

Resolution Professional Report

In the matter of MIC Electronics Limited before Hon'ble National Company Law Tribunal, Hyderabad vide CP (IB) No. 24/7/HDB/2018.

The members are informed that pursuant to the order of the Hon'ble National Company Law Tribunal – Hyderabad Bench dated 13th March, 2018 (“NCLT Order”), Corporate Insolvency Resolution Process (“CIRP”) has been initiated for the MIC Electronics Limited (“the Company”) in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016 and the related rules and regulations issued thereunder (“Code”).

I, Mr. Prabhakar Nandiraju, was appointed as Interim Resolution Professional in terms of the NCLT Order and, subsequently, I was appointed as the Resolution Professional by the Committee of Creditors on 1st June, 2018 as per the provisions of the Code (“Resolution Professional”).

The enclosed standalone and consolidated financial statements comprising Balance Sheet as at 31st March, 2018, the Statement of Profit & Loss, the Cash Flow statement and the statement of changes in equity for the year then ended, and a summary of the Significant Accounting Policies and other explanatory information of the Company (which is under CIRP in terms of The Insolvency and Bankruptcy Code, 2016) have been prepared by the Directors and CFO of the Company. As per their representations, financial statements comply with the Generally Accepted Accounting Principles (GAAP) in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the Companies (Accounting Standards) Amendment Rules, 2016 and other pronouncements of the Institute of Chartered Accountants of India, the relevant provisions of the Act, to the extent notified and applicable. The Resolution Professional has relied upon the representations and statements made by the Directors and CFO of the Company while reviewing the financial statements.

It is to be noted that the CIRP has commenced from 13th March, 2018, and accordingly the Resolution professional (RP) has relied on the Directors and CFO for the financial transactions prior to his engagement. Accordingly, prior to the appointment of the RP, the liability to authenticate all transactions rested solely on the erstwhile Board of Directors and not on the Resolution professional and the Resolution Professional specifically repudiates any liability arising out of the foregoing.

For this purpose and for purpose of reviewing the above mentioned financial statements, the Resolution Professional has relied upon the representations and statements of the directors and CFO of the Company.

The RP has only reviewed and taken note of the accompanying Financial Statements as “Identified Document” for submission to various statutory authorities, which have been prepared, submitted, approved and signed by Directors and CFO of the Company.

Date : 6th December, 2018

Place : Hyderabad

Prabhakar Nandiraju

Resolution Professional for MIC Electronics Limited

IP Registration No. IBBI/IPA-002/IP-No.00361/2017-2018/11030

Notice is hereby given that the 30th Annual General Meeting of MIC Electronics Limited will be held on Monday, 31st day of December, 2018, at 9.30 A.M. at the registered office of the Company situated at A4, Electronic Complex, Kushaiguda, Hyderabad, Telangana-500 062, to transact the following business:

MIC Electronics Limited is under Corporate Insolvency Resolution Process of the Insolvency and Bankruptcy Code 2016 in terms of the order passed by the Hon'ble National Company Law Tribunal, Hyderabad Bench with effect from 13th March 2018. Its affairs, business and assets are being managed by Mr. Prabhakar Nandiraju, Interim Resolution Professional appointed by the National Company Law Tribunal vide order dated 13th March 2018, and continued as Resolution Professional by the Committee of Creditors in its meeting held on 1st June 2018 under the provisions of the Code.

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, 2018 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, 2018 together with the Report of the Auditors thereon.

By Order of the Resolution Professional
For MIC Electronics Limited
(Company Under Corporate Insolvency Resolution Process)

Sd/-

Place : Hyderabad
Dated : 06-12-2018

(M S Murali Krishnan)
Company Secretary

NOTES:

1. 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.
2. 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.
3. 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.
4. Members/ proxies should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
5. 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.
6. 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.
7. The Register of Members and Share Transfer Books of the Company will remain closed from 25th December, 2018 to 31st December, 2018 (both days inclusive).

8. 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.
9. 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.
10. 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.
11. 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.
12. 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.
13. 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.
14. Copies of the Annual Report 2017-2018 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 2017-2018 are being sent by the permitted mode.
15. 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 Capitaland Corporate Investments Pvt. Ltd., 12-10-167,Bharat Nagar, Hyderabad - 500 018 and have it duly filled and sent back to them.
16. 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.
17. 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.
18. The Notice of the 30thAGM 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.

19. Members may also note that the Notice of the 30th AGM and the Annual Report 2017-18 will be available on the Company's website www.mic.in.
20. 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.
21. 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.
22. E- voting cut off date is 24th December 2018, E-voting opens from 28th December 2018 at 10.00 AM and ends on 30th December 2018 at 5.00 PM.
23. Members may please note that pursuant to the amendment in the Listing Regulations vide notification dated June 8, 2018, except in case of transmission or transposition of securities, request for effecting transfer of securities shall not be processed after April 1, 2019 unless the securities are held in dematerialized form with the depository.
23. The instructions for e-voting are as under:

Instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 28th December, 2018 at 10.00 hours IST and ends on 30th December, 2018 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 24th December 2018 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	<ul style="list-style-type: none"> Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details	<ul style="list-style-type: none"> 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).

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- (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,
MIC Electronics Limited

Under Corporate Insolvency Resolution Process (CIRP)

Pursuant to the orders of Hon'ble National Company Law Tribunal (NCLT), Hyderabad, Corporate Insolvency Resolution Process (CIRP) has been initiated in respect of MIC Electronics Limited ("the Company") under the provisions of the Insolvency and Bankruptcy Code, 2016 ("the Code") with effect from 13th March, 2018. Mr. Nandiraju Prabhakar has been appointed as Resolution Professional (RP) to carry out the activities relating to CIRP as per the rules, regulations and guidelines prescribed by the Code.

Since the company is under Corporate Insolvency Resolution Process (CIRP), as per the Code, from the date of appointment of the Resolution Professional –

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

Financial summary or highlights/Performance of the Company:

The financial performance of the Company for the financial year ended 31st March, 2018, is summarized below: (Standalone)

	(Rs. in Crores)	
Particulars	Financial Year ended 31st March 2018	Financial Year ended 31st March 2017
Revenue From Operations	164.17	250.87
Other income	1.17	2.15
Total income	165.34	253.02
Profit before Interest,		
Depreciation, Exceptional Item & Tax	(3.10)	4.45
Less: Depreciation	7.74	7.81
Interest	24.42	28.52
Profit before exceptional items and Tax	(35.27)	(31.88)
Exceptional Items	96.19	-
Profit / (Loss) before Tax	(131.46)	(31.88)
Tax: MAT credit Entitlement	-	(0.69)
Deferred Tax (Liability)/Asset	(59.85)	(2.21)
Profit / (Loss) after Tax	(191.31)	(34.77)
Other Comprehensive Income	0.56	(0.33)
Total Comprehensive Income	(190.75)	(35.10)
EPS - Basic (In Rs.)	(8.66)	(2.00)
Diluted (In Rs.)	(7.62)	1.68)

State of Company's Affairs

During the year under review, application was made by M/s SREI Equipment Finance Limited, one of the Financial Secured Creditor to National Company Law Tribunal (NCLT), for default in repayment of term loan installments. NCLT admitted the application on 13.03.2018 and passed orders for initiation of Corporate Insolvency Resolution Process (CIRP).

During the year under review, the company received order from Telangana State Technology Services Ltd for supply, installation, commissioning and testing of Micro LED Display Board. The same has been successfully commissioned. This has paved way for opening potential business in future for Micro LED Display Boards.

The exceptional item of Rs.96.19 crores is towards depletion in the value of inventories which have become obsolete and not in usable conditions.

Dividend

As your company is under Corporate Insolvency Resolution Process (CIRP) and incurred losses the Resolution Professional expresses his inability to recommend any dividend for the financial year 2017-18.

Transfer to Reserves

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

Changes in Share Capital

There is no change in the share capital of the Company during the year under review. During the period under review, conversion of 3,00,00,000 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 is pending. The Company has applied for extension of time for a further period of 6 months and the said extension has not been granted by SEBI till date.

Deposits:

The Company has not invited/ accepted any deposits from the public during the year ended March 31, 2018. There were no unclaimed or unpaid deposits as on March 31, 2018.

Change in the Nature of Business, if any

During the year under review, there is no change in nature of business of the company and no material changes and commitments have occurred after the close of the year till the date of this Report, which affect the financial position of the Company

Management Discussion and Analysis Report

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

Employees Stock Options Plan 2006 (MIC ESOP 2006)

The Company had established MIC Electronics Limited Employees Welfare Trust in 2005 to create Employee Stock Option Plan.

On 12th August 2006, the Shareholders approved that ESOP to issue 4500000 (Face Value Rs.2/-) stock options of the Company to its employees through the trust.

Pursuant to the provisions of Guideline 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee stock purchase Scheme), Guidelines, 1999, the details of stock options as on 30th November 2010 under the MIC Electronics Ltd Employees Stock Options Plan, 2006 are as under:

During the year 7,49,100 shares which were lying in the trust were distributed to the employees. No employee was issued Stock Option, during the year equal to or exceeding 1% of the issued capital of the Company at the time of grant.

Particulars of Employees

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

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

Subsidiaries and Associates

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

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

As on 31st March, 2018, the following are the subsidiaries:

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

Consolidated Financial Statements

The audited standalone and Consolidated Financial Statements of the Company which form part of the Annual Report have been prepared in accordance with the provisions of the Companies Act, 2013, the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Accounting Standards (AS-21) on consolidated Financial Statements and the Accounting Standard (AS-23) on Accounting for Investment in Associates.

Directors' Responsibility Statement

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

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

Statement on Declaration given by independent directors

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

Particulars of Contracts or Arrangements with related parties:

Company has transactions with related parties, which were continuing from previous financial years. However all those are entered under ordinary course of business and are at arm's length transactions. Therefore, consent of the shareholders under Section 188 is not required. The particulars of contracts or arrangements with related parties referred to in sub-section (1) of Section 188 is prepared in Form No. AOC-2 pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 and the same is enclosed as Annexure - III to this Report.

Corporate Social Responsibility (CSR)

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

Risk Management Policy

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

Internal Financial Controls

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 six times during the financial year on 9-May-17, 4-Sep-17, 9-Sep-17, 11-Dec-17 and 12-Feb-18

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 Listing Regulations, 2015

The powers of the Board of Directors have been suspended w.e.f. 13.03.2018 pursuant to the orders dated 13.03.2018 of Hon'ble National Company Law Tribunal (NCLT) initiating, Corporate Insolvency Resolution Process (CIRP). Thereafter, no meetings were conducted by the Board of Directors.

Directors

Till initiation of CIRP proceedings, 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 the Board has been suspended, the retirement of directors has not taken place.

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

- Shri N Srinivasa Rao (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 in the Annual General Meeting held on 29th September 2017. He resigned as Director on 25th August 2018 as Director.

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.

The powers of the various committees mentioned above have also been suspended due to Insolvency process.

Detail Of Fraud As Per Auditors Report

There is no fraud in the Company during the period under review and this is also being supported by the report of the auditors of the Company as no fraud has been reported in their audit report for the financial year ended 31st March, 2018.

Statutory Auditors

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

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

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