Registration No.012194S), be and are hereby re-appointed as the auditors of the Company for a period of four years, to hold office from the conclusion of this Annual General Meeting (i.e., 29th AGM) until the conclusion of the 33rd Annual General Meeting to be held in year 2021, subject to ratification by the members at every AGM hereafter and the Board of Directors be and are hereby authorized to fix their remuneration, in accordance with the recommendation of the Audit Committee in consultation with the Auditors.”

Special Business:

Item No: 4: Appointment of Shri Vegiraju Bharati Raju as an Independent Director

To appoint Shri Vegiraju Bharati Raju (DIN : 06939066) as Director of the Company and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as **Special Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 149, 152, all other applicable provisions of the Companies Act, 2013, and the rules framed there under read with Schedule IV to the Companies Act, 2013, and Listing Agreement, Shri Vegiraju Bharati Raju (DIN: 06939066), who has been appointed as Additional Director by the Board of Directors in their meeting held on 24th July, 2017 and who holds the office till the date of this Annual General Meeting in terms of the provisions of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose the candidature of Shri Vegiraju Bharati Raju (DIN: 06939066) as Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office from 29th September 2017 up to 28th September 2022, whose period of office shall not be liable to retire by rotation.”

Item No: 5: Ratification of remuneration to Cost Auditors of the Company.

To consider and if thought fit, to pass with or without modification, the following resolution as **Ordinary Resolution:**

“RESOLVED THAT pursuant to provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s. DZR and Co, the cost auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2018, be paid remuneration not exceeding Rs. 100000/- (Rupees One Lakh Only) plus taxes and out-of-pocket expenses .”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to the aforesaid resolution.”

Item No: 6: Approval of MIC Electronics Limited Employee Stock Option Plan 2017 ('ESOP 2017')

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

“RESOLVED THAT pursuant to the provisions of Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules thereto (the “Act”), (including any modification or re-enactment thereof for the time being in force), and in accordance with the Memorandum and Articles of Association of the Company, the Listing Agreements with the Stock Exchanges in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (hereinafter referred to as “SEBI SBEB Regulations”) and such other applicable regulations which may be issued and / or amended from time to time by the Securities and Exchange Board of India (SEBI) or any other relevant authority, from time to time, to the extent applicable and subject to any approvals, consents, permissions and sanctions of any authorities as may be required, and subject to any such conditions or modifications as may be prescribed or imposed by such authorities while granting such approvals, consents, permissions and sanctions, the approval and consent of the Company be and is hereby accorded to introduce and implement the **“MIC Electronics Limited Employee Stock Option Plan 2017” (“ESOP 2017”)** and to the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include any Committee, including the Nomination and Remuneration Committee which the Board has constituted to exercise its powers, including the powers, conferred by this resolution) to offer, issue and allot from time to time, 10,000,000 (One Crore only) of Rs. 3/- each (face value of Rs. 2/- each, at a premium of Rs. 1/- each) options under the ESOP 2017, the salient features of which are furnished in the Explanatory Statement to this resolution, to or to the benefit of such person(s) who are in the permanent employment of the Company and its Subsidiary Company/ies whether working in India or out of India, and to the Directors of the Company, whether whole-time or not, and its Subsidiary Company(ies) and to such other persons, (hereinafter collectively referred to as “Eligible Employees”), other than Promoters and members of the Promoter Group of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding Equity Shares of the Company , in one or more tranches through Nomination and Remuneration Committee and on such terms and conditions, as may be determined by the Board in accordance with the provisions of the ESOP 2017 and in due compliance with the applicable laws and regulations.

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot Equity Shares upon exercise of options from time to time in accordance with the ESOP 2017 and such Equity Shares shall rank pari passu in all respects with the then existing Equity Shares of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make modifications, changes, variations, alterations or revisions in the ESOP 2017 as it may deem fit, from time to time in its sole and absolute discretion in conformity with the provisions of the Companies Act, 2013 and the Rules thereto, applicable provisions of the Companies Act, 1956, if any, the Memorandum and Articles of Association of the Company and any other applicable laws.

RESOLVED FURTHER THAT the number of options that may be granted per employee including Director (other than Promoters and members of the Promoter Group of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding Equity Shares of the Company and employees on a pre-determined date in MIC Group) of the Company, in any financial year, under the ESOP 2017 shall be less than 1% of the issued Equity Share Capital (excluding outstanding warrants and conversions) of the Company as at the time of grant of options.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, change in capital structure, merger and sale of division / undertaking or other re-organisation, change in capital and others, if any additional Equity Shares are required to be issued by the Company to the Members, the ceiling as aforesaid of 10,000,000 (One Crore only) Equity Shares shall be deemed to increase in proportion of such additional Equity Shares issued to facilitate making a fair and reasonable adjustment.

RESOLVED FURTHER THAT in case the Equity Shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition payable by the Option Grantees under the schemes shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of 2/- per Equity Share bears to the revised face value of the Equity Shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees.

RESOLVED FURTHER THAT the Board be and is hereby authorized to formulate, evolve, decide upon and bring into effect the ESOP 2017 as per the terms approved in this resolution and at any time to modify, change, vary, alter, amend, suspend or terminate the ESOP 2017 subject to the compliance with the applicable laws and regulations and to do all such acts, deeds, matters and things as may at its absolute discretion deems fit, for such purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard without being required to seek any further consent or approval of the Members and further to execute all such documents, writings and to give such directions and / or instructions as may be necessary or expedient to give effect to such modification, change, variation, alteration, amendment, suspension or termination of the ESOP 2017 and to do all other things incidental and ancillary thereof.

RESOLVED FURTHER THAT the Company shall conform to the accounting policies prescribed from time to time under the SEBI Regulations and any other applicable laws and regulations to the extent relevant and applicable to the ESOP 2017.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things, as may, at its absolute discretion, deems necessary including authorizing or directing the Board to appoint various intermediaries, experts, professionals, independent agencies and other Advisors, Consultants or Representatives, being incidental to the effective implementation and administration of ESOP 2017 as also to prefer applications to the appropriate Authorities, Parties and the Institutions for their requisite approvals, if any, required by the SEBI / Stock Exchange(s), and all other documents required to be filed in the above connection and to settle all such questions or difficulties whatsoever which may arise and take all such steps and decisions in this regard.

RESOLVED FURTHER THAT the Board may delegate all or any powers conferred herein, to the Nomination and Remuneration Committee of the Board of Directors or any Executive Director of the Company with a power to further delegate to any executives / officers of the Company to do all such acts, deeds, matters and things as also to execute such documents, writings, etc. as may be necessary in this regard.”

Item No: 7: Approval of grant of options to the Employees / Directors of the Subsidiary Company/ies under ESOP 2017:

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

“**RESOLVED THAT** pursuant to the provisions of Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules thereto (the “Act”), (including any modification or re-enactment thereof for the time being in force), in accordance with the Memorandum and Articles of Association of the Company, the with the Stock Exchanges in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (hereinafter referred to as “SEBI SBEB Regulations”) and such other applicable regulations which may be issued and / or amended from time to time by the Securities and Exchange Board of India (SEBI) or any other relevant authority, from time to time, to the extent applicable and subject to any approvals, consents, permissions and sanctions of any authorities as may be required, and subject to any such conditions or modifications as may be prescribed or imposed by such authorities while granting such approvals, consents, permissions and sanctions, the approval and consent of the Members be and is hereby accorded to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include any Committee, which the Board has constituted to exercise its powers, including the powers, conferred by this resolution), to create, offer and grant from time to time, such number of Options under the ESOP 2017, to or to the benefit of the permanent employees including Directors (other than Promoter(s) and members of the Promoter Group, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding equity shares of the Company on a pre-determined date in MIC Group), of any existing and future Subsidiary Company/ies of the Company whether in or outside India (hereinafter referred to as an “Eligible Employees”), as may be decided solely by the Board, convertible into not more than or within overall ceiling of 10,000,000 (One Crore only) fully paid-up Equity Shares in the Company in aggregate of face value of Rs. 2/- each, as mentioned in resolution no. (6) above, at Rs.3/- each tranches through Nomination and Remuneration Committee and on such terms and conditions, as may be determined by the Board in accordance with the provisions of the ESOP 2017 and in due compliance with the applicable laws and regulations.

RESOLVED FURTHER THAT the Equity Shares so issued and allotted as mentioned hereinbefore shall rank pari passu with the then existing Equity Shares of the Company.

RESOLVED FURTHER THAT the Board shall formulate, evolve, decide upon and bring into effect the ESOP 2017 on such terms and conditions as approved by the Members of the Company and, make any modification(s), change(s), variation(s),

alteration(s) or revision(s) in the terms and conditions of the ESOP 2017 from time to time including but not limited to, amendment(s) with respect to vesting period and schedule, number of options, exercise price, exercise period, eligibility criteria or to suspend, withdraw, terminate or revise the ESOP 2017, such modification being not detrimental to the interests of the Employees and the Company and in accordance with applicable laws and regulations prevailing from time to time.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board may do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, proper or desirable and to settle all questions, difficulties or doubts that may arise in this regard at any stage, in accordance with and in compliance to laws rules and regulations as may be applicable from time to time.

RESOLVED FURTHER THAT the ESOP 2017 shall be under the control, administration and superintendence of the Nomination and Remuneration Committee.

RESOLVED FURTHER THAT the Board may delegate all or any powers conferred herein, to the Nomination and Remuneration Committee of the Board of Directors or any Executive Director of the Company with a power to further delegate to any executives / officers of the Company to do all such acts, deeds, matters and things as also to execute such documents, writings, etc. as may be necessary in this regard.

RESOLVED FURTHER THAT the Company shall comply with the disclosure and accounting policies prescribed by the 'Guidance Note on Accounting for Employee Share-based Payments' and / or any relevant Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India from time to time."

Item No: 8: Authorisation to Nomination and Remuneration Committee for the implementation of MIC Electronics Limited Employee Stock Option Plan 2017 ("ESOP 2017"):

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

"RESOLVED THAT pursuant to the provisions of Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules thereto, the Memorandum and Articles of Association of the Company, Regulation 6 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (hereinafter referred to as "SEBI SBEB Regulations") and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, approval of the Company be and is hereby accorded to the Nomination and Remuneration Committee of the Company (hereinafter referred to as the "NRC" which is constituted with members of the Board to exercise its powers, including the powers, conferred by this resolution), authorised to distribute not exceeding 10,000,000 (One Crore only) fully paid-up Equity Shares of face value of Rs. 2/- each, being below the ceiling of 5% of the Paid-up Equity Share Capital as on March 31, 2017, prescribed under the SEBI SBEB Regulations, for the purpose of implementation of the 'MIC Electronics Limited Employee Stock Options Plan 2017' (hereinafter referred to as the "ESOP 2017"), or for any other purpose(s) as contemplated under and in due compliance with the provisions of the SEBI SBEB Regulations.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, change in capital structure, merger and sale of division / undertaking or other re-organisation, change in capital and others, if any additional Equity Shares are required to be issued by the Company to the Members, the ceiling as aforesaid of 10,000,000 (One Crore only) Equity Shares shall be deemed to increase in proportion of such additional Equity Shares issued to facilitate making a fair and reasonable adjustment.

RESOLVED FURTHER THAT the NRC may delegate all or any powers conferred herein, to any Executive Director of the Company with a power to further delegate to any executives / officers of the Company to do all such acts, deeds, matters and things as also to execute such documents, writings, etc. as may be necessary in this regard."

By Order of the Board
For MIC Electronics Limited

Sd/-

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

Place : Hyderabad
Date : 04.09.2017

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 above:

ITEM NO 2 & 4:

Additional information on directors recommended for appointment / re-appointment as required under Clause 27 (2) of SEBI (LODR) 2015.

BRIEF PROFILES OF DIRECTORS SEEKING RE-ELECTION / APPOINTMENT

Name of the Director	L N Malleswara Rao	Vegiraju Bharati Raju
Date of Birth	15-05-1960	08-01-1948
DIN	00010318	06939066
Earlier date of Appointment	25 th May 1996	24.07.2017 as Additional Director
Qualification	Bachelor of Technology (Mechanical Engineering) from Jawaharlal Nehru Technological University (JNTU).	B.Com (Hons) graduate with additional professional qualifications of LL.B. and CAIIB. He is also a Fellow Member of The Institute of Company Secretaries of India.
Experience	Prior to joining the company, he is having experience in Design, Development and Quality assurance for more than a decade in Andhra Pradesh Heavy Machinery Engineering Limited (APHMEL) - a subsidiary of Andhra Pradesh Industrial Development Corporation Limited. Associated with several prestigious projects in their design development and execution in the areas of electrical and mechanical engineering. He joined MIC Electronics Limited in 1994. He is on board of the company since 1995 and contributed to the operations of the company in several areas- design, development and execution of LED Displays specifically in up gradation of mechanical designs for True colour LED video walls and other LED lighting applications. Presently he is responsible for Mechanical Design and Administration activities of the Company.	Possessing over 40 years of professional experience in banking, industrial finance investment/ merchant banking, corporate finance, legal & corporate laws and renewable energy. He was a career banker with State Bank of India. In his last assignment, he was the Company Secretary of SBI Capital Markets Ltd heading secretarial, legal and taxation departments. He had the distinction of having set up India's first Mutual fund company ie. SBI Funds Management Ltd in the year 1993-94. Thereafter, he spent nearly a decade in IndusInd bank as Senior Vice-President and Country-Head (Investment Banking) and played a primary role as a founder member in setting up first new private sector bank and set up entire credit system apart from secretarial and legal departments of the Bank. He handled bank's private placement of equity of Rs.100 crores and IPO of Rs.380cr. He was instrumental in setting up Bank's Depository as first bank in India with direct online back office connectivity of all its branches with NSDL system. He had a brief stint as CEO and MD (Designate) in Coastal Bank before moving to Industry. In Sulzon Energy Ltd, as Country Head (Resource Mobilization) during 2006-13, he was part of the Task Force team for recovery of huge receivables. During past 4 years, he played crucial role in various capacities in Solar Power Project EPC Companies such as Enrich Energy Pvt Ltd, Morries Energy Ltd to name a few.

Relationship with other Directors	None	None
Directorship in Other Companies	Nil	I. Nudyna Engineers Private Limited
Committee Memberships in other Companies	Nil	Nil
Number of shares held in the Company	2525235	Nil

The Board of Directors in their meeting held on 24th July, 2017, appointed Shri Vegiraju Bharati Raju (DIN: 06939066) as an Additional Director of the Company with effect from 24th July, 2017, pursuant to Section 161 of the Companies Act, 2013, read with Articles of Association of the Company.

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Shri Vegiraju Bharati Raju (DIN: 06939066) will hold office up to the date of the ensuing AGM. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member, along with a deposit of Rs. 1,00,000/ proposing the candidature of Shri Vegiraju Bharati Raju (DIN: 06939066) for the office of Director, to be appointed as such under the provisions of Section 149 and 152 of the Companies Act, 2013

The Company has received from Shri Vegiraju Bharati Raju (DIN : 06939066) (i) consent in writing to act as director in Form DIR 2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, and (ii) intimation in Form DIR 8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Subsection (2) of Section 164 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Shri Vegiraju Bharati Raju (DIN: 06939066) as Director of the Company pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. He is not liable to retire by rotation.

No director, Key Managerial Personnel or their relatives, Shri Vegiraju Bharati Raju (DIN: 06939066) to whom the resolution relates, are interested or concerned in the resolution.

The Board recommends the resolution set forth in Item no. 4 for the approval of the members.

Item No: 5: Ratification of remuneration to Cost Auditors of the Company.

DZR & Co. , (Registration No. 000173), Cost Accountants were appointed as Cost Auditors of the Company for financial year 2017-18.

The Company is directed, under Section 148 of the Act to have the audit of its cost records conducted by a cost accountant in practice. The Board of your Company has, on the recommendation of the Audit Committee, approved the appointment of M/s. DZR & Co. , as the Cost Auditors of the Company to conduct Cost Audits relating to such businesses of the Company as may be ordered by the Central Government under the Act and the Rules there under for the financial year 2017-18, at a remuneration not exceeding Rs. 1,00,000/- (Rupees One Lakh Only) plus taxes out-of-pocket expenses.

M/s. DZR & Co., have vast experience in the field of cost audit. The Board has approved the remuneration not exceeding Rs. 1,00,000/- (Rupees One Lakh Only) plus out-of-pocket expenses to M/s. DZR & Co., as the Cost Auditors and the ratification of the shareholders is sought for the same by an Ordinary Resolution at Item No. 5

ITEM No. 6 and 7

MIC Electronics Limited (the 'Company') was incorporated on May 17, 1988 and in current financial year, the Company has completed its 29 years. The Board of Directors vide resolution dated 4th September 2017 approved the broad framework of the MIC Electronics Limited Employee Stock Option Plan 2017" ("ESOP 2017") and proposed the same to the Members for their approval for granting stock options to benefit of such person(s) who are in the permanent employment of the Company and its Subsidiary Company/ies whether working in India or out of India, and to the Directors of the Company, whether whole-time or not, and its Subsidiary Company(ies) and to

such other persons, (hereinafter collectively referred to as “Eligible Employees”), other than Promoters and members of the Promoter Group of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding Equity Shares of the Company who have been with the Company for a long term which has led the Company on the growth path. The Company intends to implement new scheme i.e. ESOP 2017 for the above purpose.

The Company seeks Members’ approval for ESOP 2017 and grant of options to the eligible employees / Directors (other than Promoters and members of the Promoter Group of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding Equity Shares of the Company on a pre-determined date in MIC Group) of the Company and its Subsidiary/ies as decided by the Nomination and Remuneration Committee from time to time in due compliance of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, (“SEBI SBEB Regulations”).

The main features of the ESOP 2017 are as under:

1. Brief Description of the Scheme(s):

This proposed Scheme called the MIC Electronics Limited Employee Stock Option Plan 2017 (“ESOP 2017”) is intended to reward such person(s) who are in the permanent employment of the Company and its Subsidiary Company/ies whether working in India or out of India, and to the Directors of the Company, whether whole-time or not, and its Subsidiary Company(ies) and to such other persons, (hereinafter collectively referred to as “Eligible Employees”), other than Promoters and members of the Promoter Group of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding Equity Shares of the Company for their long term association with the Company. Each of the stock options issued under ESOP 2017 shall be eligible for being converted into one equity share of MIC Electronics Limited. The ESOP 2017 conforms to the applicable SEBI Regulations and the provisions of the Companies Act, 2013.

2. Total number of options to be granted:

10,000,000 (One Crore only) options would be available for grant to such person(s) who are in the permanent employment of the Company and its Subsidiary Company/ies whether working in India or out of India, and to the Directors of the Company, whether whole-time or not, and its Subsidiary Company(ies) and to such other persons, (hereinafter collectively referred to as “Eligible Employees”), other than Promoters and members of the Promoter Group of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding Equity Shares of the Company in one or more tranches convertible into not exceeding 10,000,000 (One Crore only) Equity Shares in aggregate in the Company of face value of Rs. 2/- each fully paid-up with a premium of Rs. 1/- per equity shares. The SEBI SBEB Regulations require that in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division, and others, a fair and reasonable adjustment needs to be made to the options granted. Accordingly, if any additional Equity Shares are required to be issued pursuant to any corporate action, the above ceiling of Equity Shares shall be deemed to increase in proportion of such additional Equity Shares issued subject to compliance of the SEBI SBEB Regulations.

3. Identification of classes of employees entitled to participate in ESOP 2017:

Following classes of employees are entitled to participate in ESOP 2017:

- a. Permanent employees of the Company working in India or out of India;
- b. Whole time Directors of the Company other than promoter directors; and
- c. Permanent employees and Directors of the Subsidiary Company/ies.

Following persons are not eligible:

- a. an employee who is a Promoter or belongs to the Promoter Group;

- b. a Director who either by himself or through his relatives or through anybody corporate, directly or indirectly holds more than 10% of the outstanding Equity Shares of the Company;
- c. an Independent Director within the meaning of the Companies Act, 2013 and Regulation 16(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
- d. Consultants and trainees.

4. Requirements of vesting and period of vesting:

The options granted shall vest so long as an employee continues to be in the employment of the Company subject to the minimum vesting period of 1 year.

5. Maximum period within which the options shall be vested:

Options granted under ESOP 2017 would vest subject to maximum period of 3 (Three) year from the date of grant of such options.

6. Exercise price or pricing formula:

The options would be granted at an exercise price of the shares i.e. Rs.3/- per option.

7. Exercise period and the process of Exercise:

The vested options shall be allowed for exercise on and from the date of vesting. The vested options need to be exercised within a maximum period of 3 (three) months from the date of vesting of such options.

The vested options shall be exercisable by the employees by a written application to the Company or committee expressing his / her desire to exercise such options in such manner and on such format as may be prescribed by the Nomination and Remuneration Committee from time to time. The options shall lapse if not exercised within the specified exercise period.

8. Lock-in Period:

The Shares issued upon Exercise of Options shall be freely transferable and will not be subject to any lock-in period after such Exercise. Provided however that the shares allotted on such Exercise cannot be sold for such period from the date of allotment in terms of Code of Conduct for Prevention of Insider Trading of the Company read with Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended or replaced from time to time or such other period as may be stipulated from time to time in terms of the Company's Insider Trading Code of Conduct.

9. Conditions under which option vested in employees may lapse:

Vested options which result to non-exercise and / or unvested options that get cancelled due to resignation / termination of the employees will get lapsed.

10. Specified time period for exercise vested option in the event of resignation / termination:

The vested options shall be allowed for exercised within a maximum period of 3 (three) months from the date of vesting of such options in the event of resignation / termination.

11. Time period within which the employee shall exercise vested stock options in the event of a proposed termination of employment or resignation of employee:

- * Subject to the maximum Exercise period approved by the Members of the Company from the date of vesting of Options.

12. Determining the eligibility of employees under ESOP 2017:

The eligibility of the employees will be determined by the Nomination and Remuneration Committee from time to time.

13. Maximum number of options to be issued per employee and in aggregate:

The number of options that may be granted per employee of the Company under the ESOP 2017, in any financial year under the ESOP 2017 shall be less than 1% of the issued Equity Share Capital (excluding outstanding warrants and conversions) of the Company at the time of grant.

14. Maximum Quantum of benefits to be provided per employee under the ESOP 2017:

The Maximum quantum of benefits underlying the options issued to an eligible employee shall be equal to difference between the option Exercise Price and the Market Price of the shares on the exercise date.

15. Scheme Implementation and administration:

The Scheme shall be implemented and administered by Nomination and Remuneration Committee.

16. Source of shares for the implementation of the ESOP 2017:

The Scheme contemplates by fresh issue.

17. The amount of loan to be provided for implementation of the Scheme by the Company to the company employees, its tenure, utilisation, repayment terms etc.:

The Company is not granting any loan to the employees for ESOP 2017.

18. Accounting and Disclosure Policies:

The Company shall follow the 'Guidance Note on Accounting for Employee Share-based Payments' and / or any relevant Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India from time to time, including the disclosure requirements prescribed therein.

19. Method of Valuation of options:

To calculate the employee compensation cost, the Company shall use the Market value method for valuation of the options granted.

The difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the Options and the impact of this difference on profits and on Earnings per Share (EPS) of the company shall also be disclosed in the Directors' report.

Consent of the members is being sought pursuant to Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 and as per Regulation 6 of the SEBI SBEBS Regulations.

None of the Directors, Key Managerial Personnel of the Company including their relatives are interested or concerned in the resolution, except to the extent of their entitlements, if any, under ESOP 2017 and to the extent of their shareholding, if any.

The Board recommends the Special Resolutions No. 6 and 7 of this Notice for the approval by the Members.

ITEM No. 8

ESOP 2017 contemplates dealing in shares through Nomination and Remuneration Committee (the "Committee") route with a view to manage/ restore the equity shareholding dilution of the members. ESOP 2017 envisages acquisition / use of 10,000,000 (One Crore only) Equity Shares within the term of the ESOP 2017.

02 NOTICE

The Board of Directors vide Resolution dated 4th September 2017 approved ESOP 2017 envisaging aforesaid number of Equity Shares which is below the statutory ceiling of 5% of Paid-up Equity Share Capital as on March 31, 2017 prescribed under SEBI SBEB Regulations.

Consent of the members is being sought by way of a special resolution pursuant to Regulation 6 of the SEBI SBEB Regulations.

None of the Directors, Key Managerial Personnel of the Company including their relatives are interested or concerned in the resolution, except to the extent of their entitlements, if any, under ESOP 2017 and to the extent of their shareholding, if any.

The Board recommends the Special Resolution No. 8 of this Notice for the approval by the Members.

By Order of the Board
For MIC Electronics Limited

Place : Hyderabad
Date : 04.09.2017

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

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 hereto. The relevant details as required under Regulation 36(3) of SEBI (Listing Obligations and 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 26th September, 2017 to 29th September, 2017 (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, 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 shareholders who have registered their email address either with the Company or with the Depository. It is a welcome move for the society at large, as this will reduce paper consumption to a great extent and allow shareholders to contribute towards a green environment. This is a golden opportune for every shareholder of MIC to contribute to the cause of Green Initiative. Members who have not registered their e-mail address with the Company are requested to register the same by submitting the letter to Venture Capital and Corporate Investments Pvt., Ltd., 12-10-167, Bharat Nagar, Hyderabad - 500 018. The Members holding shares in electronic form are requested to register their e-mail address with their Depository Participants only. The Members of the Company, who have registered their e-mail address, are entitled to receive communications in physical form, upon request.
16. Copies of the Annual Report 2016-2017 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 2016-2017 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 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 and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by CDSL, on all the resolutions set forth in this Notice. The instructions for e-voting are given herein below. Resolution(s) passed by Members through e-voting is/are deemed to have been passed as if they have been passed at the AGM.
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 29th 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 29th AGM and the Annual Report 2016-17 will be available on the Company's website www.mic.in.
22. The board of directors has appointed S R Vattikuti & Associates, Practicing Company Secretaries (C.P No. 13966) as the Scrutinizer to scrutinize the voting at the meeting and remote e-voting process in a fair and transparent manner.

02 NOTICE

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 2017, E-voting opens from 26th September 2017 at 10.00 AM and ends on 28th September 2017 at 5.00 PM.
25. The instructions for e-voting are as under:

Instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 26th September, 2017 at 10.00 hours IST and ends on 28th September, 2017 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 is 22nd September 2017 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> <p>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.</p> <p>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.</p>
Dividend Bank Details	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.
OR Date of Birth (DOB)	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.
- (xxi) Mr. Srinivasa Rao Vattikuti, Practicing Company Secretaries (COP No.13966) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer’s Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

To

The Members,

Your Directors have pleasure in presenting their 29th Annual Report on the business and operations of the Company and the accounts for the Financial Year ended 31st March 2017.

Financial summary or highlights/Performance of the Company:

The financial performance of the Company for the financial year ended 31st March, 2017, is summarized below:

Particulars	(Rs. in Crores)	
	31 st March 2017 (12 Months)	31 st March 2016 (12 Months)
Revenue From Operations	230.86	217.64
Other income	2.54	3.39
Total income	233.40	221.03
Expenditure	209.40	174.18
Profit before depreciation	24.00	46.85
Less: Depreciation	7.43	7.51
Profit before exceptional items and Tax	16.57	39.34
Exceptional Items	13.19	196.20
Profit / (Loss) before Tax	3.38	(156.86)
Less: Provision for Taxation	0.85	(45.98)
Profit / (Loss) after Tax	2.53	(110.88)
EPS- Basic (In Rs.)	0.14	(7.71)
Diluted (In Rs.)	0.12	(5.91)

State of Company's Affairs

During the year under review, your company was awarded prestigious Solar LED street light project under Atal Jyoti Yojana (AJAY) of Ministry of New and Renewable Energy (MNRE), Government of India for supply, installation & commissioning of 7w Solar LED street lights in the State of Uttar Pradesh. The company has achieved marginal sales growth in the year under review.

The company successfully converted debts to the tune of Rs.86.59 crores into Equity resulting in substantial reduction in the interest costs in the current year and in future years.

The company has recorded a profit of Rs.16.57 crores before exceptional items of Rs.13.19 crores.

The exceptional items include prior period expenses of Rs.12.75 crores and bad debts/ debit balances written off of Rs.0.44 crores in the year.

Dividend

Your Directors doesn't recommend any Dividend on Equity Share Capital of your Company for the financial year ending 31st March, 2017.

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 :

On 17th May 2017, 1,08,22,222 warrants converted 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 4,32,93,974 Equity shares allotted through Conversion of debt amounting to Rs. 86,58,79,480/- as on 31st March 2017.

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, conversions were pending as on 31st March 2017.

Deposits:

The Company has not invited/ accepted any deposits from the public during the year ended March 31, 2017. There were no unclaimed or unpaid deposits as on March 31, 2017.

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 2015-16 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-I is appended as Annexure II to the Board's Report. The statement also provides the details of performance, financial positions of each of the subsidiaries.

In accordance with Section 136 of the Companies Act, 2013, the audited financial statements, including the consolidated financial statements and related information of the Company and 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, 2017, the following are the subsidiaries:

1. MIC Electronics Inc., USA
2. MIC Green Solutions Private Limited

Candilux Private Limited (Formerly MIC Candilux Private Limited) was disposed off on 10th October 2016.

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 on 17-May-2016, 30-May-2016, 06-Aug-2016, 03-Sep-2016, 01-Nov-2016, 11-Feb-2017, 18-Feb-2017 and 31-Mar-2017.

The particulars of attendance of the Directors at the said meetings are detailed in the Corporate Governance Report of the Company, which forms a part of this Report. The intervening gap between the Meetings was within the period prescribed under the Act and SEBI (LODR), 2015.

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, 2017, 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 Shri L N Malleswara 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:

- Shri M S Murali Krishnan appointed as Company Secretary with effect from 6th October 2016.
- Shri N Srinivasa Rao (DIN: 00014636), resigned as Director of the company with effect from 19th July 2017.
- Shri Bharatiraju Vegiraju (DIN: 06939066) appointed as Additional Director of the company on 24th July 2017 and proposed for appointed as Independent Director for a period of 5 years up to 28th September, 2022.
- Shri L N Malleswara Rao (DIN: 00010318), Executive Director & CFO 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.

The Board of Directors of the Company had proposed and recommended the appointment of M/s. Pavuluri & Co., Chartered Accountants, as the statutory auditors of the Company for a period of 4(Four) years from the conclusion of 29th Annual General Meeting of the Company, up to the conclusion of the 33rd Annual General Meeting of the Company, subject to approval of members at the ensuing 29th Annual General Meeting and ratification by members at every Annual General Meeting of the Company.

M/s. Pavuluri & Co, Chartered Accountants, have confirmed their eligibility under Section 141 of the Act and the Rules framed thereunder for the appointment as Auditors of the Company and as required under Regulation 33 of the SEBI (LODR), 2015.

Replies to the observations made in Auditor's Report:

Audit Qualification (each audit qualification separately):

a. Details of Audit Qualification:

- i. Reference is invited to Note 3.07 of the financial statements, The Company has not provided the interest on term loans for Rs.1,17 crores for the year ended 31st March, 2017 as 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 Rs1.17 crores. Had the company made a provision for the same the current year profit would have been lesser by the said amount.
- ii. Reference is invited to Note 3.12 of the financial statements, the Company's Capital Advances to the extent of Rs 9.30 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 profit for the period would have been lesser by the said amount.
- iii. Reference is invited to Note 3.15 of the financial statements, the Company's Trade Receivables consists of Rs.9.76 crores that are very 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 profit for the period would have been lesser by the said amount.
- iv. Reference is invited to Note 3.17 of the financial statements, the Company's Other Advances to the extent of Rs.44.97 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 profit for the period would have been lesser by the said amount.
- v. 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 company is pursuing for one time settlement with the lenders and the company is of the view that interest will be waived off and that no provision is necessary.
- ii. 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.
- iii. Due to the prevailing recessionary trend in the industry in the last 4 to 5 years, significant portion of trade receivables remain uncollected. The management has setup a separate team for close monitoring and collection of such overdue receivables. The management is confident of collecting the overdue trade receivables over a period of time and hence no provision has been made.
- iv. 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.43.07 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.
- v. 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 Mr. V. Srinivasa Rao, Practicing Company Secretary (S R Vattikuti & Associates), to conduct Secretarial Audit for the financial year 2016-17. The Secretarial Audit Report for the financial year ended March 31, 2017 is annexed herewith marked as Annexure IV to this Report.

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

- a. Non-compliance of Section 148, read with rule 4 of Companies Cost Records and audit Rules, 2014 with respect to Appointment of Cost auditor.
- b. Non-filing of certain periodical forms with Registrar of Companies as and when event demands.
- c. Non-compliance of Section 6(3) and 47 of the Foreign Exchange Management Act, 1999, read with Regulation No 15 of Notification No. FEMA.120/RB-2004 dated July 7, 2004, (GSR 757 (E) dated November 19, 2004) as amended, with respect to Filing of Annual Performance Report.

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

- a. The non-compliance has been regularized by appointment of Cost Auditor M/s. DZR & Co., Cost Accountants in the current financial year 2017-18.
- b. The filings will be set right in the current financial year 2017-18.
- c. As there are some clarifications sought in the Annual Performance Report, they will be addressed in the current financial year 2017-18 and the revised Annual performance Report will be filed.

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 2017 to the date of signing of the Director's Report.

Rs. 86,58,79,480/- of debt converted into 4,32,93,974 Equity shares as on 31st March 2017. As a result, the total outstanding due of the company towards this loan has reduced by Rs. 86.59 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 2017, 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, 2017 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 : 04.09.2017
Place : Hyderabad

PARTICULARS OF EMPLOYEES

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

Name of Director	Designation	Remuneration FY 16-17 (12 Months)	Remuneration FY 15-16 (12 Months)	% of Increase in Remuneration	Ratio of Remuneration to MRE	Ratio of Remuneration to	
						Revenues FY-16-17	Net Profit FY 16-17
M.V. Ramana Rao	Managing Director	24,00,000	24,00,000	No Change	11.89	0.10%	9.49
L.N. Malleswara Rao	Executive Director & CFO	15,00,000	15,00,000	No Change	7.43	0.06%	5.93
Key Managerial Personnel							
*M S Murali Krishnan	Company Secretary	5,25,000	NA	NA	2.06	0.02%	2.08

*M S Murali Krishnan remuneration paid for the period 06.10.2016 to 31.03.2017.

Remuneration paid to Independent Directors (Sitting Fee)

Name of Director	Remuneration FY 16-17 (12 Months)	Remuneration FY 15-16	% Increase of Remuneration
Mr. N Srinivasa Rao	1,32,000	1,56,000	NIL
Mr. Veera Venkata Satya Surya Chandra Bhima Sekhar Babu Alla	1,56,000	1,56,000	NIL
Smt. V. Venkata Ramani	1,56,000	1,20,000	NIL

- The Median Remuneration of the employees of the Company during the financial year was Rs. 2,01,792/-
- In the financial year, there was an increase of 27.14% in the median remuneration employees.
- The number of permanent employees on the rolls of the Company as of March 31, 2017 and March 31, 2016 was 151 and 156 respectively.
- Variations in the market capitalization of the Company:
 - The Market Capitalization as on 31st March, 2017 is Rs. 3,40,29,29,229/- and as on 31st March, 2016 was Rs. 3,31,44,55,554/-.
 - Price earnings ratio of the Company as on 31st March, 2017 is 110.36 per share.
 - Percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer- The closing price of the company's equity

shares on NSE as on 31st March, 2017 is Market Value Rs. 19.85/- Face value of Rs.2/- each representing a 33.5% of decrease over the IPO held on 2007 Market Value of Rs. 150/- each Face Value of Rs. 10/- per share.

Sub-division of shares held during the year 2008 face value of 10/- each as 2/- each.

5. The key parameters for the variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee
6. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year - N.A. and
7. It is hereby confirmed that the remuneration is as per the remuneration policy of the Company.

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

Date : 04.09.2017
Place : Hyderabad

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

Annexure II

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

		(Amount in Rs.)										
Name of the Subsidiary	Financial Period ended	Exchange	Share Capital	Reserves & Surplus	Total assets	Total Liabilities(excluding share capital and reserves & surplus)	Investments	Turnover	Profit/ (Loss) before Taxation	Provision for taxation	Profit/ (Loss) after Taxation	% of share holding
MIC Electronics Inc., USA	31.03.17	1 USD = 64.8589	4,539,450	798,250	75,727,808	70,390,108	66,674,949	-	-1,267,923	-	-1,267,923	100%
*MIC Green Energy Solutions Private Limited	31.03.17	INR	100,000	-	1,107,939	1,007,939	-	-	-	-	-	100%

* Yet to commence operations of the business

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

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

Date : 04.09.2017
Place : Hyderabad

Disclosure of Particulars of Contracts/Arrangements entered into by the Company**Form No. AOC-2**

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

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

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

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

1	MIC 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

Outstanding balances receivable from Subsidiaries

	MIC Electronics Inc. USA,	Subsidiary	Ongoing	Supply of materials for an amount of Rs. 66,32,052/-	
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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	Remuneration of Rs. 27,84,000/- (including Perquisites of Rs. 384,000/-)	NIL
	L.N. Malleswara Rao	Executive Director	NA	Remuneration of Rs. 15,00,000/-	NIL
Sitting Fee					
	N. Srinivasa Rao	Independent Director	NA	Fee for attending Board Meeting of Rs. 1,32,000/-	NIL
	A V S S C B Shekar Babu	Independent Director	NA	Fee for attending Board Meeting of Rs. 1,56,000/-	NIL
	V Venkata Ramani	Independent Director	NA	Fee for attending Board Meeting of Rs. 1,56,000/-	NIL

Note: Sitting Fee does not include Conveyance charges.

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

Sd/-

(Dr. M V Ramana Rao)

Managing Director

(DIN : 00010301)

Date : 04.09.2017

Place : Hyderabad

Form No. MR-3
SECRETARIAL AUDIT REPORT
For the Financial Year ended 31st March, 2017

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

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

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **MIC Electronics Limited** (hereinafter referred as the “**Company**”). Secretarial Audit was conducted in a manner that provided 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, 2017, (i.e. from 1st April, 2016 to 31st March, 2017)** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

- I. I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of
 - A. Companies Act, 2013 (the “Act”) and the rules made thereunder.
 - B. The Securities Contracts (Regulation) Act, 1956 (“SCRA”) and the rules madethereunder;
 - C. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
 - D. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - E. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (“SEBI Act”):-
 - (i) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (ii) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (iii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (iv) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (v) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

- (vi) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (vii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (viii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India;
 - (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- II. 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 (Issue and Listing of Debt Securities) Regulations, 2008;
 - b. 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;
 - c. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - d. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

III. I further report that:

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

- a. Compliance of Section 148, read with rule 4 of Companies Cost Records and audit Rules, 2014 with respect to Appointment of Cost auditor.
- b. Filing of certain periodical forms with Registrar of Companies as and when event demands.
- c. Compliance of Section 6(3) and 47 of the Foreign Exchange Management Act, 1999, read with Regulation No 15 of Notification No. FEMA.120/RB-2004 dated July 7, 2004, (GSR 757 (E) dated November 19, 2004) as amended, with respect to Filing of Annual Performance Report.

IV. I further report that:

- 1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Women Director.
 - 2. 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.
 - 3. 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.
 - 4. All decisions of the Board and Committees were carried with requisite majority.
- V. I further report that, based on the review of the compliance reports and representation provided to us, there are adequate systems and processes in the company that commensurate with the size and operations of the company to monitor and ensure compliance with the applicable laws, rules, regulations and guidelines.
- VI. I further report that, the compliance by the Company of applicable financial laws like direct and indirect tax laws and maintenance of financial records and books of accounts has not been reviewed in this Audit since the same have been subject to review by the statutory financial audit and other designated professionals.

- VII. I further report that, during the audit period specific events/actions/compliances having a major bearing on the company's affairs, reference shall be taken to the Statutory Auditors Report issued for the Audit Period, in pursuance of the all applicable laws, regulations, guidelines, standards etc.

For S R Vattikuti & Associates

Company Secretaries

Sd/-

Srinivasa Rao Vattikuti

C.P.No: 13966

Place : Hyderabad

Date : 04-09-2017

Form No. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended on December 31, 2017

[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	:	17 th 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
I.	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
I	MIC Electronics Inc.	USA	NA	Subsidiary	100	2(87)(ii)
*2	MIC Green Energy Solutions Pvt. Ltd.	India	U40300TG2009PTC063021	Subsidiary	100	2(87)(ii)

*yet to commence its operation

Note: Candilux Private Limited, Formerly MIC Candilux Private Limited (U31908TG2011PTC074307) has been disposed off on 10th October 2016.

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-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total Shares	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	4,644,902	-	4,644,902	2.80	4,644,902	-	4,644,902	2.11	0.69
b) Central Govt	-	-			-	-		0	-
c) State Govt(s)	-	-			-	-		0	-
d) Bodies Corp.	-	-			-	-		0	-
e) Banks / FI	-	-			-	-		0	-
f) Any other (Promoter)	21,270,223	-	21,270,233	12.80	30,592,445	-	30,592,445	13.89	(1.09)
Sub Total (A) (1)	25,915,125	-	25,915,125	15.60	35,237,347	-	35,237,347	16.00	(0.40)
(2) Foreign	-	-			-	-		0	-
a) NRI Individuals	-	-			-	-		0	-
b) Other Individuals	-	-			-	-		0	-
c) Bodies Corp.	-	-			-	-		0	-
d) Any other	-	-			-	-		0	-
Sub Total (A) (2)	-	-			-	-		0	-
TOTAL (A)	25,915,125	-	25,915,125	15.60	35,237,347	-	35,237,347	16.00	(0.40)
B. Public Shareholding									
I. Institutions									
a) Mutual Funds	-	-		-	-			0	-
b) Banks / FI	245.906	-	245.906	0.15	334.296	-	334.296	0.15	(0.00)
c) Central Govt	-	-		-	-	-		0	-
d) State Govt(s)	-	-		-	-	-		0	-
e) Venture Capital Funds	-	-		-	-	-		0	-
f) Insurance Companies	-	-		-	-	-		0	-
g) FIs	-	-		-	-	-			-
h) Foreign Venture Capital Funds	-	-		-	-	-		0	-
i) Others (specify)	-	-		-	-	-		0	-
Sub-total (B)(I):	-	-		-	-	-		0	-

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total Shares	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
a) Bodies Corp.	32,714,892	-	32,714,892	19.69	20,651,653	43,128,974	63,780,627	28.96	(9.27)
i) Indian	-	-	-		-	-	-	-	-
ii) Overseas	-	-	-		-	-	-	-	-
b) Individuals									
i) Individual share holders holding nominal share capital upto Rs. 2 lakh	51,663,390	362,637	52,026,027	31.31	67,859,053	527,637	68,386,690	31.05	0.27
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	41,705,801	1,359,375	43,065,176	25.92	35,360,169	1,359,375	36,719,544	16.67	9.25
c) Others (specify)	-	-	-		-	-	-	-	-
Non Resident Indians	10,413,201	304,820	10,718,021	6.45	10,524,216	304,820	10,829,036	4.92	(1.53)
Overseas Corporate Bodies	-	-	-		-	-	-	-	0.00
Foreign Nationals	-	-	-		-	-	-	-	-
Clearing Members	1,441,826	-	1,441,826	0.87	4,955,629	-	4,955,629	2.25	(1.38)
Trusts	11,150	-	11,150	0.01	11,150	-	11,150	0.01	0.00
Foreign Bodies	-	-	-		-	-	-	-	0.00
Sub-total (B)(2):-	138,196,166	2,026,832	140,222,998	84.40	139,696,166	45,320,806	185,016,972	84.00	0.40
Total Public (B)	164,111,291	2,026,832	166,138,123	100.00	174,933,513	45,320,806	220,254,319	100.00	0.00
C. Shares held by Custodian for GDRs & ADRs	-	-	-		-	-	-	-	-
Grand Total (A+B+C)	164,111,291	2,026,832	166,138,123	100.00	174,933,513	45,320,806	220,254,319	100.00	0.00

(ii) Shareholding of Promoters

SN	Shareholder's Name	Shareholding at the beginning of the year (As at 31- March-2016)			Shareholding at the end of the year (As at 31-March-2017)			% 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	2.80	93.65	4644902	2.11	91.50	-0.69
2	SREENIVASA RAO MAGANTI	239825	0.14	0	239825	0.11	0	-0.04
3	USHA RANI MAGANTI	9205010	5.54	0	9205010	4.18	0	-1.36
4	CHAITANYA KEERTHI MAGANTI	4752778	2.86	0	7075000	3.21	0	0.35
5	CHAITHANYA DEEPTHI MAGANTI	575000	0.35	0	5575000	2.53	0	2.19
6	CHAITHANYA PAVAN MAGANTI	6295070	3.79	0	8295070	3.77	0	-0.02
7	RAMA CHANDRARAO MAGANTI	165540	0.10	60.41	165540	0.08	60.41	-0.02
8	DHANA KOTESWARAMMA MAGANTI	37000	0.02	100.00	37000	0.02	100	-0.01
	Total	25915125	15.60	17.31	35237347	16.00	12.73	—

(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.	CHAITANYA DEEPTHI MAGANTI				
	At the beginning of the year	575,000	0.35	575,000	0.26
	Changes during the year				
	Conversion of Warrants into Equity Shares as on 17-05-16 Balance 5,000,000	5,000,000	3.01	5,000,000	2.27
	At the end of the year	5,575,000	2.53	5,575,000	2.53
2.	CHAITANYA KEERTHI MAGANTI				
	At the beginning of the year	4,752,778	2.86	4,752,778	2.16
	Changes during the year				
	Conversion of Warrants into Equity Shares : As on 17-05-16 Balance 2,322,222	2,322,222	1.40	2,322,222	1.05
	At the end of the year	7,075,000	3.21	7,075,000	3.21
3.	CHAITANYA PAVAN MAGANTI				
	At the beginning of the year	6,295,070	3.79	6,295,070	2.86
	Changes during the year				
	Conversion of Warrants into Equity Shares As on 17-05-16 Balance 2,322,222	2,000,000	1.20	2,000,000	0.91
	At the end of the year	8,295,070	3.77	8,295,070	3.77

03 DIRECTOR'S REPORT

Investors Warrants Holding as on 31.03.2017 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	Leyard (Hongkong) Co., Ltd.	0	0.00	30,000,000	90.91	30,000,000	11.85
2	Shri Pooja Kamaneni	0	0.00	3,000,000	9.09	3,000,000	1.18
	Total	-	0.00	33,000,000	100.00	33,000,000	13.03

(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	Malaxmi Infra Ventures (India) Pvt. Ltd.,				
	At the beginning of the year	-	0.00	-	0.00
	Conversion of Warrants into Equity - 31-03-17	14,089,347	6.40	14,089,347	6.40
	At the end of the year	14,089,347	6.40	14,089,347	6.40
2	IDEAMAX CONSULTANCY SERVICES PRIVATE LIMITED				
	At the beginning of the year	24,892,000	14.98	24,892,000	14.98
	SALE IN OPEN MARKET	12,599,240	7.58	12,290,760	5.58
	At the end of the year	12,292,760	5.58	12,290,760	5.58
3	Arkay Energy (Rameswaram) Ltd.,				
	At the beginning of the year	-		-	0.00
	Conversion of Debt into Equity - 31-03-17	9,000,000	4.09	9,000,000	4.09
	At the end of the year	9,000,000	4.09	9,000,000	4.09

4	YARLAGADDA RAGHU VEER				
	At the beginning of the year	5,950,000	3.58	5,950,000	3.58
	Changes during the year	0	-	5,950,000	2.70
	At the end of the year	5,950,000	2.70	5,950,000	2.70
5	L & T Finance Limited				
	At the beginning of the year	-		-	0.00
	Conversion of Debt into Equity - 31-03-2017	5,384,616	2.44	5,384,616	2.44
	At the end of the year	5,384,616	2.44	5,384,616	2.44
6	SREI Equipment Finance Ltd.				
	At the beginning of the year	-		-	0.00
	Conversion of Debt into Equity - 31-03-2017	5,200,000	2.36	5,200,000	2.36
	At the end of the year	5,200,000	2.36	5,200,000	2.36
7	Bhagyanagar Investiments & Trading Pvt.Ltd.				
	At the beginning of the year	-	-	-	-
	Conversion of Debt into Equity - 31-03-2017	4,733,168	2.15	4,733,168	2.15
	At the end of the year	4,733,168	2.15	4,733,168	2.15
8	Prabhakara Rao Mandava				
	At the beginning of the year	4,430,655	2.67	4,430,655	2.67
	SALE IN OPEN MARKET	1,708,378	1.24	2,722,277	1.24
	At the end of the year	2,722,277	1.24	2,722,277	1.24
9	Kiran Impex Ltd.,				
	At the beginning of the year	-		-	0.00
	Conversion of Debt into Equity - 31-03-2017	2,150,000	0.98	2,150,000	0.98
	At the end of the year	2,150,000	0.98	2,150,000	0.98
10	Laan Research Pvt. Ltd.				
	At the beginning of the year	-		-	0.00
	Conversion of Debt into Equity - 31-03-2017	2,000,000	0.91	2,000,000	0.91
	At the end of the year	2,000,000	0.91	2,000,000	0.91

(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	2.80	4,644,902	2.80
	Changes during the year	-	0.00		
	At the end of the year	4,644,902	2.11	4,644,902	2.11
2	VENKATA RAM ATLURI				
	At the beginning of the year	2,652,255	1.60	2,652,255	1.60
	Changes during the year- Nil	-	0.00	-	-
	At the end of the year	2,652,255	1.20	2,652,255	1.20
3	Shri A V V S S C B Sekhar Babu				
	At the beginning of the year	-	0.00	-	0.00
	Changes during the year- Nil	-	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	1,950,065	1.17	1,950,065	1.17
	Changes during the year- Nil	-	0.00		
	At the end of the year	1,950,065	0.89	1,950,065	0.89
5	Shri L N Malleswara Rao				
	At the beginning of the year	2,424,234	1.46	2,424,234	1.46
	Changes during the year- Nil	-	0.00		
	At the end of the year	2,424,234	1.10	2,424,234	1.10
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	M. S. Murali Krishnan				
	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.)

SN	Particulars	Secured Loans	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the					
i)	Principal Amount	1,192,972,999	373,167,233	-	1,566,140,232
ii)	Interest due but not paid	23,069,393	18,958,050	-	42,027,443
iii)	Interest accrued but not due	0	0	-	
	Total (i+ii+iii)	1,216,042,392	392,125,283	-	1,608,167,675
Change in Indebtedness during the financial year					
*	Addition	573,796,986	6,830,111	-	580,627,097
*	Reduction	786,187,297	392,125,283	-	1,178,312,580
	Net Change	212,390,311	385,295,172	-	597,685,483
Indebtedness at the end of the					
i)	Principal Amount	934,409,934	6,796,821		941,206,755
ii)	Interest due but not paid	69,242,147	33,290		69,275,437
iii)	Interest accrued but not due	0	0		-
	Total (i+ii+iii)	1,003,652,081	6,830,111	-	1,010,482,192

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 (Rs/Lac)
		Name		
		Dr. M V RAMANA RAO	Shri L N Malleswara Rao	
		MANAGING DIRECTOR	EXECUTIVE DIRECTOR & CFO	
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 : 04.09.2017

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 78.55 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 2017 (12 Months)	31st March 2016 (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 : 04.09.2017
Place : Hyderabad

ANNEXURE'S TO DIRECTORS' REPORT REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 27 (2) of the SEBI (LODR), 2015)

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 27(2) of 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	Director Identification Number (DIN)	Category
1	Dr. M V Ramana Rao	00010301	Promoter & Managing Director
2	Shri Atluri Venkata Ram	00753969	Non-Independent, Non Executive Director
3	Shri L N Malleswara Rao	00010318	Non-Independent, Executive Director
4*	Shri N Sreenivasa Rao (Resigned as Director with effect from 19 th July 2017)	00014636	Independent, Non Executive Director

S.No.	Name of the Director	Director Identification Number (DIN)	Category
5	Shri Veera Venkata Satya Surya Chandra Bhima Sekhar Babu Alla	00692448	Independent, Non Executive Director
6	Smt. Venkata Ramani Vedula	01298522	Independent, Non Executive Director

Meetings held and Attendance of Board Meetings:

During the financial year 2016-17, total of 8 (Eight) Board Meetings were held.

The Dates on which the Board Meetings were held are: 17-May-2016, 30-May-2016, 06-Aug-2016, 03-Sep-2016, 01-Nov-2016, 11-Feb-2017, 18-Feb-2017 and 31-Mar-2017.

Attendance of Directors in the above said meetings:

Sr. No	Director	Attendance Particulars		
		Board Meetings		Presence at the Last AGM
		Held	Attended	
1	Dr. M V Ramana Rao	8	7	Yes
2	Shri Atluri Venkata Ram	8	1	No
3	Shri L N Malleswara Rao	8	6	Yes
4	Shri N Sreenivasa Rao (Resigned as Director with effect from 19 th July 2017)	8	6	Yes
5	Shri Veera Venkata Satya Surya Chandra Bhima Sekhar Babu Alla	8	6	Yes
6	Smt. Venkata Ramani Vedula	8	7	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 Clause 27(2) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 of the listing agreement is made available to the Board. The agenda and the related papers for consideration at the Board meeting are circulated sufficiently in advance of the Board Meetings.

Number of other Directorships and Committee Member / Chairmanships as on 31.03.2017:

S.No.	Director	Category	Other Directorship	Other Committee Membership	Other Committee Chairmanship
1	Dr. M V Ramana Rao	Promoter, Executive Director	3	-	-
2	Shri Atluri Venkata Ram	Non Independent, Non Executive	2	-	-
3	Shri L N Malleswara Rao	Non Independent, Executive	-	-	-
4	Shri N Sreenivasa Rao (Resigned as Director with effect from 19 th July 2017)	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	-	-

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

Disclosure of relationship between directors inter-se:

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

Independent Directors

Your Company had at its Annual General Meeting (AGM) held on 30th September, 2014 has appointed Shri N. Srinivasa Rao and Mr. A A V V S S C B Sekhar Babu as an Independent Director to hold office for 5 (five) consecutive years. Smt. Venkata Ramani Vedula was appointed as Independent Director on 30th September 2015 to hold office for 5 (five) consecutive years. Shri N. Srinivas Rao resigned as Director with effect from 19th July, 2017. The Board of Directors of the Company at their meeting held on 24th July, 2017 have appointed Shri Vegiraju Bharati Raju as an Additional Director of the Company and seek to appoint him as Independent Director in the ensuing Annual General Meeting subject to approval of Members.

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

Meeting of Independent Directors

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

During the Financial Year ended 31st March, 2017, 1 (one) meeting was held on 31st March 2017.

Familiarization Programme for Independent Directors

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

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

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

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

PERFORMANCE EVALUATION OF INDEPENDENT DIRECTORS:

Pursuant to Regulation 17(10) of Listing Regulations, the performance evaluation of independent directors was done by the entire Board of Directors excluding independent director being evaluated. Broad parameters for reviewing the performance of Independent Directors amongst other include participation at the Board/Committee meetings, understanding their roles and responsibilities and business of the Company, effectiveness of their contribution/commitment, effective management of relationship with stakeholders, integrity and maintaining of confidentiality, exercise of independent judgment in the best interest of the Company, ability to contribute to and monitor corporate governance practice, adherence to the code of conduct for independent directors, bringing independent judgment during board deliberations on strategy,

performance, risk management, etc.

3. BOARD COMMITTEES

The Company has the following standing committees on the Board

A) Audit Committee

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

Powers of Audit Committee

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

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.

As on 31st March, 2017, 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 Srinivasa Rao (Resigned as Director with effect from 19 th July 2017)	Member	Independent Non Executive Director
Dr. V Venkata Ramani	Member	Independent Non Executive Director

The Audit Committee consists of Three Independent who is financially literate as required by Clause 18(1)SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. Moreover, the Audit Committee has members who have accounting or related financial management expertise.

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.

The Dates on which the Audit Committee Meetings were held are: 3-May-16, 30-May-16, 3-Aug-16, 31-Oct-16 and 11-Feb-17.

Sr. No	Director	No. of Meeting	
		Held	Attended
1.	Shri Veera Venkata Satya Surya Chandra Bhima Sekhar Babu Alla	5	5
2.	Shri N Srinivasa Rao	5	4
3.	Dr. V 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.

The Company Secretary acts as Secretary of the Audit Committee.

B) NOMINATION AND REMUNERATION COMMITTEE

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

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

As on 31st March 2017, the Composition of the committee as follows:

Name of the Director	Designation	Nature of Directorship	Profession
Dr. V Venkata Ramani	Chairperson	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 Director	Business

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

Nomination and remuneration committee Attendance:

During the Period no Committee Meeting was held.

REMUNERATION PAID TO DIRECTORS:

Details of remuneration paid to the Executive Directors during the Period 2016-17 are given below:

Name of the Director	Relationship with other	Business Relationship Directors with company if any	Loans and advances from company	Total Remuneration (Rs.)
Dr. M V Ramana Rao	None	None	None	2400000
Shri L N Malleswara Rao	None	None	None	1500000

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 17(6) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company has not paid any compensation to non-executive Directors other than Sitting Fee for attending the Board Meeting. The Company has not issued any Stock Options to any Non-executive Directors, during the period under Review.

C) SHAREHOLDERS'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	Member	Independent Director	Service

Note : Shareholders' Grievance Committee name changes as Shareholders' 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 : M S Murali Krishnan
Company Secretary

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

Number of shareholders complaints received so far.

At the begging of the financial year pending complaints is 1 during the period the Company has received 1 complaint and resolved 1 complaint. There is 1 Pending complaint as on 31st March 2017.

During the Period there is no Shareholders' Relationship Committee Meetings during the period 1st April 2016 to 31st March 2017.

The details of shares held by the Directors as on 31st March, 2017

Sr. No	Director	Category	No. of Shares	% of Holding
1	Dr. M V Ramana Rao	Promoter, Executive Director	4644902	2.11
2	Shri Atluri Venkata Ram	Non-Independent, Non-Executive Director	2652255	1.20
3	Shri L N Malleswara Rao	Non-Independent, Executive Director	2424234	1.10
4	Shri N Sreenivasa Rao	Independent, Non Executive	1950065	0.89
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 2017

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) (formerly known as MIC Candilux Private Limited) - in which Dr M V Ramana Rao is a Director was disposed on 10th October 2016.

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

5. DETAILS OF GENERAL BODY MEETINGS:

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

Financial Year	Date & Time	Venue	Nature of special resolutions, if any passed
2016-17	31-03-2017 11.00 A.M.	A-4/II, Electronic Complex, Kushaiguda, Hyderabad-62	Conversion of debt into equity shares
2015-16	30-09-2016 2.30P.M.	A-4/II, Electronic Complex, Kushaiguda, Hyderabad-62	NIL
2014-15	30-09-2015 3.30P.M.	Hall, Marigold by GreenPark, 7-1-25, Green Lands, Begumpet, Hyderabad - 500 016, Telangana	<ul style="list-style-type: none"> • Re-appointment of Dr. M V Ramana Rao (DIN 00010301), as Managing Director of the Company. • Re-appointment of Mr. L N Malleswara Rao (DIN 00010318), as Executive Director of the Company. • Alteration to the articles of association by Adoption of new set of Articles of Association of the Company. • Ratification of Resolution No. 2 of Extraordinary General Meeting held on 22nd August 2015 for allotment of Equity Share to Investors.
	22-08-2015 1.15 P.M	A-4/II, Electronic Complex, Kushaiguda, Hyderabad-62	<ul style="list-style-type: none"> • Increase of Authorised Capital and alteration of the Clause V of the Memorandum of Association. • Issue of equity shares on preferential basis to Investors. • Issue of Warrants convertible into equity shares on preferential basis to Investors.
2013-14	30-09-2014 11.00 A.M.	A-4/II, Electronic Complex, 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.

Postal Ballot

No special resolution was put through postal ballot during the financial year 2016-17.

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

6. DISCLOSURES

- Related party transactions:

No Transactions of material nature was entered in to by the Company with the related parties 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 2017.

- 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 27(2) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

- Appointment of Directors

The Information required for appointment/re-appointment or regularization of Directors at the ensuing Annual General Meeting, is provided along with the AGM Notice and the explanatory Statement thereof.

- Compliance Reports:

The Board has periodically reviewed the compliance reports of all laws applicable to the company and there are no instances of Non-compliances.

- Audit Qualifications:

There are some qualifications in the financial statements and compliances of the Company for the Period ended 31st March 2017 detailed in the Directors Report.

- Whistle Blower Policy:

Though the Company adopted whistle Blower Policy, no person is denied access to the Audit Committee.

- Risk Management

Business risk evaluation and management is an ongoing process within the organization. During the period under review, a detailed exercise on Business Risk Management (BRM) was initiated covering the entire gamut of business operations.

7. MEANS OF COMMUNICATION

- **Quarterly/Annual Results:** The Company regularly intimates un-audited as well as audited financial results to the Stock Exchanges, immediately as they are taken on record/ approved. These financial results are normally published in Business Standard (English), Financial Express, Vishala Andhra and displayed on the Company's website www.mic.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, Time & Venue of AGM	29 th September 2017 at 11.00 AM at A-4/II, Electronic Complex, Kushaiguda, Hyderabad-500062 Telangana
Financial Year	1 st April 2017 to 31 st March 2018
Tentative Calendar of Events for the FY 2017-2018 (April- March)	1 st Quarter ending 30 th June 2017 – 9 th September 2017 2 nd Quarter ending 30 th September 2017 – on or before 14 th November 2017 3 rd Quarter ending 31 st December 2017 – on or before 14 th February 2018 4 th Quarter ending 31 st March 2018 – on or before 30 th May 2018
Book Closure for AGM (Both days Inclusive)	26 th September, 2017 to 29 th September, 2017
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

Board of Directors of the Company at their meeting held on 15th February 2016 allotted 3,30,00,000 convertible warrants of Rs.2/- each at a premium of Rs.23/- per warrant pursuant to in-principle approval received from your stock exchange vide your letter DCS/PREF/AM/PRE/695/2015-16 dated 4th February 2016 and from National Stock Exchange vide their letter NSE/LIST/59210 dated 28th January 2016.

One of the warrant holder Leyard (Hong Kong) Co. Limited requested for 6 months' time for exercising their option to convert outstanding 3,00,00,000 Warrants into Equity Shares.

To obtain necessary permission from the relevant statutory authorities for extension of time. To obtain the further extension of time application submitted to Securities and Exchange Board of India (SEBI), for extension of time limit for conversion of 3,00,00,000 Warrants into Equity Shares beyond 18 months from the date allotment under SEBI (ICDR) Regulations 2009.

Another allottee Shri Puja Kamineni have not exercised the option to subscribe the equity shares underlying the warrants on or before the 15th August 2017 (i.e. 18 months from the date of allotment), hence all the 30,00,000 warrants stands cancelled.

Based on the application submitted, Securities and Exchange Board of India (SEBI), vide their letter CFD/DIL-1/OW/19491/2017 stating that not to extend the conversion period of warrants into equity shares beyond 18 months.

In this regard, further application has been submitted to the Chairman of SEBI for reconsideration of our application for extension of time limit for conversion of warrants into equity shares.

Plant Locations

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

MIC Electronics Limited,
Plot No.192/B, 1st Floor, IDA
Phase-II, Cherlapally, Hyderabad - 500051

MIC Electronics Limited,
IP 47, Raipur, Sahkari Audyogic Kshetra,
Raipur, Bhagwanpur Roorkee, Uttarakhand, India - 247667

Address for Correspondence

Mr. M S Murali Krishnan
Company Secretary
MIC Electronics Limited A-4/II, Electronic Complex,
Kushaiguda, Hyderabad-500062
Andhra Pradesh.
Email - cs@mic.co.in

04 REPORT ON CORPORATE GOVERNANCE

- Market Price data: High / Low during each month in the Period 2016-17 and performance in comparison to broad based indices such as NSE Nifty and BSE SENSEX.

MONTH & YEAR	NSE (IN RS.)		NIFTY		BSE (IN RS.)		SENSEX	
	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
Apr-16	21.45	19.25	7992.00	7516.85	21.50	19.20	26100.54	24523.20
May-16	19.90	14.80	8213.60	7678.35	19.90	14.60	26837.20	25057.93
Jun-16	16.75	12.90	8308.15	7927.05	16.70	13.00	27105.41	25911.33
Jul-16	16.65	12.00	8674.70	8287.55	16.60	13.10	28240.20	27034.14
Aug-16	15.60	13.00	8819.20	8518.15	15.45	13.10	28532.25	27627.97
Sep-16	18.80	13.50	8968.70	8555.20	18.80	13.60	29077.28	27716.78
Oct-16	19.40	14.55	8806.95	8506.15	19.35	14.95	28477.65	27488.30
Nov-16	19.35	13.00	8669.60	7916.40	19.40	12.80	28029.80	25717.93
Dec-16	17.10	13.90	8274.95	7893.80	17.13	13.95	26803.76	25753.74
Jan-17	15.95	14.15	8672.70	8133.80	15.95	14.21	27980.39	26447.06
Feb-17	15.70	13.85	8982.15	8537.50	15.79	13.83	29065.31	27590.10
Mar-17	15.85	13.20	9218.40	8860.10	15.85	13.20	29824.62	28716.21

- Distribution of Shareholding as on 31st March 2017

Shares	Holders		Shares	
	Number	% To Total	No of Shares	% To Total
Upto - 500	32747	64.48	6450505	2.93
501 - 1000	7225	14.23	6258124	2.84
1001 - 2000	4402	8.67	7108097	3.23
2001 - 3000	1784	3.51	4688049	2.13
3001 - 4000	858	1.69	3157292	1.43
4001 - 5000	905	1.78	4386146	1.99
5001 - 10000	1422	2.8	10876933	4.94
10001 and above	1444	2.84	177329173	80.51
Total	50787	100.00	220254319	100.00

- Share holding pattern as on 31st March 2017.

Category	Holding as on 31-03-2017	% of Holding
BODIES CORPORATE	63780627	28.96
CLEARING MEMBER	4955629	2.25
CENTRAL/STATE GOVERNMENT(S)	0	0.00
FINANCIAL INSTITUTIONS/BANKS	334296	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	10829036	4.92
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	35237347	16.00
PUBLIC	105106234	47.72
TRUST	11150	0.01
TOTAL	220254319	100.00

BY ORDER OF THE BOARD OF DIRECTORS
For MIC ELECTRONICS LIMITED

Place : Hyderabad
Date : 04/09/2017

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

DECLARATION

As provide under Clause 27(2) of 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 2017.

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

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 27(2) of 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 2017.

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.

Sd/-
For **S R Vattikuti & Associates**
Company Secretaries

Srinivasa Rao Vattikuti
C.P.No: 13966

Place : Hyderabad
Date : 04-09-2017

To
The Board of Directors
MIC Electronics Limited

We Dr. M V Ramana Rao, Managing Director, and L N Malleswara Rao, Executive Director & CFO of M/s. MIC Electronics Limited, to the best of our knowledge and belief,

We certify that :

1. We have reviewed financial statements and the Cash Flow statement for the period ended on 31st March 2017 and that to the best of our knowledge and belief :
 - i) These statements do not contain any materially untrue statement of omit any material fact or contain statements that might be misleading.
 - ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or volatile of the company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the auditors and the Audit committee that there are no :
 - i) Significant changes in internal control over financial reporting during the year.
 - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.
 - iv) We affirm that we have not denied any personnel access to the Audit Committee of the Company (in respect of matters involving alleged misconduct).
 - v) We further declare that all Board Members and designated Senior Management have affirmed compliance with the Code of Conduct for the Current year.

For MIC Electronics Limited

Place : Hyderabad
Date : 04.09.2017

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

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

Thrust Areas

Energy conservation and maximizing the utilisation of Renewable energy sources have been on the priority list of the Government of India for quite some time now. Inclusive growth and empowering youth through knowledge and skill building to gainfully exploit the demographic advantage the country enjoys is another focus area of the Central and State Governments. The changing political scenario across the Nation and elsewhere in the world will accelerate and intensify the efforts on technological self relevance and 'Make in India' programmes in multiple high technology areas. The emphasis being laid on developing 'Smart Cities' to improve Safety, Quality of life, Service levels, Traffic regulation, Utility management and the like is a great opportunity to the technologists of the country both in business terms and in enhancing the skill base of the Country.

MIC's Opportunities

The product portfolio of MIC, encompassing grid based and off grid LED lighting products, LED Display products, Centrally Controlled Monitoring systems, 3D Holographic systems coupled with the company's inherent strengths in Embedded Systems, Tele Communications and Application development offers MIC a genuine opportunity to play a very significant role in National Development in all the areas outlined above by carving for itself carefully chosen and well defined areas in the value chains that these sectors have to offer.

The Lighting Sector

The energy savings capacity of LED lighting is by now well established in the country and there are several players operating in India in both the organized and un organized sectors. MIC's established competence in Outdoor street lighting will throw open several opportunities across the Nation. The company having been a pioneer in this space, now needs to carefully select among these opportunities based on past experience in terms of payment conditions, cash-flows projected and margins that will be available after taking into consideration all contingent cost factors.

While it is very large, the indoor LED lighting market is very fragmented at this stage.. The shake-out in the industry structure may take some time to stabilize. MIC will do well to stay out of this market and keep its current focus on the other segments of the LED market place identified earlier.

MIC needs to maximize its thrust on the solar powered lighting segment especially in public street lighting and in the area of portable lighting. The product excellence acknowledged by the user communities and by industry bodies like MNRE needs to be fully leveraged upon in furthering the business opportunities of the company. This is a product segment where MIC can also explore export opportunities; especially in the developing countries where there is a declared and pressing need for such products.

Solar LED street lights are efficient, clean and are characterized by low operating and maintenance costs as compared to conventional street lights. The demand for solar street lighting is expected to exceed US \$ 15 Bn by 2024 accordingly to a research report by Global Market Insights Inc. The demand in India for LED Solar street lighting is forecast to reach over US \$ 3 Bn by 2024. Growth rates of 16% - 21% CAGR are projected for solar street lights in the period 2016-2024 in developing countries. The work done by MIC and the sizeable experience gained in this product segment should be a real growth trigger for the company.

LED Display products and 3D Holographic Products

The day light visible LED products which have tangible advantages compared to LCD Displays in terms of viewing angle, brightness, sizes and shapes have by and large found applications only in event coverage and product advertisements. Networked display systems, by many accounts are the next area of growth for these types of displays. They have a wide application palette in addition to the traditional advertising arena. They will be very effective as information and knowledge dissemination devices in several areas like Agriculture Education, Training & Skill building, Health care, City Management Control Rooms etc. The outdoor LED Display market alone in the Asia Pacific region is expected to grow at over 20% CAGR till 2024 to over \$10 billion.

Interactive 3D Holographic systems are an extension of the LED Display technology that will add an additional dimension and increase market penetration to include more specialized and specific applications. MIC is currently, the only indigenous builder, purveyor of this technology in India.

The stunning viewing experience afforded by this technology opens up application areas like Governance, Political Campaigns, Remote education services etc. The pioneering work done by MIC gives the company significant advantage in penetrating into new business opportunities that the technology will throw up.

“Smart” Infrastructure – Smart Cities, Smart Grid, Smart Meters, Smart Street Lights.....

Several initiatives being pursued at the national level, all present significant market opportunities for MIC. Each of these by many estimates represent multibillion dollar markets, annually, in India or the Asia Pacific region for the next several years. They also have various elements that relate to core MIC products or services. Smart Street Lights, for example. These are LED street lights that go a step further than the traditional street lights described earlier. Where the energy consumption of the traditional LED street lights is typically half of the older non LED street lights, with smart street lights the consumption can be reduced to about a third, or energy savings of about seventy per cent. MIC has now executed Proof of Concept placement of such street lights in New Delhi as well as in Hyderabad. A great strength of Smart LED Street Lights is that they are implemented in an intelligent network which leverages internet, cloud and wireless technologies. This same “street light management” network is envisioned by most people as being the forerunner network for the management of “smart” cities. Extensions of the same systems integration and communications technologies also provide the underpinnings that make the “smart” grid and “smart” meters feasible.

Need to broaden the business base

MIC’s customer base has traditionally been very diverse. Both in terms of the nature of their businesses as well as in terms of geographic location. Over the past few years, because of the company’s migration towards serving very large opportunities in specific segments of the LED markets, streetlights for example, its customer base has narrowed to the point where it is now dominated by the government sector. Such an unintended focus has distracted from its ability to consolidate its pioneering positions in other portions of the LED lighting and display market place. Such a dependence on one sector poses unnecessary strategic risks to the company and limits its continuing ability to develop products and services already in its portfolio that can profitably serve other non governmental entities. MIC has to necessarily shift its business model away from its present predominant B2G focus to include B2B and B2C (again if required through B2B model) paths. The B2B options can include Direct sales, Co-branding, OEM and Preferred vendor status in association with leading National and International players in the fields of lighting, displays and infrastructure creation. It can also diversify its base by increasing its focus on the rural Indian markets, for example, by increasing its efforts at sale of off grid lighting products to the many villages that are only minimally connected to the electricity grid. Business Association with organizations that deal with Fertilisers, Seeds, Tractors, Pump sets etc., for example, will create an opening for the company in penetrating into the Rural markets.

Last, but not least, another traditional strength of the company, sales to international markets, also need to be examined for rejuvenation. Many if not all of the company’s products and services lend themselves well to serve the needs of specific country markets around the world.

Organisational Structure

The narrowing of the customer base and dominance of particular product segments has also affected the continuing development of the organization both in terms of skill sets as well as structure and hierarchy. It has similarly distracted from developing further the existing information systems and procedures that allowed the company to function in an effective manner. An examination and a reformulation of the organization structure, indigenous functional skills and the required management information and data capture systems is necessary to support the ambitious goals of customer and business base diversification described earlier. The choice of the organizational structure will hinge on the choice of the nature of business proposed to be transacted with the associated competencies involved. Accountability, speed of action and motivation will have to be the design parameters driving the organization.

For example, as an initial focus, the sales and marketing skills of the company have to be definitely strengthened – inside the organization and also by seeking institutional support from outside the organizations.

Matching the opportunities with Resource deployment

While the opportunities available on the horizon appear to be vast, the company's limitations in the mobilization of resources – especially financial resources - are an established fact. Among others, the payment terms and procedures involved in realizing the sales proceeds from and during the last couple of years have resulted in leaving the company in a cash strapped position. The recent shift in the nature of purchases to a “supply only” as opposed to “supply, install, operate and service” mode by the company's largest customer can help alleviate some of this. However this can only happen if the company engages in careful and structured cash management and financial planning in coordination with the changes outlined above for pursuing different markets as well as making organizational changes. It is as challenging a task as any the company has in front of it.

Intellectual Property (IP) Protection

The company has, over the years, built up an enviable reputation for technological ingenuity and innovation. This has understandably given rise to a wide portfolio of products and services the company is in the process of claiming patent and or intellectual property rights to. The recent grant of patents for its LED TV, Digital Poster and LED Lantern have created a need for an additional area of management attention and emphasis. The company needs to develop and put in place processes and procedures to not only protect its Intellectual Property but also to find effective measures against people and organizations infringing on the IP of the company.

Conclusion

LED lighting and display products continue to make great inroads across the world. Their inherent energy saving capacity as well as ability to be remotely managed make them a technology and product of choice everywhere in this era of climate change and pollution sensitivity. India's embrace of various initiatives like “digital india”, “make in india”, “smart cities”, “smart grid”, “smart meters” and similar others provide a very large domestic opportunity with many avenues that play to MIC Electronics' strengths as a pioneering indigenous enterprise. The company is equipped with products and competencies that promise a good future in the years to come. Careful resource planning and broadening the business base to weather current constraints will enable the company to capture the fruits from these many opportunities.

By Order of the Board
For MIC Electronics Limited

Place : Hyderabad

Date : 04.09.2017

Sd/-

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

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, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the period ended 31st March, 2017 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 3.07 of the financial statements, The Company has not provided the interest on term loans for Rs.1.17 crores for the year ended 31st March 2017, 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.1.17crores. Had the company made a provision for the same, the current year profit would have been lower by the said amount.

- (2) Reference is invited to Note 3.12 of the financial statements, the Company's Capital Advances to the extent of Rs.9.30 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 profit for the period would have been lower by the said amount."
- (3) Reference is invited to Note 3.15 of the financial statements, the Company's Trade Receivables consists of Rs.9.76 crores that are very 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 profit for the period would have been lower by the said amount."
- (4) Reference is invited to Note 3.17 of the financial statements, the Company's Other Advances to the extent of Rs.44.97crores, "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 profit for the period would have been lower by the said amount.”

- (5) 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 an 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:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
- b) In the case of the Statement of Profit and Loss, of the profit for the year ending 31st March, 2017;
- c) 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:

- 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;
- b) 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;
- c) The Balance Sheet and Statement of Profit and Loss dealt with by this Report are in agreement with the books of account;
- d) 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.

- 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 as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- 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 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.
 - ii. 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.
 - iii. 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.
 - iv. The company had provided requisite disclosures in its financial statements as to holdings as well as dealings in specified bank notes during the period 08th November 2016 to 30th December 2016 and they are in accordance with the books of accounts maintained by the company.

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

Place : Hyderabad
Date : 10/05/2017

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

Referred to in paragraph I under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2017:

- 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, 2017 for a period of more than six months from the date they became payable.

Name of the statute	Nature of the dues	Amount	Period to which the amount relates	Due date	date of payment
Finance Act, 1994	Service Tax	8,836,681	From 2011 onwards	Various dates	Nil
Employees Provident Fund & Miscellaneous provisions act, 1952	Provident Fund	18,547,728	From 2009 onwards	Various dates	Nil
Employees State Insurance Act, 1948	Employee State Insurance	2,146,910	From 2011 onwards	Various dates	Nil
APPT Act, 1987	Professional Tax	1,230,160	From 2011 onwards	Various dates	Nil
Income Tax Act, 1961	TDS	9,222,902	From 2012 onwards	Various dates	Nil
AP Value Added Tax Act, 2005	VAT	10,075,036	From 2015 onwards	Various dates	Nil
The Central Sales Tax Act, 1956	CST	16,577,380	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/-
Central Excise Act, 1944	Excise Duty	588,850/-	Jan11-Mar15	O/o.The Commissioner of Customs & Central Excise (Appeals), Hyderabad vide appeal no.62/2016 H-III of 2016. Amount deposited : Rs.44,200/-
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 2017.

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	173,100,753/-	Since January 2013
3.	State Bank of India	130,345,247/-	Since September 2016
4.	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

Place : Hyderabad
 Date : 10/05/2017

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

“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, 2017 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, 2017.

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

Place : Hyderabad
Date : 10/05/2017

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

(Amount in Rs.)

Particulars	Note.	As at 31.03.2017	As at 31.03.2016
I. EQUITY AND LIABILITIES			
(1) Shareholder's funds:			
Share capital	3.01	440,508,638	332,276,246
Reserves and surplus	3.02	2,589,533,732	1,774,123,679
Money received against Share Warrants		206,300,300	215,993,201
		3,236,342,670	2,322,393,126
(2) Non-current liabilities			
Long-term borrowings	3.03	373,925,786	128,437,268
Long-term provisions	3.04	55,444,620	51,419,666
		429,370,406	179,856,934
(3) Current liabilities			
Short-term borrowings	3.05	6,796,821	947,446,218
Trade payables	3.06	500,546,362	602,105,060
Other current liabilities	3.07	944,734,800	810,581,007
Short-term provisions	3.08	6,897,374	-
		1,458,975,357	2,360,132,285
TOTAL		5,124,688,433	4,862,382,345
II. ASSETS			
(1) Non-current assets			
Fixed assets	3.09		
(i) Tangible assets		1,128,058,718	1,200,945,958
(ii) Intangible assets		1,370,922	1,679,200
(iii) Capital Work in Progress		190,620,954	172,365,474
Deferred Tax asset (Net)	3.10	618,986,091	620,621,566
Non current Investments	3.11	22,797,250	22,897,250
Long-term loans and advances	3.12	355,938,675	321,599,534
Other Non-current assets	3.13	39,825,571	39,825,571
		2,357,598,181	2,379,934,553

(Amount in Rs.)

Particulars	Note.	As at 31.03.2017	As at 31.03.2016
(2) Current assets			
Inventories	3.14	1,136,659,676	752,268,618
Trade receivables	3.15	887,758,810	943,670,023
Cash and cash equivalents	3.16	15,682,900	23,949,658
Short-term loans and advances	3.17	707,531,196	742,706,915
Other current assets	3.18	19,457,670	19,852,578
		2,767,090,252	2,482,447,792
TOTAL		5,124,688,433	4,862,382,345
Notes forming part of financial statements 1-3.39			

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/-
M.S.Murali Krishnan
Company Secretary

Place : Hyderabad.
Date : 10.05.2017

STATEMENT OF PROFIT & LOSS FOR 12 MONTHS PERIOD ENDED 31st MARCH 2017

(Amount in Rs.)

Particulars	Note.	Year ending 31.03.2017	Year ending 31.03.2016
I INCOME :			
Revenue from operations	3.19	2,308,648,821	2,176,355,988
Other income	3.20	25,437,811	33,851,371
Total Revenue		2,334,086,632	2,210,207,359
II EXPENDITURE :			
Cost of material consumed	3.21	1,662,604,245	1,235,146,537
Purchase of traded goods		442,230,620	676,826,510
(Increase)/ Decrease in Inventories	3.22	(381,186,253)	(417,920,748)
Employee benefits expense	3.23	51,103,298	34,615,506
Finance costs	3.24	98,507,530	4,668,818
Depreciation and amortization expense	3.09	74,319,353	75,103,489
Other expenses	3.25	220,765,429	208,373,786
Total expenses		2,168,344,222	1,816,813,898
III Profit / (Loss) before exceptional items and tax (I - II)		165,742,410	393,393,461
IV Exceptional Items			
Prior period Expenses		127,480,212	-
Depletion in value of inventories		-	1,595,249,728
Bad Debts /debit balances written off		4,433,050	366,753,606
		131,913,262	1,962,003,334
V Profit / (Loss) before tax (III+IV)		33,829,148	(1,568,609,873)
VI Tax expenses:			
Mat Credit entitlement		(6,897,374)	-
Deffered tax (Liability)/ Asset		(1,635,475)	459,753,830
		(8,532,849)	459,753,830
VII Profit / (Loss) for the period (V - VI)		25,296,299	(1,108,856,043)
VIII Earnings per equity share of par value Rs. 2/- each			
Basic		0.14	(7.71)
Diluted		0.12	(5.91)

STATEMENT OF PROFIT & LOSS FOR 12 MONTHS PERIOD ENDED 31st MARCH 2017

(Amount in Rs.)

Particulars	Note.	Year ending 31.03.2017	Year ending 31.03.2016
IX			
No.of shares used in computing earnings per share			
Basic		175,715,062	143,835,475
Diluted		208,715,062	187,657,697
Notes forming part of financial statements I-3.39			

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/-
M.S. Murali Krishnan
Company Secretary

Place : Hyderabad.
Date : 10.05.2017

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.

- 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. 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 31.03.2017		As at 31.03.2016	
	No. of Shares	Amount (Rs)	No. of Shares	Amount (Rs)
I. Authorised:				
Equity shares of Rs 2/- each with voting rights	270,000,000	540,000,000	250,000,000	500,000,000
II. Issued,Subscribed and Paid up:				
Equity shares of Rs 2/- each with voting rights	220,254,319	440,508,638	166,138,123	332,276,246
	220,254,319	440,508,638	166,138,123	332,276,246

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.

On 17.05 2016 the company has converted 10,822,222 share warrants into equity shares of Rs.2/- each with a premium of Rs.1/- each to the following allottees.

Sl.No.	Name of the Applicant	No. of Equity Shares warrants
1	Chaitanya Keerthi Maganti	2,322,222
2	Chaitanya Deepthi Maganti	5,000,000
3	Chaitanya Pavan Maganti	2,000,000
4	Nimmagadda Venkata Surendra	450,000
5	Ganesan Mudaliar Rajaretnam	200,000
6	Duggirala Pandu Ranga Rao	150,000
7	Parul H Gandhi	250,000
8	Pinnamaneni Estates Pvt Ltd	450,000
		10,822,222

On 31.03.2017 the company has allotted 43,293,974 equity shares to the following allottees by converting secured, unsecured loans and trade creditors into equity shares of Rs. 2/- each with a premium of Rs.18/- through preferential allotment.

Sl.No.	Name of the party	No. of Equity Shares
1	Malaxmi Infra Ventures (India) Pvt Ltd	14,089,347
2	Arkay Energy (Rameswarm) Ltd	9,000,000
3	L&T Finance Limited	5,384,616
4	Srei Equipment Finance Ltd	5,200,000
5	Bhagyanagar Investments & Trading Pvt Ltd	4,733,168
6	Kiran Impex Pvt Ltd	2,150,000
7	Laan Research Pvt Ltd	2,000,000
8	Sriba Sea Base Pvt Ltd	411,843

9	SMIC360 Entertainment Solutions Pvt Ltd	160,000
10	Gowravajhula Venu Madhav (Proprietor of Xpresssions 360)	75,000
11	KM Kurian (Partner of AV360 Partnership Firm)	22,500
12	Bollina Anil Kumar (Partner of AV360 Partnership Firm)	22,500
13	Kongara Rajesh Kumar (Partner of AV 360 Partnership Firm)	22,500
14	Gowravajhula Venu Madhav (Partner of AV 360 Partner Ship Firm)	22,500
		43,293,974

a) Details of Reconciliation of Share Capital

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	No. of Shares	Amount (Rs)	No. of Shares	Amount (Rs)
Equity shares with voting rights:				
Opening Balance	166,138,123	332,276,246	118,923,275	237,846,550
Fresh Issue	54,116,196	108,232,392	47,214,848	94,429,696
Closing Balance	220,254,319	440,508,638	166,138,123	332,276,246

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, 2017		As at 31st March, 2016	
	Number of shares held	% holding	Number of shares held	% holding
Equity shares with voting rights				
1. Malaxmi Infraventures India Pvt. Ltd	14,089,347	6.40%	-	-
2. Ideamax Consultancy Services Pvt Ltd	12,292,760	5.58%	24,892,000	14.98%
3. Usha Rani Maganti	-	-	9,205,010	5.54%

(Amount in Rs.)

Particulars	As at 31.03.2017	As at 31.03.2016
NOTE - 3.02		
Reserves and Surplus		
Share Premium Account		
As at Commencement of the Year	1,094,195,458	1,046,980,610
Add : Received on further issue of shares	790,113,754	47,214,848
	1,884,309,212	1,094,195,458
Profit and Loss Account		
As at Commencement of the Year	104,080,176	1,212,936,219
Add : Transferred from Profit & Loss Account	25,296,299	(1,108,856,043)
	129,376,475	104,080,176
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
	2,589,533,732	1,774,123,679

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	-
State Bank of India, SAM Branch	330,324,232	197,300,000	-	-
Long Term Loans - Others				
Technology Development Board	150,000,000	-	150,000,000	-
L&T Finance Ltd	-	-	99,235,770	16,539,295
Srei Equipment Finance P Ltd	8,928,736	91,071,264	169,748,167	-
Loans Under hire purchase against vehicles	-	-	41,629	-
Unsecured Loans				
Financial contribution from EESL	-	85,554,522	-	111,897,973
	560,484,148	373,925,786	490,256,746	128,437,268

(*) 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.

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

- 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.
- d) During the year, the working capital loan outstanding for 57.43 crores has been converted into term loan after the OTS offer accepted by the bank. The term loan is repayable as per the schedule below.

Amount of payment (Rs.in crores)	Due date
2.70	31.08.2016
35.00	To be payable in quarterly instalments of 5 crores each from 30.09.2016 ending with 31.03.2018
19.73	30.06.2018

e) Interest @11.30% per annum will be charged upto 30.06.2017 & @12.30 % per annum will be charged from 01.07.2017 till the final payment of OTS amount. Interest to be paid monthly.

c) **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. commencing from 01.01.2013.

d) **Term Loan taken from Srei Equipment Finance 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.

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

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

(Amount in Rs.)

Particulars	As at 31.03.2017	As at 31.03.2016
NOTE- 3.04		
Long Term Provisions		
Provision for employee benefits		
- Provision for gratuity	16,008,812	13,452,906
- Provision for leave encashment	3,958,813	2,489,765
Deferred Revenue Income - NMC Project	35,476,995	35,476,995
	55,444,620	51,419,666

(Amount in Rs.)

Particulars	As at 31.03.2017	As at 31.03.2016
NOTE - 3.05		
Short Term Borrowings		
(A) Secured Loans		
Working capital loans - From Banks		
State Bank of India-Cash Credit	-	574,278,985
	-	574,278,985
(B) UnSecured Loans		
(i) Loans from Directors		
	3,796,821	-
(ii) Intercorporate Deposits		
Malaxmi Infra Ventures (India) Pvt Ltd	-	187,167,233
Sriba Seabase Pvt Ltd	-	6,000,000
Arkay Energy (Rameswarm) Limited	-	100,000,000
Bhagyanagar Investments & Trading Pvt. Ltd	-	80,000,000
Sai Roshini Capital Pvt. Ltd.	3,000,000	-
	6,796,821	373,167,233
Total Short Term Borrowings (A+B)	6,796,821	947,446,218

(Amount in Rs.)

Particulars	As at 31.03.2017	As at 31.03.2016
NOTE - 3.06		
Trade Payables		
Payables for materials	412,632,484	510,926,311
Payables for services	87,913,878	91,178,749
	500,546,362	602,105,060
	500,546,362	602,105,060
NOTE - 3.07		
Other Current Liabilities		
(i) Interest accrued and due on borrowings		
Interest accrued and due on long term borrowings	69,242,147	23,069,393
Interest accrued and due on short term borrowings	33,290	18,958,050
(ii) Other payables		
Current maturities of long term borrowings (Refer Note No : 3.03)	560,484,148	490,256,746
Statutory remittances	89,903,931	58,797,400
Payables on purchase of fixed assets	5,175,373	6,875,073
Payables for expenses	44,796,330	42,144,351
Salaries Payable	81,504,174	78,456,995
Directors remuneration Payable	2,419,498	369,698
Audit Fees Payable	4,356,910	4,345,030
Share Warrants Application Money refundable	73,587,866	76,073,331
Advance from customers & Others	13,231,133	11,234,940
	944,734,800	810,581,007
	944,734,800	810,581,007

Note : Interest on term loan of Rs 1.17 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 31.03.2017 is Rs.3.99 crores.

Particulars	As at 31.03.2017	As at 31.03.2016
NOTE - 3.08		
Short Term Provisions :		
Provision for Income Tax	6,897,374	-
	6,897,374	-
	6,897,374	-

NOTE- 3.09
Fixed assets

(Amount in Rs.)

Name of the asset	Gross Block				Accumulated Depreciation				Net Block	
	Balance as at 31st March 2016	Additions	Deletions	Balance as at 31st March 2017	Balance as at 31st March 2016	Depreciation charge for 12 months ending 31.03.2017	On deletions	Balance as at 31st March 2017	Balance as at 31st March 2017	Balance as at 31st March 2016
	A									
Tangible Assets										
Land & Land Development	15,512,484	-	134,400	15,378,084	-	-	-	-	15,378,084	15,512,484
Buildings	130,989,924	-	-	130,989,924	33,561,476	4,074,072	-	37,635,548	93,354,376	97,428,448
Plant & Machinery	963,636,427	764,378	-	964,400,805	376,467,370	65,277,193	-	441,744,563	522,656,242	587,169,057
Furniture and Fixtures	19,302,923	19,030	-	19,321,953	13,648,787	1,467,004	-	15,115,791	4,206,162	5,654,136
Office equipment	2,999,119	44,008	-	3,043,127	2,247,213	217,164	-	2,464,377	578,750	751,906
Electrical Installations	13,129,859	-	-	13,129,859	8,623,410	1,332,369	-	9,955,779	3,174,080	4,506,449
D.G.Set	1,228,230	-	-	1,228,230	762,457	165,357	-	927,814	300,416	465,773
Transformer	1,109,125	-	-	1,109,125	683,542	148,459	-	832,001	277,124	425,583
Furniture and Fixtures-Others	1,201,571	-	-	1,201,571	1,174,639	-	-	1,174,639	26,932	26,932
Vehicles	18,592,680	-	588,284	18,004,396	15,504,421	1,158,970	588,284	16,075,107	1,929,289	3,088,259
Computers	34,292,888	418,744	-	34,711,632	33,727,313	158,412	-	33,885,725	825,907	565,575
Display Equipment (not put to use)	485,351,356	-	-	485,351,356	-	-	-	-	485,351,356	485,351,356
SUB TOTAL (A)	1,687,346,586	1,246,160	722,684	1,687,870,062	468,400,628	73,999,000	588,284	559,811,344	1,128,058,718	1,200,945,958
B										
Intangible assets										
Computer Software	15,127,814	12,075	-	15,139,889	13,448,614	320,353	-	13,768,967	1,370,922	1,679,200
SUB TOTAL (B)	15,127,814	12,075	-	15,139,889	13,448,614	320,353	-	13,768,967	1,370,922	1,679,200
Total [A + B]										
(Current Year)	1,702,474,400	1,258,235	722,684	1,703,009,951	499,849,242	74,319,353	588,284	573,580,311	1,129,429,640	1,202,625,158
(Previous 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	1,202,625,158	1,274,980,774

(Amount in Rs.)

Particulars	As at 31.03.2017	As at 31.03.2016
NOTE - 3.10		
Deferred Tax Asset		
On Depreciation (Difference as per Books & as Per Income Tax Act)	(91,942,245)	(94,234,996)
On Accrued compensation to employees	3,077,952	4,926,285
On IT Disallowances	57,557,349	38,286,758
On Others	650,293,035	671,643,519
	<u>618,986,091</u>	<u>620,621,566</u>
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
	<u>22,797,250</u>	<u>22,897,250</u>

(Amount in Rs.)

Particulars	As at 31.03.2017	As at 31.03.2016
NOTE- 3.12		
Long-Term Loans and advances		
Unsecured, Considered Good :		
Capital advances	119,790,147	122,019,659
Deposit-Delhi Metro Rail Corpn	55,150,887	55,150,887
Share Application money pending allotment in other companies	61,507,650	61,507,650
Loans & Advances to Subsidiaries	948,667	948,667
Other Secured Deposits	117,150,191	80,787,558
Other Loans and advances	1,391,133	1,185,113
	355,938,675	321,599,534
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	35,476,995
	39,825,571	39,825,571
NOTE- 3.14		
Inventories		
Raw Material	146,389,566	143,291,156
Work-in-Progress	842,77,455	2,073,508,640
Less : Depletion in value of inventories	-	1,595,249,728
Finished Goods	146,144,627	129,469,917
Stores and Spares	1,355,028	1,248,633
	1,136,659,676	752,268,618
NOTE- 3.15		
Trade Receivables		
Unsecured Considered Good		
Debtors outstanding for a period exceeding six months	585,006,243	144,603,493
Other Debtors	302,752,567	799,066,530
	887,758,810	943,670,023
Note: Trade receivables include debts due from:		
MIC Electronics Inc, USA - 100% Subsidiary	6,632,052	6,768,640

The trade receivables include Rs.9.76 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 pursuing with debtors and the amounts may be recovered.

(Amount in Rs.)

Particulars	As at 31.03.2017	As at 31.03.2016
NOTE- 3.16		
Cash & Cash equivalents		
Cash in Hand	607,391	6,060,686
Balance with Banks :		
In Current Accounts	1,075,978	4,322,271
In Margin Money Accounts	13,999,531	13,566,701
	15,075,509	17,888,972
	15,682,900	23,949,658
NOTE- 3.17		
Short-term Loans & Advances		
Unsecured Advances - Considered good		
(i) Loans and advances to employees	8,192,240	7,402,011
(ii) Prepaid Expenses	448,900	447,987
(iii) Balances with Govt Authorities		
Cenvat Deposit	12,022,228	15,911,251
Deferred Cenvat Credit	22,500	93,750
Cenvat credit receivable	2,103,288	2,100,725
Service tax receivable	4,705,457	1,575,669
VAT credit	3,331,615	3,312,941
(iv) Others		
Advance for Materials	67,969,012	93,945,132
Advance for Services	17,319,583	6,337,063
Other advances	575,738,624	599,056,690
TDS receivable	13,877,603	10,723,550
Entry Tax & Octroi Deposit	605,940	605,940
VAT deposit refundable	1,194,206	1,194,206
	707,531,196	742,706,915
NOTE- 3.18		
Other Current Assets		
Amounts receivable against sale of investments	19,457,670	19,852,578
	19,457,670	19,852,578

(Amount in Rs.)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
NOTE- 3.19		
Revenue from Operations		
(A) Revenue from Sales		
Exports	1,406,907	45,456,617
Domestic	2,026,459,014	1,422,562,499
Freight & Insurance recd. on Sales	1,250	103,482
	<u>2,027,867,171</u>	<u>1,468,122,598</u>
Less : Excise Duty	200,042,340	93,830,895
Traded Goods	466,379,813	1,374,291,703
	<u>2,294,204,644</u>	<u>2,145,875,803</u>
(B) Other Operating Incomes		
Equipment Lease Rentals	-	114,500
AMC Charges & Service Charges	8,003,785	13,618,844
Transport, Loading & Unloading receipts	2,065,164	5,130,207
Installation Charges	4,375,228	11,616,634
	14,444,177	30,480,185
	<u>14,444,177</u>	<u>30,480,185</u>
Total Revenue from Operations (A+B)	<u>2,308,648,821</u>	<u>2,176,355,988</u>
NOTE- 3.20		
Other Incomes		
Interest Received	942,274	911,400
Credit Balances written back	3,942,798	23,079,990
Net Prior Period Income	-	1,035,217
Rents received	1,898,160	1,265,340
Profit on sale of investment	20,000	-
Profit on sale of assets	9,900,600	4,000
Bad debts collected	4,535,142	-
Excess Provisions Written back	-	128,984
Foreign exchange gain	4,198,837	7,426,440
	<u>25,437,811</u>	<u>33,851,371</u>
NOTE- 3.21		
Cost of Materials Consumed		
A) Raw Material Consumed		
Opening Stock	143,291,156	133,159,881
Purchases	1,683,399,305	1,244,272,055
Less : Material capitalised during the year	18,255,480	-
Less : Material consumed for R&D	345,654	70,368
	<u>1,664,798,171</u>	<u>1,244,201,687</u>
	<u>1,808,089,327</u>	<u>1,377,361,568</u>
Less : Closing Stock	146,389,566	143,291,156
Raw Material Consumed	<u>1,661,699,761</u>	<u>1,234,070,412</u>

(Amount in Rs.)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
B) Packing Materials and consumables		
Opening Stock	1,248,633	1,265,459
Purchase of packing material & consumables	934,618	1,022,463
Freight & Carriage Inwards	76,261	36,836
	2,259,512	2,324,758
Less : Closing Stock	1,355,028	1,248,633
Consumption	904,484	1,076,125
Total Cost of material consumed	1,662,604,245	1,235,146,537
NOTE- 3.22		
Changes in Inventory		
Closing Stock of :		
Work-in-Progress	842,770,455	2,073,508,640
Finished Goods / FG in transit	146,144,627	129,469,917
Total (A)	988,915,082	2,202,978,557
Opening Stock of :		
Work-in-Progress	2,073,508,640	1,629,988,133
Less : Depletion in value of inventories	1,595,249,728	478,258,912
Finished Goods	129,469,917	155,069,676
Total (B)	607,728,829	1,785,057,809
Increase/(Decrease) in Stock (A-B)	381,186,253	417,920,748
NOTE- 3.23		
Employee Benefit expense		
Salary, Wages, Allowances & other Benefits	39,219,459	27,607,843
Directors Remuneration	3,900,000	3,900,000
Gratuity	3,270,090	114,245
Leave Salary	1,563,289	-
P. F. & ESI Contribution	2,256,547	2,008,775
Staff Welfare Expenses	893,913	984,643
	51,103,298	34,615,506
NOTE- 3.24		
Financial Cost		
Bank Charges	3,617,478	1,396,183
Interest on :		
Term Loan	47,233,491	2,514,795
Working Capital Loans	-	178,725
Others - Interest on other loans/ICDs & Financial Charges	47,656,561	579,115
	98,507,530	4,668,818

(Amount in Rs.)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
NOTE- 3.25		
Other Expenses		
Job-works Installation charges & Maintenance Expenses	15,957,553	23,738,487
Power and Fuel	2,854,621	3,486,775
Insurance	745,022	1,342,390
Repairs & Maintenance	655,563	1,307,629
Printing & Stationary	487,431	669,066
Postage, Telephones & Internet	1,395,582	1,597,723
Rent	1,391,000	1,466,292
Rates & Taxes	13,555,755	6,237,125
Excise duty on stock transfers	5,523,276	21,623,388
Professional Charges	14,050,647	8,657,378
<u>Auditors Remuneration</u>		
As Statutory Auditors	402,500	400,750
As Tax auditors	172,500	171,750
General Expenses	7,904,525	4,235,280
LD Charges	3,452,763	16,964
Security Expenses	628,922	747,467
Travelling & Conveyance	10,336,108	11,920,547
Vehicle Maintenance	1,196,195	1,414,270
Sales Tax	129,436,126	108,934,131
Selling & Distribution Expenses	2,764,046	2,313,742
Deferred Expenses written off	-	1,866,231
R & D Expenses	7,855,294	6,226,401
	220,765,429	208,373,786

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.)

SI No.	Particulars	As at 31st March 2017	As at 31st March, 2016
1	Counter guarantees given by the company to banks towards issue of B.Gs.	7,147,530	23,909,110
2	Counter guarantees given by the company to banks towards issue of B.Gs to Customs & Central Excise Dept.	6,096,982	7,096,982
3	Bonds executed to Customs & Central Excise Dept. (net of BGs)	82,300,000	82,300,000
4	Corporate Guarantees given by the company to banks on behalf of subsidiaries & associates	70,000,000	70,000,000
5	Claims against the company, not acknowledged:	34,226,950	34,226,950
TAX Matters in Appeals			
1	Excise Duty	4,485,832	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 2017	For the year ended 31st March 2016
Managing Director		
Remuneration	2,400,000	2,400,000
Perquisite value of Rent	384,000	384,000
Director		
Remuneration	1,500,000	1,500,000
Total	4,284,000	4,284,000

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 :

SI 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	Dr. M.V.Ramana Rao, Managing Director	Directors- Key Management Personnel
4	Shri L.N.Malleswara Rao, Executive Director	

b. Aggregated Related party disclosures for the 12 months period from April 16 to March 2017:

i) Particulars of transactions during the year

(Amount in Rs.)

Sl. No.	Nature of Transaction	For the year ended 31st March 2017	For the year ended 31st March, 2016
I.	Expenditure during the year:		
	• Remunerations to Management personnel	3,900,000	3,900,000
	• Rents paid towards accommodation provided to Management Personnel	384,000	384,000
	• Sitting Fee and other expenses reimbursed to Directors	494,233	525,901

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

(Amount in Rs.)

SI No.	Nature of Transaction	As at 31st March 2017	As at 31st March, 2016
1	Advances to Subsidiaries : M/s.MIC Green Energy Solutions Pvt Ltd M/s.MIC Electronics Inc. USA	948,667 52,657,650	948,667 52,657,650
2	Outstanding balances receivable from Subsidiaries M/s.MIC Electronics Inc., USA	6,632,052	6,768,640
3	Outstanding balances payable to Management Personnel Remuneration payable to Management personnel Sitting fee and other expenses payable to Directors	2,419,498 466,800	369,698 280,800

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'16 to Mar'17 is Rs.Nil. (Total unrecognised lease rentals upto 31.03.17 is Rs.17.31 crores)

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

(Amount in Rs.)

Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
Profit attributable to Share Holders	25,296,299	(1,108,856,043)
No. of Equity Shares Outstanding	220,254,319	166,138,123
Weighted No. of Equity Shares	175,715,062	143,835,475
Convertible Share Warrants	33,000,000	43,822,222
No. of diluted equity shares	208,715,062	187,657,697
Nominal Value of Equity Share	2.00	2.00
Basic EPS	0.14	(7.71)
Diluted EPS	0.12	(5.91)

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 liability of Rs.1,635,457/- (Previous Year deferred tax asset of Rs.459,753,830/-) on account of current year's deferred tax.

(Amount in Rs.)

Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
Opening Balance Deferred tax asset	620,621,566	160,867,736
Add : Deferred tax asset	(1,635,475)	459,753,830
Closing Balance	618,986,091	620,621,566

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

(Amount in Rs.)

Sl. No.	Particulars	Year ending 31st March, 2017	Year ending 31st March, 2016
1	Prior period Income	11,031,520	1,035,217
2	Prior period expenditure grouped under exceptional items	138,511,732	0
	Total	(127,480,212)	1,035,217

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 2017		For the year ended 31st March 2016	
	Value	%	Value	%
Imported	65,460,364	311%	171,886,376	8.99%
Indigenous (including purchase of traded goods)	2,039,374,501	96.89%	1,740,086,671	91.01%
Total	2,104,834,865	100.00%	1,911,973,047	100.00%

NOTE - 3.37

Foreign Currency / Exchange Transactions :

(Amount in Rs.)

Sl. No.	Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
A)	Value of Imports on CIF Basis Components	62,433,020	164,770,345
		62,433,020	164,770,345
B)	Expenditure Travelling	2,109,095	1,676,053
		2,109,095	1,676,053
C)	Earnings in Foreign Exchange FOB Value of Exports	1,406,907	45,456,617
		1,406,907	45,456,617

NOTE - 3.38

During the period of demonitization, the company has deposited specified bank notes (SBN) from 8th November 2016 to 30th December 2016. The details are provided in the table below.

	SBNs	Other denominations	Total
Closing cash in hand as on 08.11.2016	1,060,000	428,201	1,488,201
(+) permitted receipts	-	171,520	171,520
(-) permitted payments	-	159,884	159,884
(-) Amount deposited in banks	1,060,000	-	1,060,000
Closing cash in hand as on 30.12.2016	-	439,837	439,837

NOTE - 3.39

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/-

M.S. Murali Krishnan

Company Secretary

Place : Hyderabad.

Date : 10.05.2017

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2017

(Amount in Rs)

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
Net Profit before tax and extraordinary items	165,742,410	393,393,461
Adjustments for:		
Depreciation	74,319,353	75,103,489
Financial Charges	98,507,530	4,668,818
Interest received /Other Income	924,274	911,400
Operating Profit before Working Capital Changes	339,511,567	474,077,168
Changes in Working Capital		
(Increase)/Decrease in Trade Receivables	55,911,213	155,710,227
(Increase)/Decrease in Inventories	(384,391,058)	1,167,214,531
(increase)/Decrease in Long Term Loans & Advances	(34,339,141)	131,803,951
(increase)/Decrease in Short Term Loans & Advances	35,175,719	(92,541,276)
(increase)/Decrease in Other Current Assets	394,908	714,303
(increase)/Decrease in Other Non Current Assets	-	117,520,818
Increase/(Decrease) in Long Term Provisions	4,024,954	(117,535,557)
Increase/(Decrease) in Short Term Provisions	6,897,374	(812,483)
Increase/(Decrease) in Trade Payables	(101,558,698)	(72,550,886)
Increase/(Decrease) in Other Current Liabilities	134,153,793	(20,830,247)
Increase/(Decrease) in Deferred Tax Asset	(1,635,475)	459,753,830
Cash generated from Operations	(285,366,411)	1,728,447,211
Financial Charges paid	(98,507,530)	(4,668,818)
Extraordinary items	(131,913,262)	(1,962,003,334)
Direct Taxes paid	(5,261,899)	(459,753,830)
Net Cash provided/(Used) from operating activities	(181,537,535)	(223,901,603)
(Increase) / Decrease of Current Investments	-	-
(Increase) / Decrease of Non Current Investments	100,000	-
(Increase) / Decrease of Fixed Assets	(1,123,835)	(2,747,873)
(Increase) / Decrease of Capital Work-in-Progress	(18,255,480)	-
Interest Received/Other Income	(942,274)	(911,400)
Net Cash used in Investing Activities	(20,221,589)	(3,659,273)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2017

(Amount in Rs)

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
Proceeds from long term borrowings	245,488,518	(39,694,308)
Increase/(Decrease) in Short Term borrowings	(940,649,397)	(43,714,844)
Increase/(Decrease) in Share Capital	108,232,392	94,429,696
Increase/(Decrease) in Share Premium	790,113,754	47,214,848
Increase/(Decrease) in Share Warrants Application Money	(9,692,901)	172,445,774
Net Cash provided/(Used) from financing activities	193,492,366	230,681,166
Net Increase in Cash and Cash equivalents	(8,266,758)	3,120,290
Cash and Cash equivalents as at the commencement of the year	23,949,658	20,829,368
Cash and Cash equivalents as at the close of the year	15,682,900	23,949,658

As per books of accounts

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/-
M.S. Murali Krishnan
Company Secretary

Place : Hyderabad.
Date : 10.05.2017

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, 2017, 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

i. Reference is invited to Note 3.07 of the consolidated financial statements, The Company has not provided the interest on interest on term loans for Rs.1.17 crores for the year ended 31st March 2017, 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.1.17 crores. Had the company made a provision for the same, the current year profit would have been lower by the said amount

ii. Reference is invited to Note 3.12 of the consolidated financial statements, the Company's Capital Advances to the extent of Rs 9.30 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 profit for the period would have been lower by the said amount."

iii. Reference is invited to Note 3.15 of the consolidated financial statements, the Company's Trade

Receivables consists of Rs.9.76 crores that are very 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 profit for the period would have been lower by the said amount."

- iv. Reference is invited to Note 3.17 of the consolidated financial statements, the Company's Other Advances to the extent of Rs.44.97 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 profit for the period would have been lower by the said amount."
- v. 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 unfavorable 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 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, 2017;
- b) In the case of the Consolidated Statement of profit and Loss, of the profit 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 company M/s.MIC Green Energy Solutions Pvt Ltd for year ended 31st March 2017. The financial

statements and financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

- (2) We have also relied on the unaudited financial statements of subsidiary M/s. MIC Electronics Inc., USA for year ended 31st March 2017. 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:

I. 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, 2017, 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, 2017, 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.
 - iii. 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.
 - iv. The group had provided requisite disclosures in its financial statements as to holdings as well as dealings in specified bank notes during the period 08th November 2016 to 30th December 2016 and they are in accordance with the books of accounts maintained by the company.

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

Sd/-

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

Place : Hyderabad
Date : 10/05/2017

“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, 2017 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, 2017.

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 : 10/05/2017

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

(Amount in Rs.)

Particulars	Note.	As at 31.03.2017	As at 31.03.2016
I. EQUITY AND LIABILITIES			
(1) Shareholder's funds:			
Share capital	3.01	440,508,638	332,276,246
Reserves and surplus	3.02	2,572,174,182	1,759,133,564
Money received against share warrants		206,300,300	215,993,201
		3,218,983,120	2,307,403,011
(2) Non-current liabilities			
Long-term borrowings	3.03	373,925,786	128,437,268
Long-term provisions	3.04	55,444,620	51,419,666
		429,370,406	179,856,934
(3) Current liabilities			
Short-term borrowings	3.05	6,796,821	947,446,218
Trade payables	3.06	509,140,739	609,903,058
Other current liabilities	3.07	945,535,040	810,789,997
Short-term provisions	3.08	6,897,374	-
		1,468,369,974	2,368,139,273
TOTAL		5,116,723,500	4,855,399,218
II. ASSETS			
(1) Non-current assets			
Fixed assets	3.09		
(i) Tangible assets		1,128,058,718	1,200,945,958
(ii) Intangible assets		1,370,922	1,679,200
(iii) Capital Work in Progress		190,620,954	172,365,474
(iv) Intangible assets under development		-	-
Deferred Tax asset (Net)	3.10	618,986,091	620,621,566
Non current Investments	3.11	66,674,949	67,949,669
Long-term loans and advances	3.12	302,474,140	268,137,709
Other Non-current assets	3.13	40,933,510	41,136,523
		2,349,119,284	2,372,836,099

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2017

(Amount in Rs.)

Particulars	Note.	As at 31.03.2017	As at 31.03.2016
(2) Current assets			
Inventories	3.14	1,136,659,676	752,268,618
Trade receivables	3.15	881,126,758	943,670,023
Cash and cash equivalents	3.16	15,776,419	24,147,845
Short-term loans and advances	3.17	714,583,693	742,624,055
Other current assets	3.18	19,457,670	19,852,578
		2,767,604,216	2,482,563,119
TOTAL		5,116,723,500	4,855,399,218
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/-
M.S. Murali Krishnan
Company Secretary

Place : Hyderabad.
Date : 10.05.2017

(Amount in Rs.)

Particulars	Note.	12 months ending 31.03.2017	12 months ending 31.03.2016
I INCOME :			
Revenue from operations	3.19	2,308,648,821	2,176,355,988
Other income	3.20	25,437,811	34,372,703
Total Revenue		2,334,086,632	2,210,728,691
II EXPENDITURE :			
Cost of material consumed	3.21	1,662,718,361	1,235,146,537
Purchase of traded goods		442,230,620	676,826,510
(Increase)/ Decrease in Inventories	3.22	(381,186,253)	(417,920,748)
Employee benefits expense	3.23	51,103,298	34,615,506
Finance costs	3.24	98,525,060	4,674,687
Depreciation and amortization expense	3.09	74,319,353	75,141,268
Other expenses	3.25	221,901,706	208,876,851
Total expenses		2,169,612,145	1,817,360,611
III Profit before exceptional items and tax (I - II)		164,474,487	393,368,080
IV Exceptional Items			
Prior period Expenses		127,480,212	-
Depletion in value of inventories		-	1,595,249,728
Bad Debts / Debits Balances written off		4,433,050	366,753,606
		131,913,262	1,962,003,334
V Profit before tax (III+IV)		32,561,225	(1,568,635,254)
VI Tax expenses:			
Mat Credit entitlement		(6,897,374)	-
Deffered tax Asset		(1,635,475)	459,753,830
		(8,532,849)	459,753,830
VII Profit/(Loss) for the period (V - VI)		24,028,376	(1,108,881,424)

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR YEAR ENDED 31st MARCH 2017

(Amount in Rs.)

Particulars	Note.	Year ending 31.03.2017	Year ending 31.03.2016
VIII Earnings per equity share of par value Rs. 2/- each			
Basic		0.14	(7.71)
Diluted		0.12	(5.91)
IX No.of shares used in computing earnings per share			
Basic		175,715,062	143,835,475
Diluted		208,715,062	187,657,697
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/-
M.S. Murali Krishnan
 Company Secretary

Place : Hyderabad.
 Date : 10.05.2017

I 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 31-03-17	As at 31-03-16
MIC Electronics Inc.	100%	100%
MIC Green Energy Solutions Pvt Ltd	100%	100%

The financial statements of the subsidiaries, considered in the consolidated accounts, are drawn upto 31st March, 2017.

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 :

- 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.
- 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 31.03.2017		As at 31.03.2016	
	No.of Shares	Amount (Rs)	No.of Shares	Amount (Rs)
I. Authorised:				
Equity shares of Rs 2/- each with voting rights	270,000,000	540,000,000	250,000,000	500,000,000
II. Issued,Subscribed and Paid up:				
Equity shares of Rs 2/- each with voting rights	220,254,319	440,508,638	166,138,123	332,276,246
	22,0254,319	440,508,638	166,138,123	332,276,246

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.

On 17.05 2016 the company has converted 10,822,222 share warrants into equity shares of Rs.2/- each with a premium of Rs.1/- each to the following allottees.

Sl.No.	Name of the Applicant	No. of Equity Shares warrants
1	Chaitanya Keerthi Maganti	2,322,222
2	Chaitanya Deepthi Maganti	5,000,000
3	Chaitanya Pavan Maganti	2,000,000
4	Nimmagadda Venkata Surendra	450,000
5	Ganesan Mudaliar Rajaretnam	200,000
6	Duggirala Pandu Ranga Rao	150,000
7	Parul H Gandhi	250,000
8	Pinnamaneni Estates Pvt Ltd	450,000
		10,822,222

On 31.03.2017 the company has allotted 43,293,974 equity shares to the following allottees by converting secured, unsecured loans and trade creditors into equity shares of Rs. 2/- each with a premium of Rs.18/- through preferential allotment.

Sl.No.	Name of the party	No. of Equity Shares
1	Malaxmi Infra Ventures (India) Pvt Ltd	14,089,347
2	Arkay Energy (Rameswarm) Ltd	9,000,000
3	L&T Finance Limited	5,384,616
4	Srei Equipment Finance Ltd	5,200,000
5	Bhagyanagar Investments & Trading Pvt Ltd	4,733,168
6	Kiran Impex Pvt Ltd	2,150,000
7	Laan Research Pvt Ltd	2,000,000
8	Sriba Seabase Pvt Ltd	411,843
9	SMIC360 Entertainment Solutions Pvt Ltd	160,000
10	Gowravajhula Venu Madhav (Proprietor of Xpressions 360)	75,000
11	KM Kurian (Partner of AV360 Partnership Firm)	22,500
12	Bollina Anil Kumar (Partner of AV360 Partnership Firm)	22,500
13	Kongara Rajesh Kumar (Partner of AV 360 Partnership Firm)	22,500
14	Gowravajhula Venu Madhav (Partner of AV 360 Partner Ship Firm)	22,500
		43,293,974

a) Details of Reconciliation of Share Capital

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	No. of Shares	Amount (Rs)	No. of Shares	Amount (Rs)
Equity shares with voting rights:				
Opening Balance	166,138,123	332,276,246	118,923,275	237,846,550
Fresh Issue	54,116,196	108,232,392	47,214,848	94,429,696
Closing Balance	220,254,319	440,508,638	166,138,123	332,276,246

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, 2017		As at 31st March, 2016	
		Number of shares held	% holding	Number of shares held	% holding
	Equity shares with voting rights				
1.	Malaxmi Infraventures India Pvt. Ltd	14,089,347	6.40%	-	-
2.	Ideamax Consultancy Sevices Pvt. Ltd	12,292,760	5.58%	24,892,000	-
3.	Usha Rani Maganti	-	-	9,205,010	5.54%

(Amount in Rs.)

Particulars	As at 31.03.2017		As at 31.03.2016	
NOTE - 3.02				
Reserves and Surplus				
Share Premium Account				
As at Commencement of the Year	1,094,195,458		1,046,980,610	
Add : Received on further issue of shares	790,113,754		47,214,848	
		1,884,309,212		1,094,195,458
Profit and Loss Account				
As at Commencement of the Year	89,090,061		1,194,844,734	
Add : Effect of currency translation on consolidation	(1,101,512)		3,126,751	
Add : Transferred from Profit & Loss Account	24,028,376		(1,108,881,424)	
		112,016,925		89,090,061
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

(Amount in Rs.)

Particulars	As at 31.03.2017		As at 31.03.2016	
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
		2,572,174,182		1,759,133,564

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	-
State Bank of India, SAM Branch	330,324,232	197,300,000	-	-
Long Term Loans - Others				
Technology Development Board	150,000,000	-	150,000,000	-
L&T Finance Ltd	-	-	99,235,770	16,539,295
Srei Equipment Finance P Ltd	8,928,736	91,071,264	169,748,167	-
Loans Under hire purchase against vehicles	-	-	41,629	-
Unsecured Loans				
Financial Contribution from EESL	-	85,554,522	-	111,897,973
	560,484,148	373,925,786	490,256,746	128,437,268

(*) 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.

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

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.

d) During the year, the working capital loan outstanding for 57.43 crores has been converted into term loan after the OTS offer accepted by the bank. The term loan is repayable as per the schedule below.

Amount of payment	Due date
2.70	31.08.2016
35.00	To be payable in quarterly instalments of 5 crores each from 30.09.2016 ending with 31.03.2018
19.73	30.06.2018

e) Interest @11.30% per annum will be charged upto 30.06.2017 & @12.30 % per annum will be charged from 01.07.2017 till the final payment of OTS amount. Interest to be paid monthly.

c) **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/Fls). (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. commencing from 01.01.2013.

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.

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

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

(Amount in Rs.)

Particulars	As at 31.03.2017	As at 31.03.2016
NOTE- 3.04		
Long Term Provisions		
Provision for employee benefits		
- Provision for gratuity	16,008,812	13,452,906
- Provision for leave encashment	3,958,813	2,489,765
Deferred revenue Income - NMC Project	35,476,995	35,476,995
	55,444,620	51,419,666

(Amount in Rs.)

Particulars	As at 31.03.2017	As at 31.03.2016
NOTE - 3.05		
Short Term Borrowings		
(A) Secured Loans		
Working capital loans - From Banks		
State Bank of India-Cash Credit	-	574,278,985
	-	574,278,985
(B) UnSecured Loans		
(i) Loans from Directors		
	3,796,821	-
(ii) Intercorporate Deposits		
Malaxmi Infra Ventures (India) Pvt Ltd	-	187,167,233
Sriba Seabase Pvt Ltd	-	6,000,000
Arkay Energy (Rameswarm) Limited	-	100,000,000
Sai Roshini Capital Pvt. Ltd.	3,000,000	-
Bhagyanagar Investments & Trading Pvt Ltd	-	80,000,000
	6,796,821	373,167,233
Total Short Term Borrowings (A+B)	6,796,821	947,446,218
NOTE - 3.06		
Trade Payables		
Payables for materials	422,970,150	520,467,598
Payables for services	86,170,589	89,435,460
	509,140,739	609,903,058
	509,140,739	609,903,058
NOTE - 3.07		
Other Current Liabilities		
(i) Interest accrued and due on borrowings		
Interest accrued and due on long term borrowings	69,242,147	23,069,393
Interest accrued and due on short term borrowings	33,290	18,958,050
(ii) Other payables		
Current maturities of long term borrowings (Refer Note No :)	560,484,148	490,256,746
Statutory remittances	89,903,931	58,797,400
Payables on purchase of fixed assets	5,175,373	6,875,073
Payables for expenses	45,559,070	42,293,341

(Amount in Rs.)

Particulars	As at 31.03.2017	As at 31.03.2016
Salaries Payable	81,504,174	78,456,995
Directors remuneration Payable	2,419,498	369,698
Audit Fees Payable	4,394,410	4,405,030
Share Warrants Application Money refundable	73,587,866	76,073,331
Advances from related parties	-	-
Advance from customers & Others	13,231,133	11,234,940
	945,535,040	810,789,997

Note : Interest on term loan of Rs 1.17 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 31.03.2017 is Rs.3.99 crores.

(Amount in Rs.)

Particulars	As at 31.03.2017	As at 31.03.2016
NOTE - 3.08		
Short Term Provisions :		
Provision for Income Tax	6,897,374	-
	6,897,374	-

NOTE - 3.09
Fixed Assets

(Amount in Rs.)

	Name of the asset	Gross Block				Accumulated Depreciation				Net Block		
		Balance as at 31st March 2016	Additions	Deletions	Balance as at 31st March 2017	Balance as at 1st April 2016	Depreciation charge for the year	On deletions	Balance as at 31st March 2017	Balance as at 31st March 2016	Balance as at 31st March 2017	
A	Tangible Assets											
	Land & Land Development	15,512,484	-	134,400	15,378,084	-	-	-	-	-	15,378,084	15,512,484
	Buildings	130,989,924	-	-	130,989,924	33,561,476	4,074,072	-	37,635,548	-	93,354,376	97,428,448
	Plant & Machinery	969,623,532	764,378	-	970,387,910	382,454,475	65,277,193	-	447,731,668	-	522,656,242	587,169,056
	Furniture and Fixtures	19,302,923	19,030	-	19,321,953	13,648,787	1,467,004	-	15,115,791	-	4,206,162	5,654,136
	Office equipment	2,999,119	44,008	-	3,043,127	2,247,213	217,164	-	2,464,377	-	578,750	751,906
	Electrical Installations	13,129,859	-	-	13,129,859	8,623,410	1,332,369	-	9,955,779	-	3,174,080	4,506,449
	D.G.Set	1,228,230	-	-	1,228,230	762,457	165,357	-	927,814	-	300,416	465,773
	Transformer	1,109,125	-	-	1,109,125	683,542	148,459	-	832,001	-	277,124	425,583
	Furniture and Fixtures-Others	1,201,571	-	-	1,201,571	1,174,639	-	-	1,174,639	-	26,932	26,932
	Vehicles	18,592,680	-	588,284	18,004,396	15,504,421	1,158,970	588,284	16,075,107	-	1,929,289	3,088,259
	Computers	34,292,888	418,744	-	34,711,632	33,727,313	158,412	-	33,885,725	-	825,907	565,575
	Display Equipment (not put to use)	485,351,356	-	-	485,351,356	-	-	-	-	-	485,351,356	485,351,356
	SUB TOTAL (A)	1,693,333,691	1,246,160	722,684	1,693,857,167	492,387,733	73,999,000	588,284	565,798,449	-	1,128,058,718	1,200,945,958
B	Intangible assets											
	Computer Software	15,127,814	12,075	-	15,139,889	13,448,614	320,353	-	13,768,967	-	1,370,922	1,679,200
	SUB TOTAL (B)	15,127,814	12,075	-	15,139,889	13,448,614	320,353	-	13,768,967	-	1,370,922	1,679,200
	Total [A + B]											
	(Current Year)	1,708,461,505	1,258,235	722,684	1,708,997,056	505,836,347	74,319,353	588,284	579,567,416	-	1,129,429,640	1,202,625,158
	(Previous 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

(Amount in Rs.)

Particulars	As at 31.03.2017	As at 31.03.2016
NOTE - 3.10		
Deferred Tax Asset		
On Depreciation (Difference as per Books & as Per Income Tax Act)	(91,942,245)	(94,234,996)
On Accrued compensation to employees	3,077,952	4,926,285
On IT Disallowances	57,557,349	38,286,758
On Others	650,293,035	671,643,519
	<u>618,986,091</u>	<u>620,621,566</u>
NOTE - 3.11		
Non Current Investments		
UNQUOTED		
in other corporate bodies :		
Other Investments by MIC Electronics Inc, USA	66,674,949	67,949,669
	<u>66,674,949</u>	<u>67,949,669</u>
NOTE- 3.12		
Long-Term Loans and advances		
Unsecured, Considered Good :		
Capital advances	119,790,147	122,019,659
Deposit-Delhi Metro Rail Corpn	55,150,887	55,150,887
Share Application money pending allotment in other companies	8,850,000	8,850,000
Other Secured Deposits	117,291,973	80,932,050
Other Loans and advances	1,391,133	1,185,113
	<u>302,474,140</u>	<u>268,137,709</u>

(Amount in Rs.)

Particulars	As at 31.03.2017	As at 31.03.2016
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	35,476,995
Pre-operative expenses -Subsidiaries	669,753	842,962
Preliminary Expenses to the extent not written off	438,186	467,990
	<u>40,933,510</u>	<u>41,136,523</u>
NOTE- 3.14		
Inventories		
Raw Material	146,389,566	143,291,156
Work-in-Progress	842,770,455	2,073,508,640
Less: Depletion in value of inventories	-	1,595,249,728
Finished Goods	146,144,627	129,469,917
Stores and Spares	1,355,028	1,248,633
	<u>1,136,659,676</u>	<u>752,268,618</u>
NOTE- 3.15		
Trade Receivables		
Unsecured Considered Good		
Debtors outstanding for a period exceeding six months	578,374,191	144,603,493
Other Debtors	302,752,567	799,066,530
	<u>881,126,758</u>	<u>943,670,023</u>

The trade receivables include Rs.9.76 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 pursuing with debtors and the amounts may be recovered.

(Amount in Rs.)

Particulars	As at 31.03.2017	As at 31.03.2016
NOTE- 3.16		
Cash & Cash equivalents		
Cash in Hand	607,391	6,116,573
Balance with Banks :		
In Current Accounts	1,169,497	4,464,571
In Margin Money Accounts	13,999,531	13,566,701
	<u>15,169,028</u>	<u>18,031,272</u>
	<u>15,776,419</u>	<u>24,147,845</u>

(Amount in Rs.)

Particulars	As at 31.03.2017	As at 31.03.2016
NOTE- 3.17		
Short-term Loans & Advances		
Unsecured Advances - Considered good		
(i) Loans and advances to employees	15,192,850	7,402,011
(ii) Prepaid Expenses	500,787	501,527
(iii) Balances with Govt Authorities		
Cenvat Deposit	12,022,228	15,911,251
Deferred Cenvat Credit	22,500	93,750
Cenvat credit receivable	2,103,288	2,100,725
Service tax receivable	4,705,457	1,575,669
VAT credit	3,331,615	3,312,941
(iv) Others		
Advance for Materials	67,969,012	27,023,991
Advance for Services	17,319,583	6,337,063
Other advances	575,738,624	665,841,431
TDS receivable	13,877,603	10,723,550
Entry Tax & Octroi Deposit	605,940	605,940
VAT deposit refundable	1,194,206	1,194,206
	714,583,693	742,624,055
NOTE- 3.18		
Other Current Assets		
Amounts receivable against sale of investments	19,457,670	19,852,578
	19,457,670	19,852,578

(Amount in Rs.)

Particulars	12 months ending 31.03.2017	12 months ending 31.03.2016
NOTE- 3.19		
Revenue from Operations		
(A) Revenue from Sales		
Exports	1,406,907	45,456,617
Domestic	2,026,459,014	1,422,562,499
Freight & Insurance recd. on Sales	1,250	103,482
	2,027,867,171	1,468,122,598
Less : Excise Duty Traded Goods	200,042,340	93,830,895
	1,827,824,831	1,374,291,703
	466,379,813	771,584,100
	2,294,204,644	2,145,875,803

(Amount in Rs.)

Particulars	Year ending 31.03.2017	Year ending 31.03.2016
(B) Other Operating Incomes		
Equipment Lease Rentals	-	114,500
Transport, Loading & Unloading receipts	2,065,164	5,130,207
AMC Charges & Service Charges	8,003,785	13,618,844
Installation Charges	4,375,228	11,616,634
	14,444,177	30,480,185
	14,444,177	30,480,185
Total Revenue from Operations (A+B)	2,308,648,821	2,176,355,988
NOTE- 3.20		
Other Incomes		
Interest Received	942,274	911,400
Credit Balances written back	3,942,798	23,601,322
Net Prior Period Income	-	1,035,217
Rents received	1,898,160	1,265,340
Profit on sale of investment	20,000	-
Profit on sale of assets	9,900,600	4,000
Bad debts collected	4,535,142	-
Excess Provisions Written back	-	128,984
Foreign exchange gain	4,198,837	7,426,440
	25,437,811	34,372,703
NOTE- 3.21		
Cost of Materials Consumed		
A) Raw Material Consumed		
Opening Stock	143,291,156	133,159,881
Purchases	1,683,513,421	1,244,272,055
Less : Material capitalised during the year	18,255,480	-
Less : Material consumed for R&D	345,654	70,368
	1,664,912,287	1,244,201,687
	1,808,203,443	1,377,361,568
Less : Closing Stock	146,389,566	143,291,156
Raw Material Consumed	1,661,813,877	1,234,070,412
B) Packing Materials and consumables		
Opening Stock	1,248,633	1,265,459
Purchase of packing material & consumables	934,618	1,022,463
Freight & Carriage Inwards	76,261	36,836
	2,259,512	2,324,758
Less : Closing Stock	1,355,028	1,248,633
Consumption	904,484	1,076,125
Total Cost of material consumed	1,662,718,361	1,235,146,537

(Amount in Rs.)

Particulars	Year ending 31.03.2017	Year ending 31.03.2016
NOTE- 3.22		
Changes in Inventory		
Closing Stock of :		
Work-in-Progress	842,770,455	2,073,508,640
Finished Goods	146,144,627	129,469,917
	988,915,082	2,202,978,557
Opening Stock of :		
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
	607,728,829	1,785,057,809
Increase/(Decrease) in Stock (A-B)	381,186,253	417,920,748
NOTE- 3.23		
Employee Benefit expense		
Salary, Wages, Allowances & other Benefits	39,219,459	27,607,843
Directors Remuneration	3,900,000	3,900,000
Gratuity	3,270,090	114,245
Leave Salary	1,563,289	-
P. F. & ESI Contribution	2,256,547	2,008,775
Staff Welfare Expenses	893,913	984,643
	51,103,298	34,615,506
NOTE- 3.24		
Financial Cost		
Bank Charges	3,635,008	1,402,052
Interest on :		
Term Loan	47,233,491	2,514,795
Working Capital Loans	-	178,725
Others - Interest on other loans/ICDs & Financial Charges	47,656,561	579,115
	98,525,060	4,674,687

(Amount in Rs.)

Particulars	12 months ending 31.03.2017	12 months ending 31.03.2016
NOTE- 3.25		
Other Expenses		
Job-work Charges	15,957,553	23,330,594
Power and Fuel	2,854,621	3,486,775
Insurance	745,022	1,559,917
Repairs & Maintenance	655,563	1,715,522
Printing & Stationary	487,431	669,066
Postage, Telegrams & Telephones	1,419,959	1,597,723
Rent	1,391,000	1,466,292
Rates & Taxes	13,607,552	6,237,125
Excise duty on stock transfers	5,523,276	21,623,388
Professional Charges	14,394,129	8,663,747
Auditors Remuneration		
As Statutory Auditors	402,500	400,750
As Tax auditors	172,500	171,750
General Expenses	7,992,930	4,531,413
LD Charges	3,452,763	-
Security Expenses	628,922	747,467
Travelling & Conveyance	10,936,608	11,920,547
Vehicle Maintenance	1,196,195	1,414,270
Sales Tax	129,436,126	108,934,131
Selling & Distribution Expenses	2,791,762	2,313,742
Deferred Expenses written off	-	1,866,231
R & D Expenses	7,855,294	6,226,401
	221,901,706	208,876,851

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 2017	As at 31st March, 2016
1	Counter guarantees given by the company to banks towards issue of B.Gs.	7,147,530	23,909,110
2	Counter guarantees given by the company to banks towards issue of B.Gs to Customs & Central Excise Dept.	6,096,982	7,096,982
3	Bonds executed to Customs & Central Excise Dept. (net of BGs)	82,300,000	82,300,000
4	Corporate Guarantees given by the company to banks on behalf of subsidiaries & associates	70,000,000	70,000,000
5	Claims against the company, not acknowledged:	34,226,950	34,226,950
TAX Matters in Appeals			
1	Excise Duty	4,485,832	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 2017	For the year ended 31st March 2016
Managing Director		
Remuneration	2,400,000	2,400,000
Perquisite value of Rent	384,000	384,000
Director		
Remuneration	1,500,000	1,500,000
Total	4,284,000	4,284,000

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	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 16 to March 17 :

i) Particulars of transactions during the year

(Amount in Rs.)

Sl No.	Nature of Transaction	for the year ended 31st March, 2017	for the year ended 31st March, 2016
1.	Expenditure during the year:		
	• Remunerations to Management personnel	3,900,000	3,900,000
	• Rents paid towards accommodation provided to Management Personnel	384,000	384,000
	• Sitting Fee and other expenses reimbursed to Directors	494,233	525,901

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

(Amount in Rs.)

Sl No.	Nature of Transaction	As at 31st March 2017	As at 31st March, 2016
1	Outstanding balances payable to Management Personnel		
	Remuneration payable to Management Personnel	2,419,498	369,698
	Sitting fee and other expenses payable to Directors	466,800	280,800

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'16 to Mar'17 is Rs.Nil. (Total unrecognised lease rentals upto 31.03.17 is Rs.17.31 crores)

NOTE - 3.32

Calculation of earnings per share :

(Amount in Rs.)

Particulars	For 12 months ended 31st March 2017	For 12 months ended 31st March 2016
Profit attributable to Share Holders	24,028,376	(1,108,881,424)
No. of Equity Shares Outstanding	220,254,319	166,138,123
Weighted No. of Equity Shares	175,715,062	143,835,475
Convertible Share Warrants	33,000,000	43,822,222
Weighted No. of Equity Shares	208,715,062	187,657,697
Nominal Value of Equity Share	2.00	2.00
Basic EPS	0.14	(7.71)
Diluted EPS	0.12	(5.91)

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 liability of Rs.1,635,475/- (Previous Year deferred tax asset of Rs.459,753,830/-) on account of current year's deferred tax.

(Amount in Rs.)

Particulars	For 12 months ended 31st March 2017	For 12 months ended 31st March 2016
Opening Balance Deferred tax asset	620,621,566	160,867,736
Less : Deferred tax asset (Liability)	(1,635,475)	459,753,830
Closing Balance	618,986,091	620,621,566

NOTE - 3.34

Details of Prior Period items credited to Statement of Profit & Loss:

(Amount in Rs.)

Sl No.	Particulars	As at 31st March, 2017	As at 31st March, 2016
1.	Prior period income	11,031,520	1,035,217
2.	Prior period expenditure grouped under exceptional items	138,511,732	-
	Total	(127,480,212)	1,035,217

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

During the period of demonitization, the group has deposited specified bank notes (SBN) from 8th November 2016 to 30th December 2016. The details are provided in the table below.

	SBNs	Other denominations	Total
Closing cash in hand as on 08.11.2016	1,060,000	428,201	1,488,201
(+) permitted receipts	-	171,520	171,520
(-) permitted payments	-	159,884	159,884
(-) Amount deposited in banks	1,060,000	-	1,060,000
Closing cash in hand as on 30.12.2016	-	439,837	439,837

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 : 10.05.2017

Sd/-
M.S. Murali Krishnan
 Company Secretary

(Amount in Rs)

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
Net Profit before tax and extraordinary items	1 64,474,487	393,368,080
Adjustments for:		
Depreciation	74,319,353	75,141,268
Financial Charges	98,525,060	4,674,687
Interest received /Other Income	942,274	911,400
Effect of currency translation on consolidation	(1,101,512)	3,126,751
Operating Profit before Working Capital Changes	337,159,662	477,222,186
Changes in Working Capital		
(Increase)/Decrease in Trade Receivables	62,543,265	135,929,565
(Increase)/Decrease in Inventories	(384,391,058)	1,167,214,531
(increase)/Decrease in Long Term Loans & Advances	(34,336,431)	131,866,850
(increase)/Decrease in Short Term Loans & Advances	28,040,362	(85,903,481)
(increase)/Decrease in Other Current Assets	394,908	714,303
(increase)/Decrease in Other Non Current Assets	203,013	117,435,118
Increase/(Decrease) in Long Term Provisions	4,024,954	(117,535,557)
Increase/(Decrease) in Short Term Provisions	6,897,374	(812,483)
Increase/(Decrease) in Trade Payables	(100,762,319)	(59,106,221)
Increase/(Decrease) in Other Current Liabilities	134,745,043	(20,771,865)
Increase/(Decrease) in Deferred Tax Asset	(1,635,475)	459,753,830
Cash generated from Operations	(284,276,364)	1,728,784,590
Financial Charges paid	(98,525,060)	(4,674,687)
Extraordinary items	(131,913,262)	(1,962,003,334)
Direct Taxes paid	(5,261,899)	(459,753,830)
Net Cash provided/(Used) from operating activities	(182,816,923)	(220,425,075)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2017

(Amount in Rs)

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
(Increase) / Decrease of Current Investments	-	-
(Increase) / Decrease of Non Current Investments	1,274,720	(3,668,829)
(Increase) / Decrease of Goodwill on consolidation & acquisitions	-	-
(Increase) / Decrease of Fixed Assets	(1,123,835)	(2,747,873)
(Increase) / Decrease of Capital Work-in-Progress	(18,255,480)	-
Interest Received/Other Income	(942,274)	(911,400)
Net Cash used in Investing Activities	(19,046,869)	(7,328,102)
Proceeds from long term borrowings	245,488,518	(39,694,308)
Increase/(Decrease) in Short Term borrowings	(940,649,397)	(43,714,844)
Increase/(Decrease) in Share Capital	108,232,392	94,429,696
Increase/(Decrease) in Share Premium	790,113,754	47,214,848
Increase/(Decrease) in Share Warrants Application Money	(9,692,901)	172,445,774
Net Cash provided/(Used) from financing activities	193,492,366	230,681,166
Net Increase in Cash and Cash equivalents	(8,371,426)	2,927,989
Cash and Cash equivalents as at the commencement of the year	24,147,845	21,219,856
Cash and Cash equivalents as at the close of the year	15,776,419	24,147,845

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 : 10.05.2017

Sd/-

M.S. Murali Krishnan
Company Secretary



MIC Electronics Limited

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

FORM NO. MGT - II PROXY FORM

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

Name of the Member(s) :

Registered Address :

E-mail ID :

Folio No./ Client ID :

DP ID :

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

1. Name: _____ E-mail Id: _____

Address: _____ Signature: _____

or failing him

2. Name: _____ E-mail Id: _____

Address: _____ Signature: _____

or failing him

3. Name: _____ E-mail Id: _____

Address: _____ Signature: _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 29th Annual General Meeting of the Company, to be held on Friday, September, 29th, 2017 at 11.00 a.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, 2017 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, 2017 together with the Report of the Auditors thereon.			
2	To Re-appointment of a Director in place Shri L N Malleswara Rao (DIN 00010318), who is liable to retire by rotation and being eligible, offers himself for re-appointment.			
3	Re-appointment of Pavuluri & Co, Chartered Accountants, Hyderabad (Registration No.012194S), as Statutory Auditors of the Company from conclusion of this Annual General Meeting (i.e., 29th AGM) until the conclusion of the 33rd Annual General Meeting.			
Special Business				
4	Appointment of Shri Vegiraju Bharati Raju as an Independent Director			
5	Ratification of remuneration to Cost Auditors of the Company.			
6	Approval of MIC Electronics Limited Employee Stock Option Plan 2017 ("ESOP 2017")			
7	Approval of grant of options to the Employees / Directors of the Subsidiary Company/ies under ESOP 2017:			
8	Authorisation to Nomination and Remuneration Committee for the implementation of MIC Electronics Limited Employee Stock Option Plan 2017 ("ESOP 2017"):			

Signed: this _____ day of _____ 2017

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:

--	--	--	--	--	--	--	--	--	--

Number of Shares held:

--	--	--	--	--	--	--	--

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

I hereby record my presence at the Twenty-ninth Annual General Meeting of the Company on Friday, the 29th September, 2017 at 11.00 AM 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 : 29th day of September 2017
Day : Friday
Time : 11.00 AM
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 Vegiraju Bharati Raju
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

M. S. Murali Krishnan

Bankers

State Bank of India

Overseas Branch, Hyderabad

UCO Bank

MG Road Branch, Hyderabad

Andhra Bank

Kapra Sainikpuri Branch, Hyderabad

Auditors

M/s. Pavuluri & Co.,
Chartered Accountants, Hyderabad

Registered Office

A-4/II, Electronic Complex
Kushaiguda
Hyderabad – 500062
Telangana

Registered Office Address:

MIC Electronics Limited

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